

OFFICIAL STATEMENT

NEW ISSUE - BOOK ENTRY ONLY

NOT RATED

In the opinion of Bond Counsel, under present law and assuming continuous compliance with certain covenants, interest on the Bonds is not includable in the gross income of the Bondowners for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on corporations and individuals. Interest on the Bonds is, however, included in adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. Interest on the Bonds is not exempt from present Wisconsin income taxes. For a more detailed description of the tax status of interest on the Bonds and certain other income tax consequences of Bond ownership, see "Tax Exemption" herein.

\$20,500,000

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2006
(CEDAR CREST, INC.)

Price 100%
Dated..... Date of Issuance
Maturity July 1, 2031
CUSIP 97710V G69
Interest Rate/ Tender Option Prior to the date, if any, on which the interest rate on the Bonds is converted to a Fixed Rate (the "Conversion Date"), the Bonds will bear interest at a Variable Rate, determined weekly (as described herein), payable monthly on the first Business Day of each month, beginning August 1, 2006. While the Bonds bear interest at the Variable Rate, each Bond (or Beneficial Ownership Interest therein) is subject to purchase at the demand of the registered owner or Beneficial Owner thereof as described herein. See "DESCRIPTION OF BONDS."

Issuance/Book Entry The Bonds are issuable as fully registered bonds in denominations of \$5,000 and any multiple thereof, and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchasers of the Bonds will not receive physical delivery of bond certificates. Beneficial ownership of the Bonds will be evidenced by book-entry only. As long as Cede & Co. is the registered owner as nominee of DTC, (i) principal and interest payments will be made directly to such registered owner, which will in turn remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners and (ii) all notices required to be given by J.P. Morgan Trust Company, National Association, as Bond trustee (the "Trustee") to Bondowners, including notices in connection with Mandatory Tender Dates, will be given by the Trustee to DTC only (and not to Beneficial Owners) as the sole registered owner of the Bonds. See "DESCRIPTION OF BONDS-Book-Entry-Only System." Beneficial Owners of Bonds should consult the DTC Participant or Indirect Participant through whom they purchased their Bonds to receive notices and to exercise rights under the Trust Indenture.

Limited Obligations The Bonds are limited obligations of the Wisconsin Health and Educational Facilities Authority (the "Authority") and are not a debt or liability of the State of Wisconsin or any political subdivision or agency thereof. The Authority has no taxing power. The Bonds are payable from revenues derived under the terms of a Loan Agreement and a Promissory Note delivered by Cedar Crest, Inc. (the "Borrower").

Purpose of Bonds..... The Bonds are being issued by the Authority to (i) refund certain revenue bonds previously issued by the Authority for the benefit of Borrower, the proceeds of which bonds were used by Borrower to remodel and construct additions to certain of its facilities, (ii) finance the renovation of, and construction of additions to, certain facilities of Borrower, (iii) pay certain expenses incurred in connection with the issuance of the Bonds and (iv) pay certain capitalized interest on the Bonds. See "PLAN OF FINANCING" herein.

Letter of Credit..... All principal and interest (but not redemption premiums, if any) that becomes due on the Bonds (whether at stated maturity or upon advancement of stated maturity by redemption or acceleration) and the purchase price of any Bonds subject to optional or mandatory tender (as described herein) through and including the first Business Day in July, 2011, is to be paid, as necessary, by draws on an Irrevocable Letter of Credit issued by:

JOHNSON BANK
Janesville, Wisconsin

SUCH LETTER OF CREDIT EXPIRES JULY 15, 2011, (UNLESS EXTENDED UNDER CERTAIN CIRCUMSTANCES) AND MAY, UPON SATISFACTION OF THE CONDITIONS SET FORTH IN THE TRUST INDENTURE, BE REPLACED AT ANY TIME BY A LIKE LETTER OF CREDIT ISSUED BY A DIFFERENT FINANCIAL INSTITUTION, IN WHICH CASE THE BONDS (INCLUDING ALL BENEFICIAL OWNERSHIP INTERESTS THEREIN) WOULD BE REQUIRED TO BE TENDERED TO THE TRUSTEE FOR PURCHASE. See "THE CREDIT FACILITY- Substitute Credit Facility."

Tender and Redemption..... Each Bond (and Beneficial Ownership Interest) must be tendered for purchase on the Conversion Date and each other Mandatory Tender Date. See "DESCRIPTION OF BONDS -Mandatory Tender of Bonds" herein. The Bonds are also subject to optional redemption prior to the stated maturity thereof, as described herein under "REDEMPTION OF BONDS PRIOR TO MATURITY". The Bonds may also become due in advance of their stated maturity as a consequence of a default by Borrower under the Reimbursement Agreement with the Credit Facility Provider (as hereinafter defined).

Underwriting The Bonds are offered when, as and if issued by the Authority and accepted by Robert W. Baird & Co. Incorporated (the "Underwriter"), subject to prior sale, to the withdrawal or modification of the offer without notice and to certain other conditions including the unqualified approval of legality by Quarles & Brady LLP, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Foley & Lardner LLP, for the Borrower by its counsel, Reinhart Boerner Van Deuren s.c. and for Johnson Bank by Brennan, Steil & Basting, S.C. It is expected that delivery of the Bonds will be made through the facilities of DTC, on or about July 14, 2006, against payment therefor. Prior to this offering, there has been no market for the Bonds. Subject to applicable securities laws and market conditions, the Underwriter intends to effect a secondary market in the Bonds; however, neither the Underwriter nor any other party described herein is obligated to repurchase any Bonds except as specifically described herein. For information with respect to the Underwriter and its compensation, see "UNDERWRITING" herein.

Robert W. Baird & Co.
The date of this Official Statement is July 7, 2006

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, sales representative or other person has been authorized by the Borrower, the Authority, or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth in Appendix B hereto has been obtained from Johnson Bank (“Johnson Bank”) and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Borrower or the Authority. Except for the information contained in Appendix B, the information set forth herein has been obtained from the Borrower and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Authority. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. 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 implications that there has been no change in the affairs of the parties referred to above or that the other information or opinions are correct as of any time subsequent to the date hereof.

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

The CUSIP number is included in this Official Statement for the convenience of the owners and potential owners of the Bonds. No assurance can be given that the CUSIP number for the Bonds will remain the same after the date of issuance and delivery of the Bonds.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE TRUST INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS WHEREIN THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON, OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

\$20,500,000
WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2006
(CEDAR CREST, INC.)

INTRODUCTION

This Official Statement is furnished in connection with the offering of \$20,500,000 in principal amount of Variable Rate Demand Revenue Bonds, Series 2006 (Cedar Crest, Inc.) (the “Bonds”) of the Wisconsin Health and Educational Facilities Authority (the “Authority”). The Bonds are being issued by the Authority in accordance with the provisions of Chapter 231 of the Wisconsin Statutes (as amended from time to time, the “Act”) for the purpose of (i) redeeming and refunding \$6,890,000 in principal amount of the Authority’s Adjustable Rate Revenue Bonds, Series 1997 (Cedar Crest, Inc. Project) (the “Prior Bonds”), the proceeds of which were used by Borrower to fund an addition to, and remodeling and equipping of, Borrower’s skilled nursing facility, and construction and equipping of, and remodeling of a portion of such skilled nursing facility for use as, a community-based retirement facility on Borrower’s campus located at 1700-1704 South River Road in the City of Janesville, Wisconsin (the “Refinancing”), (ii) financing the expansion, renovation, remodeling and equipping of, and other capital improvements to, Borrower’s continuing care retirement facilities at such location, and construction and equipping of a new building adjacent thereto containing approximately 24 additional continuing care retirement units, and related site improvements and surface and underground parking facilities (the “Project”), (iii) paying certain capitalized interest on the Bonds during the construction period, and (iv) paying a portion of the costs of issuance of the Bonds.

The Bonds will be issued under and secured by a Trust Indenture, dated as of July 1, 2006 (the “Trust Indenture”), between the Authority and J.P. Morgan Trust Company, National Association, as trustee (the “Trustee”). The Trustee will act as registrar of and paying agent and authenticating agent for the Bonds.

The proceeds from the sale of the Bonds will be loaned by the Authority to Cedar Crest, Inc., a Wisconsin nonstock, nonprofit corporation (the “Borrower”), pursuant to a Loan Agreement between the Authority and the Borrower, dated as of July 1, 2006 (the “Loan Agreement”). To evidence its obligation to repay such loan (the “Loan”), the Borrower will execute and deliver its Promissory Note, Series 2006 dated the date of issuance of the Bonds (the “Promissory Note”), payable to the Authority in a principal amount equal to the original principal amount of the Bonds, maturing on such dates and bearing interest from the date thereof at such rates payable on such dates as will provide the Authority with revenues sufficient to pay when due the principal of, premium, if any, and interest on the Bonds. Pursuant to the Trust Indenture, the Authority will pledge and assign the Promissory Note and certain of its rights under the Loan Agreement to the Trustee to secure the Bonds.

To further secure the Bonds, the Borrower will cause Johnson Bank (“Johnson Bank”), to deliver its Irrevocable Letter of Credit (the “Johnson Bank Letter of Credit”) to the Trustee in a face amount equal to the outstanding principal amount of the Bonds plus 35 days of interest thereon at the maximum rate of 10% per annum. The Johnson Bank Letter of Credit will permit the Trustee to draw the amounts necessary to pay the principal and purchase price (in connection with an optional or mandatory tender of Bonds on a Tender Date) of, and accrued interest (but not premium, if any) on, the Bonds as such principal, purchase price and interest becomes due through and including the first Business Day of July, 2011. The Johnson Bank Letter of Credit will have an expiration date of July 15, 2011, unless extended by Johnson Bank.

Subject to the conditions described herein under the caption “THE CREDIT FACILITY - Substitute Credit Facility,” the Borrower is permitted to replace the Johnson Bank Letter of Credit with a substitute letter of credit (a “Substitute Credit Facility”). Upon any such replacement, the Bonds (including all Beneficial Ownership Interests therein) will be subject to mandatory tender. See “DESCRIPTION OF BONDS – Mandatory Tender of Bonds” herein. The Johnson Bank Letter of Credit and any Substitute Credit Facility are collectively referred to herein as the “Credit Facility”. Johnson Bank and the issuer of any Substitute Credit Facility are collectively referred to herein as the “Credit Facility Provider”. The Johnson Bank Letter of Credit will be issued pursuant to a Reimbursement Agreement between Johnson Bank and the Borrower (the “Johnson Bank Reimbursement Agreement”). The Johnson Bank Reimbursement Agreement, as amended from time to time, and any similar agreement between the Borrower and the issuer of a Substitute Credit Facility are referred to herein as the “Reimbursement Agreement”.

The Bonds are not a debt or liability of the State of Wisconsin or any political subdivision or agency thereof. The Bonds are limited obligations of the Authority payable solely from revenues received by the Trustee for the account of the Authority under the Loan Agreement and the Trust Indenture. The Bonds will be secured by a pledge of (i) draws under the Credit Facility, (ii) all payments and prepayments by the Borrower on the Promissory Note or pursuant to the Loan Agreement (except for the Authority's fees and expenses and its right to indemnification in certain circumstances) and (iii) certain money and investments held by the Trustee under the Trust Indenture and the investment earnings thereon (collectively, the "Pledged Revenues"). See "SOURCE OF PAYMENT FOR THE BONDS".

The Bonds will initially bear interest at a Variable Rate, determined each week as described under "DESCRIPTION OF THE BONDS -- Maturity and Interest Rates." *The Trust Indenture provides that, upon the satisfaction of certain conditions, the Borrower may cause the interest rate on the Bonds to be converted to a fixed rate for a designated period of time of one year or longer. On the effective date, if any, of such a conversion (the "Conversion Date"), certain other terms of the Bonds, including redemption provisions and tender rights, will be changed. Prior to the effectiveness of such a conversion, however, all Bondowners and Beneficial Owners will be required to tender their Bonds or Beneficial Ownership Interests for purchase as described below under "DESCRIPTION OF BONDS – Mandatory Tender of Bonds."* **THIS OFFICIAL STATEMENT DESCRIBES ONLY THE TERMS OF THE BONDS THAT WILL BE IN EFFECT PRIOR TO THE CONVERSION DATE.**

This Official Statement contains brief descriptions or summaries of the Authority, the Bonds, the source of payment for the Bonds, the Johnson Bank Letter of Credit, the Promissory Note, the Loan Agreement and the Trust Indenture. See Appendix C – "SUMMARY OF PRINCIPAL INSTRUMENTS". The descriptions and summaries herein do not purport to be comprehensive or definitive and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document. Any capitalized term used but not defined herein shall have the same meaning as it is given in the related document(s). See "MISCELLANEOUS" herein for information regarding availability of the documents.

Appendix A to this Official Statement has been furnished by the Borrower and contains information concerning the Borrower. Appendix B to this Official Statement has been furnished by Johnson Bank and contains information concerning Johnson Bank.

BONDHOLDERS' RISKS

The following discussion of risk factors is not exhaustive and should be read in conjunction with all other parts of this Official Statement.

General

The Bonds are special limited obligations of the Authority secured by and payable from revenues and income derived by or for the account of the Authority from or for the account of the Borrower pursuant to the terms of the Loan Agreement, the Promissory Note and the Trust Indenture, including without limitation (i) draws under the Credit Facility, (ii) payments by the Borrower on the Promissory Note or pursuant to the Loan Agreement (excluding any amounts payable by the Borrower to the Authority pursuant to the Loan Agreement for certain fees and indemnity payments), and (iii) all cash and securities held from time to time in certain trust funds held by the Trustee under the Trust Indenture and the investment earnings thereon.

Credit Facility

The ability of the Credit Facility Provider to honor drawings on the Credit Facility will be based solely on the Credit Facility Provider's general credit. The Trustee may not assert a claim for federal deposit insurance against the Federal Deposit Insurance Corporation in respect of the Bonds or the Credit Facility, and owners of the Bonds should not assume any such insurance coverage is available with respect to the Bonds or the Credit Facility. See "SOURCE OF PAYMENT FOR THE BONDS" herein.

Section 105 of the United States Bankruptcy Code empowers a bankruptcy court to issue such orders as are necessary or appropriate to carry out the provisions of the Bankruptcy Code. Court decisions discussing the

enforceability of letters of credit indicate that it is possible that a bankruptcy court acting pursuant to Section 105 or other equitable powers under the Bankruptcy Code could enjoin a drawing by the Trustee under the Credit Facility or the payment by the Trustee to Owners or Beneficial Owners of Bonds of amounts drawn under the Credit Facility under various circumstances, including the bankruptcy or insolvency of, or a similar event with respect to, the Borrower or an affiliate of the Borrower.

Liquidity for Put Options and Mandatory Tender

The Trust Indenture permits Beneficial Owners to tender their Beneficial Ownership Interests on any Optional Tender Date for purchase at a price of 100% of the principal amount thereof plus accrued interest. The Trust Indenture also requires that all Bonds (including all Beneficial Ownership Interests therein) be tendered for purchase, and that the Borrower purchase or cause the same to be purchased, on any Mandatory Tender Date at a price of 100% of the principal amount thereof plus accrued interest.

Although the Remarketing Agent will attempt to remarket all the Bonds and Beneficial Ownership Interests so tendered or required to be tendered at a price of par plus accrued interest to the date of purchase, there is no assurance that all the Bonds or Beneficial Ownership Interests will be successfully remarketed.

The Trustee is required to draw upon the Credit Facility to pay the tender price for those Bonds or Beneficial Ownership Interests tendered on an Optional Tender Date, or required to be tendered on a Mandatory Tender Date, and not successfully remarketed. The ability of the Credit Facility Provider to honor drawings on the Credit Facility will be based solely on the Credit Facility Provider's general credit. See "*SOURCE OF PAYMENT FOR THE BONDS*" and "*THE CREDIT FACILITY*" herein.

Possible Future Federal Tax Legislation

It is possible that future tax legislation could adversely affect the tax exemption of interest on, or the value or marketability of, the Bonds. The Bonds are not required to be redeemed in the event that interest on the Bonds becomes includable in gross income for federal income tax purposes or becomes an item of tax preference for purposes of the federal alternative minimum tax applicable to individuals, and there is no provision in the Trust Indenture, the Bonds, or any document related to the issuance thereof, for an increase in the rate of interest payable on the Bonds in the event that interest on the Bonds becomes includable in gross income for federal income tax purposes or becomes an item of tax preference for purposes of the federal alternative minimum tax applicable to individuals. See "*TAX EXEMPTION*" herein.

Tax- Exempt Status of the Bonds

The tax-exempt status of the Bonds is based not only on maintenance by the Borrower of its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, but also on the continued compliance by the Authority and the Borrower with certain covenants relating generally to restrictions on the use of the facilities of the Borrower, arbitrage limitations, rebate of certain excess investment earnings to the federal government and restrictions on the amount of issuance costs financed with the proceeds of the Bonds. Failure to comply with such covenants could cause interest on the Bonds to become subject to federal income taxation retroactive to the date of issue of the Bonds. In such event, the Bonds are not subject to redemption solely as a consequence thereof. No additional interest or penalty is payable under the terms of the Trust Indenture in the event of the taxability of interest on the Bonds.

PLAN OF FINANCING

The Refinancing and the Project

The Authority will issue \$20,500,000 in principal amount of the Bonds and loan the proceeds thereof to the Borrower to (i) redeem and refinance the Prior Bonds (the “Refinancing”), the proceeds of which were used by Borrower to fund an addition to, and remodeling and equipping of, Borrower’s skilled nursing facility, and construction and equipping of, and remodeling of a portion of such skilled nursing facility for use as, a community-based retirement facility on Borrower’s campus located at 1700-1704 South River Road in the City of Janesville, Wisconsin, (ii) finance costs of expansion, renovation, remodeling and equipping of, and other capital improvements to, Borrower’s continuing care retirement facilities at such location, and construction and equipping of a new building adjacent thereto containing approximately 24 additional continuing care retirement units, and related site improvements and surface and underground parking facilities, (the “Project”), (iii) pay certain capitalized interest on the Bonds during the construction period, and (iv) pay a portion of the costs of issuance of the Bonds. The Borrower’s existing facilities at such location as renovated and expanded pursuant to the Project (including the additional units to be constructed) are collectively referred to herein as the “Facility”.

Estimated Sources and Uses of Funds

Set forth below is a summary of the estimated sources and uses of funds related to the Bonds:

Sources:

Principal Amount of the Bonds	\$20,500,000
Interest on Construction Fund and Series 2006 Capitalized Interest Account	<u>273,412</u>
Total Sources.....	\$20,773,412

Uses:

Redemption of Prior Bonds	\$ 6,890,000
Project Construction, Renovation and Equipping.....	13,088,720
Deposit to Series 2006 Capitalized Interest Account	360,717
Issuance Expenses and Credit Facility Fees ⁽¹⁾	<u>433,975</u>
Total Uses.....	\$20,773,412

⁽¹⁾ Includes Credit Facility fees, Underwriter’s discount, initial remarketing fee, and certain legal, printing and other costs of issuing the Bonds.

SOURCE OF PAYMENT FOR THE BONDS

The Bonds and the interest payable thereon do not constitute a debt or liability of the State of Wisconsin or of any political subdivision thereof other than the Authority, but shall be payable solely from the funds pledged or available therefor in accordance with the Trust Indenture. The issuance of the Bonds does not, directly, indirectly or contingently, obligate the State of Wisconsin or any political subdivision thereof to levy any form of taxation for the payment thereof or to make any appropriation for their payment. The Bonds and the interest payable thereon do not now and shall never constitute a debt of the State of Wisconsin within the meaning of the Constitution or statutes of the State of Wisconsin and do not now and shall never constitute a charge against the credit or taxing power of the State of Wisconsin or any political subdivision thereof. The State of Wisconsin shall not in any event be liable for the payment of the principal of or interest on the Bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever which may be undertaken by the Authority. No breach by the Authority of any such pledge, obligation or agreement may impose any pecuniary liability upon the State of Wisconsin or any charge upon its general credit or against its taxing power. The Authority has no taxing power.

The Bonds are limited obligations of the Authority and are payable solely from (i) draws under the Credit Facility, (ii) payments or prepayments to be made on the Promissory Note, (iii) payments under the Loan Agreement (other than the Authority’s fees and expenses and the Authority’s right to indemnification in certain circumstances)

and (iv) certain money and investments held by the Trustee under the Trust Indenture and investment earnings thereon.

The Loan Agreement obligates the Borrower to provide the Authority with revenues sufficient to pay when due the principal and purchase price of and interest on the Bonds. The Trustee may enforce the Loan Agreement and the Promissory Note for the benefit of the Bondowners in accordance with the terms of the Trust Indenture.

The Trust Indenture requires the Trustee to draw on the Credit Facility on or before the Business Day immediately preceding each payment date on the Bonds in an amount sufficient to provide for the payment of the principal of, and interest on, the Bonds due on such payment date and requires the Trustee to draw on the Credit Facility on each Tender Date in an amount sufficient to provide for the payment of the purchase price of tendered Bonds or Beneficial Ownership Interests which are not remarketed by the Remarketing Agent.

THE BONDS ARE OFFERED ON THE BASIS OF THE CREDIT FACILITY AND FINANCIAL STRENGTH OF THE CREDIT FACILITY PROVIDER AND NOT ON THE BASIS OF THE FINANCIAL STRENGTH OF THE BORROWER.

DESCRIPTION OF BONDS

The Trust Indenture provides that, at the option of the Borrower, the interest rate on the Bonds may be converted from the Variable Rate described herein to a Fixed Rate for a specified period of time of at least one year. In connection with any such conversion, all Bonds (including all Beneficial Ownership Interests therein) will be required to be tendered by the registered and beneficial owners thereof for purchase. See “Mandatory Tender of Bonds” below. This Official Statement describes only the terms of the Bonds that will be in effect prior to such a conversion.

Book-Entry-Only System

The Depository Trust Company (“DTC”) will act as securities depository for the Bonds. Initially, the Bonds will be issued as fully-registered Bonds, registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued in the aggregate principal amount of the Bonds and will be deposited with DTC or its agent. The following discussion will not apply to any Bonds issued in certificate form due to the discontinuance of the DTC Book-Entry Only System, as described below.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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 ("Beneficial 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 will be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or the Trustee 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, premium and interest on such Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on any payable dates 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 Borrower or the Authority, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's or Remarketing Agent's DTC's account, as appropriate.

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

The information in this section concerning DTC and DTC's book-entry system is based solely on information provided by DTC. No representation is made by the Authority, the Borrower, Johnson Bank or the Underwriter as to the completeness or accuracy of such information or as to the absence of material changes in such information subsequent to the date hereof. No attempt has been made by the Authority, the Borrower, Johnson Bank or the Underwriter to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the Authority, the Trustee, Johnson Bank, the Borrower, nor the Underwriter will have any responsibility or liability for the failure of DTC, DTC Participants or Indirect Participants to make any payment or give any notice to a Beneficial Owner in respect of the Bonds, or for any error or delay relating thereto.

Maturity and Interest Rates

The Bonds will have a stated maturity date of July 1, 2031 (the "Final Maturity Date"), but will be subject to optional redemption as described under "REDEMPTION OF BONDS PRIOR TO MATURITY."

From the date of issuance of the Bonds through the following Wednesday, the Bonds will bear interest at the rate established by the Underwriter and set forth in the Trust Indenture. Thereafter, for each Calculation Period prior to the Conversion Date, the interest rate on the Bonds shall be determined on the Determination Date with respect thereto and shall be the minimum rate of interest which, in the judgment of the Remarketing Agent, under prevailing market conditions, taking into account the current rates for tax-exempt securities comparable in length of interest rate adjustment periods, liquidity, security and creditworthiness to the Bonds, would enable the Bonds to be sold at a price of par (plus accrued interest, if any) on the Determination Date. In no event shall the interest rate exceed 10% per annum (or such higher rate as is then covered by the Credit Facility). In the event that the Remarketing Agent fails to determine and notify the Trustee of the interest rate on the Bonds for any Calculation Period, such rate shall be the rate in effect immediately prior to such Calculation Period. "Calculation Period" means the period from Thursday of each week through and including the following Wednesday. "Determination Date" means, for each Calculation Period, the Wednesday immediately preceding the commencement of such Calculation Period or, if such Wednesday is not a Business Day (as defined in the Trust Indenture), the next preceding Business Day. "Remarketing Agent" shall mean Robert W. Baird & Co. Incorporated or its successors in such capacity as described below under "Effect of Optional or Mandatory Tender".

Interest is payable (i) on the first Business Day of each month commencing August 1, 2006 ("Interest Payment Dates"), (ii) at maturity, and (iii) as to particular Bonds, on the redemption date thereof. Interest will be calculated on the basis of a 365 or 366-day year (as the case may be), and the actual number of days elapsed. To the extent permitted by law, overdue principal, premium, if any, and interest shall bear interest at the same rate as was borne by the Bonds on the due date of the payment that is delinquent.

Purchase of Bonds Upon Demand

The Beneficial Owner of any Bond may demand the purchase of such Beneficial Owner's Beneficial Ownership Interest in such Bond or any portion thereof that is a multiple of \$5,000, upon at least seven days' written notice of such demand (a "Purchase Demand") as described below. The purchase price shall be 100% of the principal amount of the Beneficial Ownership Interest so purchased, plus accrued interest to the date of such purchase (the "Optional Tender Date"). To demand the purchase of a Beneficial Ownership Interest, the Beneficial Owner thereof (through its DTC Participant) must deliver to the Trustee, at the Trustee's designated corporate trust office, a Purchase Demand which: (i) states the name and taxpayer identification number of the Beneficial Owner and identifies the DTC Participant by or through which the Beneficial Ownership Interest is held, (ii) identifies the Bond(s) and Beneficial Ownership Interests therein (or portions thereof) to be purchased by CUSIP number, Bond number(s) and principal amount(s), (iii) is accompanied by evidence satisfactory to the Trustee of the Beneficial Owner's Beneficial Ownership Interest in the Bond(s) to be purchased, (iv) states the Optional Tender Date on which purchase is being demanded, which must be a Business Day not earlier than seven days after delivery of the

Purchase Demand to the Trustee and (v) contains irrevocable authorization for the DTC Participant to transfer the Beneficial Owner's interest in the Bonds on the Optional Tender Date. If the Trustee receives a properly completed and executed Purchase Demand, it shall, but only from the funds available therefor in the Bond Purchase Account, purchase the Beneficial Ownership Interest(s) in the Bonds described therein on the Optional Tender Date. See "*SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE – Bond Purchase Account*" in Appendix C hereto and "*Bond Purchase Account*" below.

All such Purchase Demands shall be submitted to the Trustee by a Beneficial Owner through its DTC Participant and shall include evidence of the DTC Participant's DTC position. The Trustee shall not be obligated to accept any Purchase Demand which is not submitted in accordance with the preceding sentence or which does not meet the requirements described in clauses (i) through (v) of the immediately preceding paragraph. Delivery of a Purchase Demand will be irrevocable, and will bind the Beneficial Owner to transfer the Beneficial Ownership Interest(s) described therein to the purchaser thereof on the Optional Tender Date. See "*Effect of Optional or Mandatory Tender*" below.

Mandatory Tender of Bonds

General

The Bonds (including all Beneficial Ownership Interests therein) are subject to mandatory tender to the Trustee for purchase by the Trustee, but only from the funds available therefor in the Bond Purchase Account, on certain dates as described below (each such date is referred to herein as a "Mandatory Tender Date") at a price equal to the principal amount of such Bonds plus accrued interest to the Mandatory Tender Date. The Trustee shall give notice of the Mandatory Tender Date by mailing a copy of the notice by first-class mail not less than 30 nor more than 60 days prior to the Mandatory Tender Date to the registered Owner (which as long as the Bonds are in book-entry-only form, shall be DTC or its nominee) of each Bond to be redeemed at the address shown on the Bond register maintained by the Trustee. The notice shall, among other matters, (a) identify the Bonds by name, CUSIP number, date of issue and maturity date, (b) state the Mandatory Tender Date, and (c) state that all Bonds are subject to mandatory tender for purchase at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to the Mandatory Tender Date.

Upon Proposed Conversion of Interest Rate

The Trust Indenture provides that the Borrower has the option, upon the satisfaction of certain conditions, to convert the interest rate on the Bonds from the Variable Rate to a fixed interest rate for a specified period which must be at least one year. Upon the commencement by the Borrower of proceedings to convert the interest rate on the Bonds, a Mandatory Tender Date will be established on the proposed Conversion Date.

Upon Delivery of Substitute Credit Facility

The date upon which a Substitute Credit Facility (meeting the requirements of the Trust Indenture described below under "THE CREDIT FACILITY" – Substitute Credit Facility") becomes effective will be a Mandatory Tender Date, except in the case of a Required Substitution (as defined in Appendix C hereto).

Effect of Optional or Mandatory Tender

Interest on Bonds (including all Beneficial Ownership Interests therein) which are required to be tendered for purchase as aforesaid but which in fact are not delivered to the Trustee on or before the Optional Tender Date or Mandatory Tender Date (each a "Tender Date") shall cease to be payable to the former owners thereof on the Tender Date if funds sufficient to pay the purchase price of any such untendered Bond (including any accrued and unpaid interest) shall be held by the Trustee in the Bond Purchase Account. All liability of the Authority to the owner of such untendered Bond for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in a separate segregated trust account, without liability for interest thereon, for the benefit of the owner of such untendered Bond who shall thereafter be restricted exclusively to such account for any claim of whatever nature on such person's part under the Trust Indenture or on or with respect to such Bonds.

THE BENEFICIAL OWNER OF EACH BOND, BY ACCEPTANCE THEREOF, AGREES TO CAUSE THE TENDER OF SUCH BENEFICIAL OWNERSHIP INTEREST FOR PURCHASE ON ANY MANDATORY TENDER DATE. THE BENEFICIAL OWNER OF EACH BOND, BY SUBMISSION OF A PURCHASE DEMAND IN RESPECT TO A BENEFICIAL OWNERSHIP INTEREST THEREIN, AGREES THAT ITS DTC PARTICIPANT SHALL BE IRREVOCABLY AUTHORIZED TO TRANSFER SUCH BENEFICIAL OWNERSHIP INTEREST TO THE PURCHASER THEREOF ON THE OPTIONAL TENDER DATE. IN THE EVENT OF A FAILURE BY THE BENEFICIAL OWNER TO CAUSE SUCH BENEFICIAL OWNERSHIP INTEREST TO BE DELIVERED FOR PURCHASE ON A TENDER DATE, THE BENEFICIAL OWNER OF SUCH BENEFICIAL OWNERSHIP INTEREST SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING INTEREST TO ACCRUE FROM AND AFTER THE TENDER DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNTENDERED BENEFICIAL OWNERSHIP INTEREST UPON DELIVERY THEREOF TO THE TRUSTEE, AND SUCH BENEFICIAL OWNER SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE TRUST INDENTURE, EXCEPT FOR THE PURPOSE OF PAYMENT OF THE PURCHASE PRICE OF SUCH BENEFICIAL OWNERSHIP INTEREST.

The Remarketing Agent will use its best efforts to remarket the Bonds and Beneficial Ownership Interests therein that are required to be tendered for purchase on any Tender Date at par plus accrued interest, if any, to the date of such sale.

Robert W. Baird & Co. Incorporated, the underwriter for the Bonds, will act as the initial Remarketing Agent under the Trust Indenture. Pursuant to the terms of a Remarketing Agreement, the Remarketing Agent and the Borrower shall agree on certain fees for remarketing of the Bonds. The Remarketing Agent may resign or be terminated as provided in the Remarketing Agreement and the Trust Indenture, and, if so, a successor Remarketing Agent will be appointed by the Borrower, subject to the qualifications and conditions set forth in the Trust Indenture.

Bond Purchase Account

Proceeds of the remarketing by the Remarketing Agent of Bonds or Beneficial Ownership Interests tendered or deemed tendered on a Tender Date shall be deposited in the Bond Purchase Account created under the Indenture. In addition, all funds received from the Credit Facility Provider resulting from drawings under the Credit Facility to pay the purchase price of tendered Bonds or Beneficial Ownership Interests will be deposited in the Bond Purchase Account.

Funds in the Bond Purchase Account shall be held therein solely for the payment of the purchase price of Bonds or Beneficial Ownership Interests tendered or deemed tendered in accordance with the Indenture in connection with the purchase thereof on a Tender Date.

Discontinuance of Book-Entry-Only System

As described under “Book-Entry-Only System” above, the use of the system of book-entry transfers may be discontinued at any time. In such event, Bond certificates would be printed and delivered to Beneficial Owners of the Bonds, and the following provisions would apply:

Denominations; Transfer of Bonds

The Bonds are issuable as fully registered bonds in denominations of \$5,000 each or any multiple of \$5,000. The Bonds are transferable or exchangeable for Bonds of different denominations upon presentation at the principal corporate trust office of the Trustee together with a written assignment acceptable to the Trustee and duly executed by the registered owner or such owner’s authorized legal representative. The person in whose name a Bond is registered will be deemed the owner thereof for all purposes of the Trust Indenture. Except in connection with the tender of Bonds for purchase on a Tender Date, the Trustee is not required to register the transfer of or to exchange any Bond (i) after receipt by the Trustee of a Purchase Demand with respect thereto and through the corresponding Optional Tender Date, (ii) after the Trustee has given notice of a Mandatory Tender Date and through the Mandatory Tender Date, (iii) during the fifteen days next preceding the mailing of any redemption notice or (iv) after such Bond has been selected for redemption. The Bondowner requesting any registration of transfer or exchange of Bonds shall pay any resulting tax or other governmental charge. In the event any Bond is mutilated,

lost, stolen or destroyed, the Authority may execute and the Trustee may authenticate a new Bond of like date, maturity and denomination in accordance with the provisions therefor in the Trust Indenture, and the Authority and the Trustee may charge the owner of such Bond with their reasonable fees and expenses in this connection and may also require satisfactory indemnity in the case of Bonds lost, stolen or destroyed.

Manner of Payment

Except in the case of interest in default, interest will be paid on each Interest Payment Date by check drawn by the Trustee payable to the order of the persons in whose names the Bonds were registered at the close of business on the record date for such interest. The record date for each Interest Payment Date shall be the day (whether or not a Business Day) immediately preceding such Interest Payment Date. Interest in default will be paid on the dates and by reference to record dates selected by the Trustee in its discretion. Principal of and premium, if any, on the Bonds payable at maturity or upon proceedings for redemption thereof shall be payable to the registered Owners thereof upon presentation and surrender of the Bonds at the Trustee's principal office.

Optional and Mandatory Tenders

The purchase price of Bonds subject to tender for purchase on a Tender Date will be payable only upon delivery of such Bonds to the Trustee on or after the Tender Date.

REDEMPTION OF BONDS PRIOR TO MATURITY

The Bonds are subject to early redemption as described herein and in the Trust Indenture. In addition, following an Event of Default (as defined therein) under the Loan Agreement or the Trust Indenture, the Trustee may be required to accelerate the maturity of the Bonds and draw upon Credit Facility for the funds necessary to retire the Bonds. Assuming in such circumstance that the Credit Facility would be honored in accordance with its terms, the effect on Bondowners would be similar to that of an early redemption at par. *An Event of Default can occur, at the direction of the Credit Facility Provider (and without the consent of the Bondowners, the Trustee or the Authority), any time there is an event of default under the Reimbursement Agreement.*

Notice and Effect of Redemption; Selection of Bonds for Partial Redemptions

If any Bonds are to be redeemed, notice of their call which identifies the Bonds, or portions of the Bonds, to be redeemed, the redemption date and redemption price shall be given by mailing of a redemption notice by first-class mail at least 30 days but not more than 60 days prior to the date fixed for redemption to the registered Owner (which, so long as the Bonds are in book-entry-only form, shall be DTC or its nominee) of each of the Bonds to be redeemed at the address shown on the Registration Books. Neither the failure to mail such notice, nor any default in any notice so mailed, with respect to any particular Bond shall affect the validity of any proceedings for redemption of any other Bond for which proper notice was given.

If less than all Outstanding Bonds are to be redeemed, the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee by lot or by such other random means as the Trustee shall determine in its discretion. Bonds in denominations larger than \$5,000 are subject to redemption in part, in multiples of \$5,000.

Bonds selected for redemption shall be in the principal amount of \$5,000 or an integral multiple thereof and, in selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000. If part but not all of a Bond is to be redeemed, upon the presentation and surrender of such Bond to the Trustee for payment of the redemption price of the portion thereof to be redeemed, the Authority shall execute and the Trustee shall authenticate and deliver to or upon the order of the owner of such Bonds or his attorney or legal representative, without charge therefor, for the unredeemed portion of such Bond, a Bond or Bonds of any denomination or denominations authorized by the Trust Indenture in aggregate principal amount equal to the unredeemed portion of such Bond.

All Bonds or portions thereof so called for redemption shall cease to bear interest on the specified redemption date and shall no longer be protected by or deemed to be outstanding under the provisions of the Trust Indenture if Eligible Funds (defined herein under the caption "THE CREDIT FACILITY - Eligible Funds") sufficient for their redemption are on deposit at the place of payment at that time and the owners thereof shall only

have the right to receive the redemption price thereof plus accrued interest to the date fixed for redemption; provided that, in certain cases the Credit Facility Provider may elect to purchase all Bonds (at the specified redemption price) in lieu of redemption thereof.

Mandatory Redemption

The Bonds will be subject to mandatory redemption in whole on the first Business Day of the month in which the expiration date of the Credit Facility is to occur (as such expiration date may be extended from time to time). The redemption price for any such redemption shall be 100% of the principal amount of the Bonds so redeemed, plus accrued interest to the redemption date, and without premium.

Optional Redemption

The Bonds are subject to redemption at the option of the Borrower, with the consent of the Credit Facility Provider, in whole or in part (in multiples of \$5,000) on any Business Day on or prior to the Conversion Date. The redemption price for any such redemption shall be 100% of the principal amount of the Bonds or portions thereof so redeemed, plus accrued interest to the redemption date, and without premium. It is a condition of any such redemption that the Trustee shall have received on or prior to the redemption date Eligible Funds sufficient to pay the redemption price thereof.

Purchase in Lieu of Redemption

Bonds which otherwise are to be redeemed may, at the option of the Credit Facility Provider, be purchased in lieu of redemption on the redemption date. The purchase price shall be 100% of the principal amount of the Bonds so purchased, plus accrued interest to the purchase date.

THE CREDIT FACILITY

General

The Trust Indenture requires the Trustee to draw on the Credit Facility on or before the Business Day immediately preceding each regularly scheduled Interest Payment Date and Principal Payment Date, and each redemption date, in an amount sufficient to pay the principal and interest (but not the premium, if any) due on the Bonds on such payment date or redemption date. The Trust Indenture also requires the Trustee, to the extent the proceeds of the remarketing of Bonds or Beneficial Ownership Interests therein on a Tender Date are insufficient to pay the purchase price of such Bonds or Beneficial Ownership Interests, to draw on the Credit Facility on such Tender Date in an amount sufficient, together with such remarketing proceeds, to pay the purchase price of Bonds or Beneficial Ownership Interests tendered or deemed tendered on such Tender Date. If an Event of Default resulting in acceleration of the principal of and interest on the Bonds occurs, the Trust Indenture requires the Trustee to draw on the Credit Facility in an amount sufficient to pay the principal of the Bonds plus all interest accrued and to accrue to the date of expected payment to Bondowners. *In the event the maturity of the Bonds is accelerated or in the event of mandatory redemption of all Bonds prior to stated maturity due to expiration of the Credit Facility, or optional redemption of Bonds, the Credit Facility Provider, in lieu of having the Bonds retired from proceeds of the Credit Facility, may purchase such Bonds at a price equal to the redemption price that would otherwise be due.*

Johnson Bank Letter of Credit

The Johnson Bank Letter of Credit is an irrevocable obligation of Johnson Bank to pay to the Trustee, upon timely and proper draws thereon, up to a maximum amount equal to the principal of the Bonds and 35 days of interest due on the Bonds. The Johnson Bank Letter of Credit will (unless extended in accordance with its terms) expire on July 15, 2011, or such earlier date as provided therein, including on the date of replacement thereof as described below under "Substitute Credit Facility."

The amount available under the terms of the Johnson Bank Letter of Credit is sufficient, if the Trustee draws thereon in a timely manner, to cover the maximum amount of principal and interest, and the maximum purchase price of Bonds or Beneficial Ownership Interests tendered or deemed tendered, which could become due at any time on or prior to the first Business Day of July, 2011.

THE ABILITY OF JOHNSON BANK TO HONOR DRAWINGS ON THE JOHNSON BANK LETTER OF CREDIT IS BASED SOLELY ON JOHNSON BANK'S GENERAL CREDIT. THE TRUSTEE MAY NOT ASSERT A CLAIM FOR FEDERAL DEPOSIT INSURANCE AGAINST THE FEDERAL DEPOSIT INSURANCE CORPORATION IN RESPECT OF THE BONDS OR THE JOHNSON BANK LETTER OF CREDIT, AND BONDOWNERS SHOULD NOT ASSUME ANY SUCH INSURANCE COVERAGE IS AVAILABLE. IN THE EVENT OF THE INSOLVENCY OF JOHNSON BANK, A CLAIM BY THE TRUSTEE OR THE BONDOWNERS UNDER THE JOHNSON BANK LETTER OF CREDIT WOULD PROBABLY BE SUBORDINATE TO THE CLAIMS OF JOHNSON BANK'S DEPOSITORS. Prospective purchasers of Bonds or Beneficial Ownership Interests therein are directed to Appendix B hereto for certain information relating to Johnson Bank.

Substitute Credit Facility

The Trustee shall, from time to time at the written direction of the Borrower, accept (i) a substitute or replacement letter of credit (any such substitute or replacement letter of credit being referred to herein as a "Substitute Credit Facility") to replace the Credit Facility then in effect (the "Existing Credit Facility") or (ii) an extension of the expiration date of the Existing Credit Facility, subject to the following conditions:

(a) the Substitute Credit Facility shall be issued in favor of, and delivered on or prior to its effective date to, the Trustee by a bank, savings and loan association, savings bank, insurance company or other regulated financial institution and shall permit demands to be made against it as set forth in the Trust Indenture;

(b) the Substitute Credit Facility (or the Existing Credit Facility, as extended) shall have an expiration date which is the fifteenth day of a month that is not earlier than the earlier of (i) 90 days from the effective date of such Substitute Credit Facility or extension or (ii) the Final Maturity Date;

(c) the Substitute Credit Facility shall be in an amount not less than the sum of (i) the maximum principal amount of Bonds that will be outstanding commencing on the first date on which draws are permitted thereunder, plus (ii) at least 35 days of interest on such principal amount of Bonds at the maximum rate which could be borne by the Bonds (initially, 10% per annum);

(d) except in the case of an extension of the expiration date of the Existing Credit Facility then in effect that does not otherwise modify such Credit Facility in any material respect, the Borrower shall deliver to the Trustee: (i) an opinion or opinions of nationally recognized bond counsel to the effect that the Trustee's acceptance of the Substitute Credit Facility will not result in an Event of Taxability (as defined in Appendix C hereto) and (if requested by the Remarketing Agent or by any national rating firm then rating the Bonds at the request of the Borrower) that payments under the Substitute Credit Facility will not constitute avoidable preferences under the United States Bankruptcy Code in the event of a bankruptcy of the Borrower or the Authority and (ii) an opinion of independent counsel to the effect that the Substitute Credit Facility has been duly authorized, executed and delivered and is a legally valid and binding obligation of the Credit Facility Provider enforceable in accordance with its terms (subject to customary exceptions as to enforceability); and

(e) except in the case of a Required Substitution, the Borrower shall deliver to the Trustee, at least 45 days prior to the proposed effective date of the Substitute Credit Facility, a Commitment with respect thereto (from the issuer of the Substitute Credit Facility).

The Bonds (including any Beneficial Ownership Interest therein) are subject to mandatory tender to the Trustee for purchase on the effective date of any such Substitute Credit Facility (but not in connection with a Required Substitution or an extension of the Existing Credit Facility that does not otherwise modify such Credit Facility in any material respect). See "*DESCRIPTION OF BONDS – Mandatory Tender of Bonds*" herein.

In the case of a proposed delivery of a Substitute Credit Facility (other than a Required Substitution), (i) the Trustee shall give notice of the mandatory tender of the Bonds as described herein (See "*THE BONDS – Mandatory Tender of Bonds – General*"), (ii) the Existing Credit Facility shall remain in effect through the effective date of the Substitute Credit Facility and the mandatory tender of the Bonds on that date, and (iii) the Trustee shall draw on the Existing Credit Facility, as necessary, on that date. In the case of a Required Substitution,

the Trustee shall give notice of the delivery of the Substitute Credit Facility, in the manner described above, as soon as practicable after such delivery.

Eligible Funds

Payments of principal or purchase price of and interest on the Bonds are required to be made with Eligible Funds. The term "Eligible Funds" means (i) all amounts (including investment earnings) in the Credit Facility Account of the Bond Fund and in the Bond Purchase Account, and all amounts paid by the Credit Facility Provider with its own funds for payment of Bonds and (ii) any other amounts in the Bond Fund and the Redemption Fund with respect to which the Trustee has received an opinion of Bond Counsel to the effect that the use of such amounts for the purchase of Bonds or to pay debt service on the Bonds, as the case may be, would not constitute a preference payment under the United States Bankruptcy Code (taking into account the "insider" provisions thereof) or a payment of similar import under then applicable federal or state bankruptcy, insolvency or reorganization laws, upon (a) the filing of a petition in bankruptcy by or against the Borrower or the Authority as debtor under the United States Bankruptcy Code, or (b) the commencement and continuance of other judicial proceedings with respect to the Borrower or the Authority as debtor under similar or successor federal or state bankruptcy, reorganization or insolvency laws.

The law firm of Quarles & Brady LLP, Bond Counsel, is of the opinion that payments of the principal or purchase price of and interest on the Bonds made to the Bondowners or Beneficial Owners from proceeds of a draw on the Johnson Bank Letter of Credit will not constitute avoidable preferences under either Section 547 of the United States Bankruptcy Code or Section 128.07 of the Wisconsin Statutes in the event of a bankruptcy or insolvency of the Borrower or the Authority.

Johnson Bank Reimbursement Agreement

Prior to the delivery of the Johnson Bank Letter of Credit, the Borrower will enter into the Johnson Bank Reimbursement Agreement pursuant to which it will agree, among other matters, to (i) reimburse Johnson Bank for any amounts drawn under the Johnson Bank Letter of Credit together with interest, if any, at the rates set forth in the Johnson Bank Reimbursement Agreement and (ii) pay certain fees and expenses related to the Johnson Bank Letter of Credit.

The Johnson Bank Reimbursement Agreement contains various covenants of and restrictions on the Borrower and its affiliates of a sort which are typically found in a credit agreement between a bank and a corporate borrower, including, but not limited to, restrictions on the incurrence of certain indebtedness and liens, restrictions on certain dispositions of assets and mergers and acquisitions, and maintain certain insurance coverages and other covenants and restrictions. The Johnson Bank Reimbursement Agreement will also require the Borrower to redeem a portion of the Bonds annually (or to deposit an equal amount with Johnson Bank or the Trustee annually) commencing on or before December 1, 2006. Such covenants and restrictions are only for the benefit of Johnson Bank and may be waived or amended by Johnson Bank and the Borrower.

The obligations of the Borrower under the Johnson Bank Reimbursement Agreement will be secured in part by a mortgage on the Borrower's Facility (including the Project) and an assignment of rents, leases and profits. The collateral securing the Borrower's obligations under the Johnson Bank Reimbursement Agreement will not be part of the trust estate securing the Bonds, and the Bondowners will have no rights with respect thereto. The Johnson Bank Reimbursement Agreement and the documents that secure the Borrower's obligations to Johnson Bank may be amended by the Borrower and Johnson Bank from time to time without the consent of the Authority or the Trustee.

Defined events of default under the Johnson Bank Reimbursement Agreement include, among others, failure to perform obligations under the Johnson Bank Reimbursement Agreement and the collateral documents, breach of the covenants and restrictions contained therein, events of default under the Bond documents, certain events of bankruptcy and insolvency involving the Borrower, defaults under certain other indebtedness or guaranties by the Borrower and certain other defaults. Upon the occurrence of an event of default under the Johnson Bank Reimbursement Agreement, Johnson Bank is entitled to have an Event of Default declared under the Trust Indenture and to have the maturity of the Bonds accelerated.

The issuance of the Johnson Bank Letter of Credit will be conditioned upon, among other requirements, receipt by Johnson Bank of certain legal opinions and the fees agreed by the Borrower to be paid to Johnson Bank for the issuance of the Johnson Bank Letter of Credit.

THE AUTHORITY

Powers

The Authority has, among other powers, the statutory power to make loans to certain health care and educational institutions in Wisconsin, to finance the cost of projects and refinance or refund outstanding indebtedness and to assign loan agreements, notes, mortgages and other securities of those institutions to which the Authority has made loans, and the revenues therefrom, for the benefit of the holders of bonds issued to finance or refinance such projects.

Members of the Authority

The Authority consists of seven members, all of whom must be Wisconsin residents, appointed by Wisconsin’s Governor by and with the consent of the Wisconsin State Senate. Members of the Authority serve staggered seven-year terms and continue to serve until their successors are appointed. The members of the Authority receive no compensation for the performance of their duties but are paid their necessary expenses while engaged in the performance of such duties. No member, officer, agent or employee of the Authority may, directly or indirectly, have any financial interest in any bond issue or in any loan or any property to be included in, or any contract for property or materials to be furnished or used in connection with, any project of the Authority, under penalty of law. Members of the Authority, however, may serve as directors or officers of institutions for which the Authority is providing financing, but they may not vote or take part in the Authority’s deliberations concerning such financings.

The current members of the Authority are:

	Term Expires <u>(June 30)</u>
<p>John A. Noreika, <i>Chairperson</i> Executive Director Oakwood Village Madison, Wisconsin</p>	2009
<p>Tim Size, <i>Vice Chairperson</i> Executive Director Rural Wisconsin Health Cooperative Sauk City, Wisconsin</p>	2011
<p>Linda C. Bruce Family Living Educator UW Extension Superior, Wisconsin</p>	2008
<p>Tonit M. Calaway Associate General Counsel – Motor Company Operations Harley-Davidson Motor Company Milwaukee, Wisconsin</p>	2010

	<u>Term Expires (June 30)</u>
Bruce Colburn Coordinator-Property Services (Central Region) Service Employees International Union Milwaukee, Wisconsin	2007*
Beth L. Gillis, M.D. Physician ThedaCare Physicians – Shawano Family Medicine Shawano, Wisconsin	2012
Ken Thompson Managing Partner Quinn David & Associates Milwaukee, Wisconsin	2013*

General Counsel

Quarles & Brady LLP serves as general counsel to the Authority.

Bonds of the Authority

The Authority may from time to time issue bonds for any corporate purpose, and these bonds are negotiable for all purposes notwithstanding their payment from a limited source. The bonds are payable solely out of revenues of the Authority specified in the resolution under which they are issued or in a related trust indenture or mortgage. The Authority must pledge the revenues to be received by it on account of each financing as security for the bonds issued in that financing.

Interest Not Exempt from Wisconsin Income Tax

The interest on the Bonds is not exempt from current Wisconsin income taxes.

State of Wisconsin Not Liable on the Bonds

The Bonds do not constitute a debt or liability of the State of Wisconsin or of any political subdivision thereof other than the Authority, but shall be payable solely from the funds pledged therefor in accordance with the Trust Indenture. The issuance of the Bonds does not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation for the payment thereof or to make any appropriation for their payment. The State shall not in any event be liable for the payment of the principal of, premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Authority. No breach by the Authority of any such pledge, mortgage, obligation or agreement may impose any pecuniary liability upon the State or any charge upon its general credit or against its taxing power. The Authority has no taxing power.

* Mr. Thompson and Mr. Colburn have been appointed by the Governor and serve pending confirmation by the Wisconsin State Senate.

Financing Program of the Authority

The following summary outlines the principal amount of revenue bonds and notes issued during each of the Authority's fiscal years. These previous issues are secured by instruments separate and apart from the Trust Indenture and the security for the Bonds.

Fiscal Year Ended <u>June 30</u>	<u>Public Issues</u>		<u>Private Placements</u>		<u>Total</u>	
	<u>Number of Issues</u>	<u>Amount</u>	<u>Number of Issues</u>	<u>Amount</u>	<u>Number of Issues</u>	<u>Amount</u>
1980	–	–	1	\$ 1,300,000	1	\$ 1,300,000
1981	3	\$ 24,480,000	4	20,365,000	7	44,845,000
1982	3	34,100,000	4	12,575,000	7	46,675,000
1983	1	4,000,000	1	600,000	2	4,600,000
1984	4	16,375,000	3	13,225,000	7	29,600,000
1985	6	196,505,000	2	2,200,000	8	198,705,000
1986	9	213,260,000	5	17,478,000	14	230,738,000
1987	12	191,610,000	9	48,410,000	21	240,020,000
1988	14	170,890,000	14	81,589,000	28	252,479,000
1989	20	254,979,000	6	14,394,000	26	269,373,000
1990	14	277,605,000	9	45,737,000	23	323,342,000
1991	11	233,590,000	3	37,500,000	14	271,090,000
1992	15	346,160,000	5	43,500,000	20	389,660,000
1993	25	579,235,000	6	18,775,000	31	598,010,000
1994	16	434,495,000	6	46,615,000	22	481,110,000
1995	7	101,770,000	6	18,847,000	13	120,617,000
1996	14	382,905,000	2	8,800,000	16	391,705,000
1997	28	706,960,000	1	764,000	29	707,724,000
1998	25	722,050,000	1	2,700,000	26	724,750,000
1999	28	710,960,000	4	36,000,000	32	746,960,000
2000	16	415,710,000	6	17,736,000	22	433,446,000
2001	19	437,580,000	8	26,589,000	27	464,169,000
2002	18	815,100,000	2	8,000,000	20	823,100,000
2003	14	296,895,000	3	15,935,000	17	312,830,000
2004	26	912,245,000	4	25,980,000	30	938,225,000
2005	32	923,038,430	2	23,067,000	34	946,105,430
2006	<u>25</u>	<u>706,235,000</u>	<u>2</u>	<u>6,570,000</u>	<u>27</u>	<u>712,805,000</u>
TOTAL	<u>405</u>	<u>\$10,108,733,180⁽¹⁾</u>	<u>119</u>	<u>\$595,251,000⁽²⁾</u>	<u>524</u>	<u>\$10,703,984,180</u>

In its fiscal year beginning July 1, 2006, the Authority has issued and has authorized the issuance of additional issues of bonds. The Authority plans to offer other obligations from time to time to finance other health

¹ Includes \$2,349,241,987 which was refinanced by subsequent Authority bond issues.

² Includes \$71,858,136 which was refinanced by subsequent Authority bond issues.

and educational facilities. Such other obligations will be issued pursuant to and secured by instruments separate and apart from the Indenture and the security for the Bonds.

TAX EXEMPTION

In General

The opinion of Bond Counsel and the descriptions of the tax laws contained in this Official Statement are based on laws and official interpretations of them which are in existence on the date the Bonds are issued. There can be no assurance that those laws or the interpretation of them will not change or that new laws will not be enacted or regulations issued while the Bonds are outstanding in a manner that would adversely affect the value of an investment in the Bonds or the tax treatment of the interest paid on the Bonds.

Federal Income Tax Opinion of Bond Counsel

Quarles & Brady LLP, Bond Counsel, will deliver a legal opinion with respect to whether the interest on the Bonds must be included in the gross income for federal income tax purposes of an owner of a Bond under existing law in substantially the following form:

The interest on the Bonds is excludable for federal income tax purposes from gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. The interest on the Bonds is, however, included in adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from the gross income of the owners of the Bonds for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Authority and the Borrower have agreed to comply with all of those requirements, and the opinion set forth in the first sentence of this paragraph is subject to the condition that the Authority and the Borrower comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

Other Federal Income Tax Considerations Regarding Bonds

As noted above, interest on the Bonds is included in the adjusted current earnings of corporations for purposes of the alternative minimum tax imposed by Section 55 of the Code. The Code also contains numerous other provisions which could adversely affect the value of an investment in the Bonds for particular Bondholders. Investors should consult their tax advisors to determine how the provision described under this heading and other provisions of the Code relating to the ownership of tax-exempt obligations apply to them.

Tax Status of Bonds; Bondowner Risk

The above-described opinion of Bond Counsel speaks to the tax status of interest on the Bonds for federal income tax purposes as of the date of the original issuance of the Bonds. Failure to comply with certain legal requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance. Furthermore, it is possible that future federal tax legislation could require that interest on the Bonds be included in the gross income of Bondowners for federal income tax purposes or that such interest become an item of tax preference for purposes of the federal alternative minimum tax applicable to individuals. Any such legislation could adversely affect the marketability and market price of the Bonds. The Trust Indenture does not provide for the redemptions of the Bonds or the payment of any additional interest or penalty in any such event.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approval of the law firm of Quarles & Brady LLP, Bond Counsel. Quarles & Brady LLP will also pass upon certain legal matters for the Authority as its general counsel. The law firm of Brennan, Steil & Basting S.C., Janesville, Wisconsin, will render an opinion on the validity of the Johnson Bank Letter of Credit. Certain legal matters will be passed upon for the Underwriter by the law firm of Foley & Lardner LLP, and for the Borrower by the law firm of Reinhart Boerner Van Deuren s.c., Milwaukee, Wisconsin.

ABSENCE OF MATERIAL LITIGATION

Authority

There is not now pending or, to the knowledge of the Authority, threatened any litigation restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued. There is no litigation pending or, to its knowledge, threatened which in any manner questions the right of the Authority to enter into the Loan Agreement or to secure the Bonds in the manner provided in the Trust Indenture.

Borrower

There is no litigation or proceeding pending or, to the Borrower's knowledge, threatened against the Borrower.

UNDERWRITING

Robert W. Baird & Co. Incorporated (the "Underwriter") has agreed, subject to the terms and conditions of a Bond Purchase Agreement among the Authority, the Borrower and the Underwriter, to purchase from the Authority the entire principal amount of the Bonds at a purchase price of \$20,418,000. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter will also act as Remarketing Agent under the Trust Indenture, and will be paid a fee for its services in that capacity.

The Borrower has agreed to indemnify the Underwriter and the Authority against certain liabilities, including federal securities law liabilities arising from statements or omissions in this Official Statement.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the Borrower and the Trustee have entered a written undertaking pursuant to which the Borrower has agreed to give written notice to the Trustee of, and the Trustee has agreed to assist Borrower in preparing an appropriate form of, and to file in a timely manner with each nationally recognized municipal securities information repository ("NRMSIR") or the Municipal Securities Rulemaking Board ("MSRB") and state information depository, if any ("SID"), notice of the occurrence of any of the following events with respect to the Bonds, if such event is material:

- (a) principal and interest payment delinquencies;
- (b) nonpayment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax exempt status of the Bonds;
- (g) modifications to the rights of holders of the Bonds;
- (h) bond calls;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Bonds; and

(k) rating changes.

The Borrower and the Trustee reserve the right to modify from time to time the written undertaking described above; provided that the Borrower and the Trustee agree that any such modification will be done in a manner consistent with the Rule. The Borrower and Trustee acknowledge that the Borrower's undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the Bondowners, and it is the intent of the Borrower that Bondowners and the Remarketing Agent have the right to enforce such undertaking directly against the Borrower and the Trustee; provided that enforcement of the provisions of such undertaking shall be limited to a right to obtain specific enforcement of the obligations of Borrower and the Trustee set forth in the undertaking, and any failure to comply with the provisions of such undertaking shall not be an event of default with respect to the Bonds.

MISCELLANEOUS

The foregoing summaries and explanations, and the summaries contained in Appendix C hereto, do not purport to be comprehensive and are expressly made subject to the exact provisions of the complete documents referred to herein. For details of all terms and conditions, prospective purchasers are referred to the Johnson Bank Letter of Credit, the Promissory Note, the Loan Agreement and the Trust Indenture, copies of which are on file at the offices of the Trustee. The Appendices attached hereto are a part of this Official Statement. Any matters in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

This Official Statement has been approved, after due investigation on their parts and to the best of their knowledge and belief, by the Authority with respect to the information under the captions "The Authority" and "Absence of Material Litigation - Authority", and by the Borrower with respect to the remaining information herein (except for Appendix B hereto) for distribution by the Underwriter to prospective purchasers of the Bonds. Appendix B hereto has been provided by Johnson Bank.

The execution and delivery of this Official Statement has been duly authorized by the Authority and the Borrower.

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

By: /s/ Lawrence R. Nines
Executive Director

This Official Statement is approved:

CEDAR CREST, INC.

By: /s/ Marion Wozniak
Its: President/CEO

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APPENDIX A

CEDAR CREST, INC.

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APPENDIX A

CEDAR CREST, INC.

Cedar Crest, Inc. (the “Borrower”) is a nonstock, nonprofit Wisconsin corporation. The Borrower is a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (the “Code”) which owns and operates skilled nursing, community-based retirement and continuing care retirement facilities located on its campus at 1700-1704 South River Road, in Janesville, Wisconsin.

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APPENDIX B

JOHNSON BANK

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APPENDIX B

JOHNSON BANK

JOHNSON BANK

Johnson Bank is a banking corporation organized under the laws of the State of Wisconsin. Johnson Bank's main office is located at 555 Main Street, Racine, Wisconsin, 53403. Johnson Bank is a full service commercial bank with offices in the Wisconsin cities of Milwaukee, Racine, Kenosha, Janesville, Hayward, Green Bay and Madison. As of December 31, 2005, Johnson Bank had total assets of approximately \$2.9 billion and total capital of approximately \$216 million.

Johnson Bank offers a full range of commercial and retail banking, financial and fiduciary services. These services include commercial and retail loans, letters of credit and other credit facilities, business and personal checking accounts, savings, money market, individual retirement accounts, time deposit instruments, automatic teller machines, money transfer and cash management services, commercial and residential real estate mortgage loans and foreign exchange.

Johnson Bank is a state-chartered commercial bank. Its deposits are insured by the Federal Deposit Insurance Corporation (the "FDIC"). Johnson Bank is regulated by the Federal Reserve Board and the Division of Banking of the Department of Financial Institutions of the State of Wisconsin.

JOHNSON FINANCIAL GROUP, INC.

Johnson Bank is a wholly owned subsidiary of Johnson Financial Group, Inc. (the "Corporation"). The Corporation is a registered financial holding company incorporated under the laws of Wisconsin, with consolidated total assets of approximately \$3.6 billion as of December 31, 2005. The Johnson Bank Letter of Credit described in this Offering Circular is an obligation of Johnson Bank and is not an obligation of Johnson Financial Group, Inc. or any other subsidiary of the Corporation. Johnson Bank's obligation under the Johnson Bank Letter of Credit is not insured or guaranteed by the Corporation, the FDIC, or any other governmental agency.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

Johnson Bank hereby incorporates by reference into this Appendix the publicly available portions of its Reports of Condition and Income ("Call Reports") as filed with the FDIC on Federal Financial Institutions Examination Council ("FFIEC") form 033, as of the dates and for the periods covered by the Statement of Condition appearing below. In addition, Johnson Bank also hereby incorporates by reference into this Appendix the Corporation's Consolidated Call Report as filed with the Federal Reserve Bank of Chicago on FFIEC form FR Y-9C. Each Call Report consists of a balance sheet, income statement, statement of changes in equity capital and other supporting schedules as of the end of the period to which the report relates. The Call Reports are prepared in accordance with regulatory instructions issued by the FFIEC. Because of the special supervisory, regulatory and economic policy needs served by Call Reports, those regulatory instructions do not in all cases follow Generally Accepted Accounting Principles ("GAAP"), including the opinions and statements of the Accounting Principles Board or the Financial Accounting Standards Board. The Call Reports are supervisory and regulatory documents, not primarily accounting documents, and do not provide a complete range of financial disclosures about Johnson Bank. The Call Reports do provide important information concerning the financial condition and results of operation of Johnson Bank. The Call Reports are on file with, and are publicly available upon written request to, the FDIC, 550 17th Street, N.W., Washington, D.C., 20429, Attention: Disclosure Group, Room F-518.

Any statement contained in a document incorporated by reference in this Appendix shall be deemed to be modified or superceded for purposes of this Appendix to the extent that a statement contained in this Appendix or in any other subsequently filed document which also is or is deemed to be incorporated by reference modifies or supercedes that statement. Any statements so modified or superceded shall not be deemed, except as so modified or superceded, to constitute a part of this Appendix.

Johnson Bank and the Corporation will provide upon request and without charge to any person to whom a copy of this Offering Circular is delivered a copy of any of the documents incorporated in this Appendix by reference. All written requests should be directed to Daniel Brunner, Johnson Financial Group, Inc., 555 Main Street, Suite 460, Racine, Wisconsin, 53403.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected, unaudited, condensed, historical financial information for Johnson Bank. The following selected financial information is consistent with GAAP used to prepare the consolidated financial statements of the Corporation, but is in abbreviated form, does not include all of the statements and detail required by GAAP, and is not the subject of an opinion of independent public accountants.

Johnson Bank
Statements of Condition (unaudited)
(000's omitted)

	12/31/05	12/31/04	12/31/03	12/31/02
ASSETS				
Loans	\$2,311,484	\$2,010,296	\$1,707,230	\$1,641,474
Allowance for Loan Losses	(30,909)	(26,526)	(23,247)	(18,467)
Net Loans	2,280,575	1,983,770	1,683,983	1,623,007
Investments	421,643	427,975	431,814	332,150
Other Assets	172,683	140,605	130,601	130,980
TOTAL ASSETS	\$2,874,901	\$2,552,351	\$2,246,398	\$2,086,137
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits				
Borrowings	\$2,152,018	\$1,994,449	\$1,741,645	\$1,551,570
Other Liabilities	484,204	348,309	309,634	357,179
	22,743	15,251	17,071	17,877
Total Shareholders' Equity				
	215,936	194,340	178,048	159,511
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$2,874,901	\$2,552,351	\$2,246,398	\$2,086,137

APPENDIX C

SUMMARY OF PRINCIPAL INSTRUMENTS

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APPENDIX C

SUMMARY OF PRINCIPAL INSTRUMENTS

Set forth below are brief descriptions of the Indenture and Loan Agreement. Those descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to those documents are qualified in their entirety by reference to each document, copies of which are available for review prior to the issuance and delivery of the Bonds at the offices of the Authority and thereafter at the offices of the Trustee.

DEFINITIONS OF CERTAIN TERMS

“Act” means Chapter 231 of the Wisconsin Statutes, as amended from time to time.

“Authority” means the Wisconsin Health and Educational Facilities Authority together with any successors.

“Authorized Borrower Representative” means the person, who may be an employee of the Borrower, identified in an Officer’s Certificate of the Borrower which contains a specimen of the Authorized Borrower Representative’s signature and which has been delivered to the Trustee. Authorized Borrower Representative includes any alternate or alternates designated in the certificate in the same manner.

“Bankruptcy Condition” means (a) the filing of a petition in bankruptcy by or against the Borrower or the Authority as debtor under the United States Bankruptcy Code, 11 U.S.C. Sections 101 et seq., or (b) the commencement or continuance of other judicial proceedings with respect to the Borrower or the Authority as debtor under similar or successor federal or state bankruptcy, reorganization or insolvency laws.

“Beneficial Owner” means, with respect to a Bond which is held in book entry form, the person who owns the Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

“Beneficial Ownership Interest” means the right to receive payments and notices with respect to Bonds which are held by or on behalf of the Depository under a book entry system and for which the Depository does not, pursuant to the letter of representations, act on behalf of the Beneficial Owner in connection with the optional or mandatory tender of Bonds pursuant to the Indenture.

“Bond Counsel” means Independent Counsel whose legal and tax opinion on municipal bond issues is nationally recognized.

“Bond Fund” means the fund by that name created by the Indenture.

“Bondowners” and “Owners” (when used with reference to Bonds) means, at the time or times of determination, the persons who are registered owners of Bonds.

“Bond Purchase Account” means the trust account by that name created by the Indenture.

“Bond Purchase Agreement” means the Bond Purchase Agreement among the Borrower, the Authority and those purchasers relating to the Bonds.

“Bonds” means the Authority’s Variable Rate Demand Revenue Bonds, Series 2006 (Cedar Crest, Inc.) issued under the Indenture in the aggregate principal amount shown on the front cover of this Official Statement.

“Borrower” means Cedar Crest, Inc., a Wisconsin nonstock nonprofit corporation, or any successor.

“Borrower’s Closing Certificate” means the Officer’s Certificate of the Borrower dated the date of and delivered at the time of the issuance and sale of the Bonds.

“Borrower’s Documents” means the Loan Agreement, the Borrower’s Closing Certificate, the Note, the Bond Purchase Agreement, the Tax Exemption Agreement, the Credit Facility Reimbursement Agreement and all other certificates and documents to which the Borrower is a party related to the issuance of the Bonds.

“Borrower’s Payments Account” means account by that name created by the Indenture.

“Business Day” means a day (a) other than a Saturday, Sunday or legal holiday on which banks located in the city in which the Trustee’s principal office or the Trustee’s delivery office is located, the city in which draws on the Credit Facility are to be made and the city in which the Remarketing Agent’s principal office is located, are required or authorized to remain closed and (b) on which neither The New York Stock Exchange nor the Federal Reserve Banks are closed.

“Completion Date” means the completion date of the Project as determined in accordance with the provisions summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Establishment of Project Completion Date.”

“Construction Fund” means the trust fund by that name created by the Indenture.

“Conversion Date” means the date on which the interest rate on the Bonds is converted from the Variable Rate to the Fixed Rate as provided in the Indenture. *See “DESCRIPTION OF BONDS - Mandatory Tender of Bonds - Upon Proposed Conversion of Interest Rate” in the front section of this Official Statement.*

“Counsel” means an attorney admitted to practice before the highest court of any state.

“Credit Facility” means any letter of credit, or, on or after the Conversion Date, any standby purchase agreement, guaranty, bond insurance policy or similar credit enhancement instrument, meeting the requirements of the Indenture, including any Substitute Credit Facility. The initial Credit Facility is an irrevocable direct pay letter of credit issued by Johnson Bank on the date of the original issuance and delivery of the Bonds. *See “THE CREDIT FACILITY” in the front section of this Official Statement.*

“Credit Facility Account” means the account by that name in the Bond Fund created by the Indenture.

“Credit Facility Provider” means any bank, savings and loan association, savings bank, insurance company or other regulated financial institution which issues a Credit Facility in accordance with the Indenture. The initial Credit Facility Provider is Johnson Bank.

“Credit Facility Reimbursement Agreement” means the agreement between the Borrower and the Credit Facility Provider pursuant to which the Credit Facility is issued and, with respect to the initial Credit Facility, means the Reimbursement Agreement dated as of July 1, 2006 between Johnson Bank and the Borrower, as amended from time to time.

“Default” means the occurrence of an event which, with the lapse of time or the giving of notice or both, is an Event of Default.

“Depository” means any securities depository that is 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, operating and maintaining, with its participants or otherwise, a book entry system to record ownership of beneficial interests in the Bonds, and to effect transfers of the Bonds, in book entry form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

“Eligible Funds” means (a) all amounts (including investment earnings) in the Credit Facility Account and the Bond Purchase Account, and all amounts paid by the Credit Facility Provider with its own funds for the purchase or payment of Bonds, and (b) other amounts (including investment earnings) in the Bond Fund and the Redemption Fund with respect to which the Trustee has received a Preference Opinion.

“Event of Default” as used in or with reference to (a) the Loan Agreement has the meaning attributed to it under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Events of Default,” (b) the Indenture has the meaning attributed to it under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default” and (c) any other documents has the meaning attributed to it in such documents.

“Event of Taxability” means any act, omission or event which results in the interest paid or payable on any Bond becoming includable for federal income tax purposes in the gross income of any Bondowner.

“Facilities” means the Borrower’s existing nursing home, community based residential facility and residential care apartment complex located in the City of Janesville, Wisconsin, including the Project Property and all additions and improvements to any of the foregoing.

“Financial Statement Recipients” means the Authority, the Credit Facility Provider, the Trustee and the Purchaser.

“Fixed Rate” means the interest rate borne by the Bonds from and after the Conversion Date as more specifically described in the Indenture.

“Government Obligations” means direct, full faith and credit obligations of the United States of America.

“Indenture” means the Trust Indenture between the Authority and the Trustee, dated as of July 1, 2006 under which the Bonds are issued, as amended from time to time by Supplemental Indentures in accordance with the terms of the Indenture.

“Independent Counsel” means any attorney or firm of attorneys who or which shall be acceptable to the Trustee and who or which is not an employee of the Borrower or the Authority.

“Interest Payment Date” means each date on which interest is stated to be due on any Bond unless otherwise provided in the Indenture.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Issuing Expenses” means fees and expenses incurred or to be incurred by or on behalf of the Authority, the Trustee, the Borrower or Bond Counsel for the Bonds in connection with the issuance and sale of the Bonds including, but not limited to, underwriting costs (whether in the form of discount in the purchase of the Bonds or otherwise), fees and expenses of legal counsel (including Bond Counsel and Counsel for the Authority, the Bank, the Trustee, the Purchaser and the Borrower), fees and expenses of financial advisors, feasibility consultants and accountants, rating agency fees, fees of the Trustee, printing costs, recording expenses, title insurance and survey costs.

“Issuing Expenses Fund” means the fund by that name created by the Indenture.

“Loan” means the loan made by the Authority to the Borrower under the Loan Agreement.

“Loan Agreement” means the Loan Agreement dated as of July 1, 2006 between the Borrower and the Authority, as amended from time to time.

“Mandatory Tender Date” means each date on which all Bonds are required to be tendered for purchase pursuant to the Indenture. *See “DESCRIPTION OF BONDS - Mandatory Tender of Bonds” in the front section of this Official Statement.*

“Note” means the Borrower’s Promissory Note, Series 2006 issued pursuant to the Loan Agreement.

“Officer’s Certificate” means (a) with respect to the Authority, a certificate of the Authority signed by the Chairperson, Vice Chairperson, Executive Director, Associate Executive Director or by any other person designated by resolution of the Authority to act for any of those persons, either generally or with respect to the execution of any particular document or other specific matter, if a certified copy of the resolution has been filed with the Trustee and (b) with respect to any corporation, including the Borrower, a certificate of the corporation signed by (i) the president, by any vice president or by any other person designated by resolution of the board of directors of the corporation, either generally or with respect to the execution of any particular document or other specific matter, if a copy of the resolution has been filed with the Trustee or (ii) in the case of the Borrower, by the Authorized Borrower Representative.

“Opinion of Bond Counsel” means a written opinion, satisfactory in form and substance to the Trustee, of Bond Counsel selected and paid by the Borrower and not unsatisfactory to the Trustee.

“Optional Tender Date” means, while the Bonds bear interest at the Variable Rate, the date specified in a Purchase Demand as the date on which the Owner or Beneficial Owner of the Bond(s) (or portions thereof) described therein is demanding purchase of such Bond(s) or Beneficial Ownership Interest(s) (or portions thereof), which date must be a Business Day not less than seven days after receipt by the Trustee of such Purchase Demand. *See “DESCRIPTION OF BONDS - Purchase of Bonds Upon Demand” in the front section of this Official Statement.*

“Outstanding Bonds” and “Outstanding”, when used with reference to Bonds, means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except: (a) Bonds or portions thereof canceled by the Trustee or delivered to the Trustee for cancellation; (b) Bonds in lieu of which other Bonds have been authenticated and delivered in accordance with the Indenture; and (c) Bonds which are not deemed to be Outstanding in accordance with the provisions of the Indenture.

“Pledged Bonds” means Bonds or Beneficial Ownership Interests therein, purchased with the proceeds of a draw under the Credit Facility pursuant to the Indenture and not remarketed by the Remarketing Agent.

“Pledged Revenues” means all revenues and income derived by or for the account of the Authority from or for the account of the Borrower pursuant to the terms of the Loan Agreement, the Note and the Indenture, including, without limitation (a) all amounts derived pursuant to the Credit Facility, (b) all cash and securities held from time to time in the Trust Funds, and the investment earnings thereon, and (c) all payments by the Borrower on the Note or pursuant to the provisions summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Payment of Note;” but excluding any amounts derived by the Authority for its own account pursuant to the enforcement of Unassigned Rights.

“Preference Opinion” means an Opinion of Bond Counsel addressed to the Trustee stating in effect that the use of the funds to which the opinion relates for the purchase of Bonds or for the payment of the principal of, premium, if any, or interest on the Bonds, as the case may be, will not, upon the occurrence of a Bankruptcy Condition on or after the date of such opinion, constitute a preference payment under the United States Bankruptcy Code (taking into account the “insider” provisions thereof) or a payment of similar import (that is, a payment subject to disgorgement upon the occurrence of certain bankruptcy events) under the then applicable federal and State bankruptcy, insolvency and reorganization laws.

“Project” means the project described under the heading “PLAN OF FINANCING - The Refinancing and the Project” in the front section of this Official Statement.

“Project Cost” means any costs of the Project which are permitted to be financed under the Act, the payment of which will not cause an Event of Taxability to occur and which are not Issuing Expenses.

“Project Plans and Specifications” means the Borrower’s architectural and engineering drawings and other plans and specifications for the Project, as amended from time to time in accordance with the provisions summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Amendments to Project Plans and Specifications.”

“Project Property” means any land, improvements, equipment, or other real or personal property acquired or constructed in connection with the Project and which are being financed in whole or in part with the proceeds of the Bonds.

“Purchase Demand” means, while the Bonds bear interest at the Variable Rate, a written demand by an Owner or Beneficial Owner of a Bond or Beneficial Ownership Interest therein, as the case may be, meeting the requirements of the Indenture, that such Bond or Beneficial Ownership Interest be purchased on the date specified therein.

“Purchaser” means Robert W. Baird & Co. Incorporated.

“Qualified Accountant” means (a) McGladrey & Pullen, LLP, (b) a firm of certified public accountants of the size and type commonly referred to as nationally known certified public accountants or (c) a firm of independent public accountants selected by the Borrower and approved by the Authority.

“Qualified Investments” means, subject to the Tax Exemption Agreement, (a) Government Obligations and bonds or securities issued or guaranteed as to principal and interest by a commission, board or other instrumentality of the federal government, (b) short term discount obligations of the Federal National Mortgage Association, (c) certificates of deposit or time deposits constituting direct obligations of any bank the full amount of which is insured by the Federal Deposit Insurance Corporation, (d) time deposits, which mature in not more than three years, in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State and which either (i) is approved by the Credit Facility Provider or (ii) has long-term unsecured debt rated at least “AA” by Standard & Poor’s Ratings Services or “Aa” by Moody’s Investors Service, Inc., (e) bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the State which are rated at least “AA” by Standard & Poor’s Ratings Services or “Aa” by Moody’s Investors Service, Inc., (f) any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor’s Ratings Services, Moody’s Investors Service, Inc. or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating, (g) securities of an open end management investment company or investment trust if the investment company or investment trust does not charge a sales load, if the investment company or investment trust is registered under the Investment Company Act of 1940, 15 USC 80a 1 to 80a 64, and if the portfolio of the investment company or investment trust is limited to the following: (i) bonds and securities issued by the federal government or a commission, board or other instrumentality of the federal government, (ii) bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government and (iii) repurchase agreements that are fully collateralized by bonds or securities described under (i) or (ii) and (h) any other obligation or security which constitutes a permitted investment for money of the Authority as a result of an amendment of the Act subsequent to July 1, 2006 if the prior written consent of the Authority, the Credit Facility Provider and the Trustee are obtained.

“Rebate Fund” means the fund by that name created in the Tax Exemption Agreement.

“Redemption Fund” means the trust fund by that name created by the Indenture.

“Refinancing” means refinancing of certain of the Borrower’s existing debt described under the heading “INTRODUCTION” in the front section of this Official Statement.

“Remarketing Agent” means Robert W. Baird & Co. Incorporated and any successor institution serving as Remarketing Agent pursuant to the Indenture.

“Remarketing Agreement” means the Remarketing Agreement dated as of July 1, 2006 between the Borrower and the Remarketing Agent.

“Requisite Consent of Bondowners” means the affirmative written consent of Bondowners owning in aggregate not less than a majority in principal amount of the Bonds (other than Bonds owned by the Borrower or any “related person” as defined in Section 147(a) of the Internal Revenue Code) at the time Outstanding.

“Series 2006 Capitalized Interest” means an amount to be applied to the payment of interest on the Bonds (a) which does not exceed the interest which has accrued on the Bonds through the completion of the Project or, if the Project is made up of two or more discrete parts, through the completion of the applicable part, (b) which is or will be capitalized on the books of the Borrower, (c) which will be treated, in accordance with generally accepted accounting principles, as a part of the cost of the asset to which it relates and (d) the payment of which will not adversely affect the validity of the Bonds or cause an Event of Taxability to occur. Additional interest on the Bonds may be paid from amounts on deposit in the Construction Fund if the Trustee is provided with an Opinion of Bond Counsel to the effect that doing so will not adversely affect the validity of the Bonds or cause an Event of Taxability to occur.

“Series 2006 Capitalized Interest Account” means the account by that name in the Bond Fund created by the Indenture.

“State” means the State of Wisconsin.

“Substitute Credit Facility” means a substitute or replacement letter of credit described in the Indenture. *See “THE CREDIT FACILITY - Substitute Credit Facility” in the front section of this Official Statement.*

“Supplemental Indenture” means any supplement to or amendment of the Indenture entered into in accordance with the provisions summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Supplemental Indentures.”

“Surplus Construction Fund” means the trust fund by that name created by the Indenture.

“Tax Exemption Agreement” means the Tax Exemption Certificate and Agreement between the Authority, the Borrower, and the Trustee dated the date of issuance and delivery of the Bonds.

“Tender Date” means a Mandatory Tender Date or Optional Tender Date.

“Tendered Bonds” means Bonds tendered or required to be tendered for purchase in accordance with the Indenture. *See “DESCRIPTION OF BONDS” in the front section of this Official Statement.*

“Trustee” means J.P. Morgan Trust Company, National Association, Milwaukee, Wisconsin, and any successor banking corporation, banking association or trust company at the time serving as Trustee under the Indenture.

“Trust Funds” means the trust funds administered by the Trustee under the Indenture other than the Bond Purchase Account and the segregated trust accounts described in the Indenture.

“Unassigned Rights” means the Authority’s rights (a) to receive indemnity, payments for its expenses and other payments under the Loan Agreement or any other document associated with the issuance of any Bonds, (b) to execute and deliver amendments to the Loan Agreement and the Indenture and to receive notices and other documents and to provide its consent, acceptance or approval with respect to matters as to which that right is given in the Loan Agreement or the Indenture and (c) to receive indemnification and payment of expenses under the Bond Purchase Agreement.

“Untendered Bonds” means Bonds which are required to be tendered for purchase in accordance with the provisions of the Indenture but which in fact are not delivered to the Trustee on or before the applicable Tender Date. *See “DESCRIPTION OF BONDS” in the front section of this Official Statement.*

“Variable Rate” means the interest rate borne by the Bonds from time to time prior to the Conversion Date, if any, determined in accordance with the Indenture. *See “DESCRIPTION OF BONDS - Maturity and Interest Rates” in the front section of this Official Statement.*

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Granting Clauses

In consideration of the acceptance by the Trustee of the trusts created by the Indenture, the purchase and acceptance of the Bonds by the Purchaser and other good and valuable consideration, and to secure the payment of the principal of, premium, if any, and interest on the Bonds and the performance and observance by the Authority of its obligations under the Indenture and the Bonds, pursuant to the Indenture the Authority pledges and assigns to the Trustee and grants the Trustee a security interest in, with power of sale, the following property:

- (1) except for the Unassigned Rights, the Authority’s entire right, title and interest in and to each of the Borrower’s Documents specifically including the Authority’s right to receive payments from the Borrower under the Note, the Loan Agreement and the other Borrower’s Documents;
- (2) the Authority’s entire right, title and interest in and to all Pledged Revenues and all cash, securities or other investments held by the Trustee in any of the Trust Funds (which does not include the Rebate Fund or the Bond Purchase Account) or otherwise under the terms of the Indenture;
- (3) all money and securities from time to time held by the Trustee under the terms of the Indenture (which does not include the Rebate Fund or the Bond Purchase Account) and all other real or personal property from time to time conveyed, pledged, assigned or transferred to the Trustee as additional security under the Indenture; and
- (4) all right, title and interest, if any, of the Authority in, to and under the Credit Facility.

Nonpresentment of Bonds

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at stated maturity or at the date fixed for redemption thereof, if cash sufficient to pay such Bond shall be held by the Trustee for the benefit of the Owner thereof and available for such payment, all liability of the Authority to the Owner thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such cash in a segregated trust account uninvested and without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such account for any claim of whatever nature on such person’s part under the Indenture or on or with respect to said Bond. Such cash in such segregated trust account shall thereafter no longer be considered Pledged Revenues and any such Bond shall no longer be deemed Outstanding under the Indenture. If any such Bond has not been presented within 60 days of the date the principal became due, the Trustee shall promptly notify the person identified as the Owner of such Bond in the bond register (as of the date the principal of such Bond became due) by first class mail that such Bond has become due and that the amount due is being held by the Trustee under the Indenture.

After any such cash has been held in such segregated trust account for two years, the Trustee shall certify the amount thereof and the identifying numbers of the particular Bonds whose Owners have a claim there against (which Owners shall also be identified, if known) and deliver such certificate and such cash to the Borrower. Thereafter such Owners shall have an unsecured claim against the Borrower in respect of payment of such unrepresented Bonds, and shall have no further claim whatever against the Authority, the Trustee or the Credit Facility Provider in respect thereof.

Bond Purchase Account

The Indenture creates a trust account to be designated with the names of the Authority and the Borrower and the label “Bond Purchase Account.” There shall be deposited into the Bond Purchase Account, when and as

received by the Trustee (i) all funds received from the Remarketing Agent on a Tender Date for the purchase of Tendered Bonds (or Beneficial Ownership Interests therein) in accordance with the Indenture, (ii) all funds received from the Credit Facility Provider pursuant to a draw made by the Trustee under the Indenture; and (iii) any other funds deposited therein by or on behalf of the Borrower if accompanied with a Preference Opinion with respect thereto. No other funds shall be accepted by the Trustee for deposit into the Bond Purchase Account. Funds in the Bond Purchase Account shall be held in trust for the account of the respective owners of such funds at the time of the deposit thereof into the Bond Purchase Account until such funds are applied by the Trustee on the Tender Date to pay the purchase price of Tendered Bonds or Beneficial Ownership Interests. Application of such funds to pay the purchase price of Beneficial Ownership Interests shall be accomplished by Trustee through the Depository and its participants, and the Trustee shall have no obligation to transmit any such funds directly to a Beneficial Owner. Such funds shall be held in the Bond Purchase Account uninvested and without liability for interest.

Funds for the payment of such purchase price shall be derived from the following sources in the following order:

First, from proceeds of the remarketing of Bonds (or Beneficial Ownership Interests) by the Remarketing Agent as described in the Bond Indenture;

Second, from proceeds of a draw on the Credit Facility; and

Third, from any other funds in the Bond Purchase Account.

Each Tendered Bond delivered to the Trustee pursuant to the Indenture shall be held in trust for the account of the Owner of such Tendered Bond until the purchase price shall have been paid in full to such Owner. Upon payment in full of the purchase price of a Tendered Bond or Beneficial Ownership Interest from the Bond Purchase Account, the Tendered Bond or Beneficial Ownership Interest, as the case may be, shall (a) in the case of Bonds purchased with proceeds of the remarketing thereof, be registered and delivered by the Trustee as directed in writing by the Remarketing Agent, (b) in the case of Beneficial Ownership Interests purchased with the proceeds of the remarketing thereof, be recorded on the records of the Depository as directed by the Trustee pursuant to written instructions from the Remarketing Agent, (c) in the case of Bonds purchased with the proceeds of a draw on the Credit Facility, be registered in the name of the Credit Facility Provider and held by the Trustee, except as otherwise directed in writing by the Credit Facility Provider, (d) in the case of Beneficial Ownership Interests purchased with the proceeds of a draw on the Credit Facility, be recorded on the records of the Depository as directed by the Trustee pursuant to written instructions from the Credit Facility Provider, (e) in the case of Bonds purchased with other funds in the Bond Purchase Account, registered and delivered by the Trustee as directed in writing by the Borrower and (f) in the case of Beneficial Ownership Interests purchased with other funds in the Bond Purchase Account, be recorded on the records of the Depository as directed by the Trustee pursuant to written instructions of the Borrower.

Payment of Principal and Interest

The Authority covenants in the Indenture that it will promptly pay from the Bond Fund the principal of, premium, if any, and interest on each Bond issued under the Indenture at the place, on the dates, from the sources and in the manner provided in said Bond and the Indenture. The principal of, premium, if any, and interest on the Bonds are payable solely from the Pledged Revenues, and nothing in the Bonds or the Indenture shall be considered as pledging any other funds or assets of the Authority.

Rights Under Loan Agreement and Other Documents

The Authority covenants and agrees in the Indenture that, except as provided in the Indenture and in the Loan Agreement, it will not sell, assign, pledge, transfer, encumber or otherwise dispose of the Pledged Revenues. The Loan Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth covenants and obligations of the Authority and Borrower, including provisions that subsequent to the issuance of the Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions of the Indenture, the Loan Agreement shall not be effectively amended, changed, modified, altered or terminated (other than as provided therein) without the concurring written consent of the Trustee and the Credit Facility Provider. The Authority agrees in the Indenture that the Trustee in its own name may enforce all rights of the Authority and all obligations of

the Borrower under and pursuant to the Loan Agreement (other than the Unassigned Rights) and the Note for and on behalf of the Bondowners whether or not the Authority is in default under the Indenture, but the Trustee shall not thereby be deemed to have assumed the obligations of the Authority under the Loan Agreement or the Note and shall have no obligations thereunder except as expressly provided therein. The Authority agrees in the Indenture to cooperate fully with the Trustee (at the expense of the Borrower) in any proceedings or to join in or commence in its own name any proceedings necessary to enforce the rights of the Authority and all obligations of the Borrower under and pursuant to the Loan Agreement and the Note, if the Trustee shall so request.

Authorization and Issuance of the Bonds

The Indenture authorizes the issuance of the Bonds and limits their aggregate principal amount to the amount specified on the front cover of this Official Statement.

Application of Bond Proceeds

The Authority agrees in the Indenture to deposit the purchase price of the Bonds with the Trustee and, upon receipt, the Trustee agrees in the Indenture to apply the purchase price as described in the front section of this Official Statement under the heading "PLAN OF FINANCING."

Issuing Expenses Fund

The Indenture creates a Trust Fund to be designated with the names of the Authority and the Borrower and the label "Issuing Expenses Fund." Pursuant to the Indenture the Trustee is authorized and directed to disburse moneys from the Issuing Expenses Fund to pay (or reimburse the Borrower for) the Issuing Expenses.

In the event the Borrower, the Credit Facility Provider and the Trustee shall have entered into an agreement with a title insurance company for the disbursement of the Bond proceeds, disbursements from the Issuing Expenses Fund shall be subject to such further terms and conditions as may be contained in such agreement.

If an Event of Default under the Indenture shall have happened and be continuing, the Trustee (without any authorization from the Borrower) shall make such disbursements from the Issuing Expenses Fund directly to the persons determined by the Trustee to be entitled thereto, and after all Issuing Expenses have been paid any remaining balance in the Issuing Expenses Fund shall be applied in accordance with the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Application of Moneys."

If there shall be any balance in the Issuing Expenses Fund remaining after the earlier of (i) the first anniversary of the issuance and delivery of the Bonds or (ii) the Trustee's receipt of a certification by an Authorized Borrower Representative that all Issuing Expenses have been paid, the Trustee shall transfer such remaining balance to the Construction Fund or, if the Construction Fund has been closed pursuant to the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Closing of Construction Fund," to the Surplus Construction Fund.

Construction Fund

The Indenture creates a Trust Fund to be designated with the names of the Authority and the Borrower and the label "Construction Fund." Pursuant to the Indenture the Trustee is authorized and directed to disburse moneys from the Construction Fund to pay (or reimburse the Borrower for) the Project Costs.

In the event the Borrower, the Credit Facility Provider and the Trustee shall have entered into an agreement with a title insurance company for the disbursement of the Bond proceeds, disbursements from the Construction Fund shall be subject to such further terms and conditions as may be contained in such agreement.

If an Event of Default under the Indenture shall have happened and be continuing, the Trustee may, with the written consent of the Credit Facility Provider, (i) make disbursements from the Construction Fund, without the authorization of the Borrower, for the payment of any costs necessary to complete the Project, or (ii) to the extent

consistent with an Opinion of Bond Counsel to the effect that such application will not result in an Event of Taxability, apply moneys in the Construction Fund in accordance with the provisions summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Application of Moneys.”

Upon the closing of the Construction Fund in accordance with the provisions summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Closing of Construction Fund,” any remaining balance in the Construction Fund shall be transferred to the Surplus Construction Fund.

Surplus Construction Fund

The Indenture creates a Trust Fund to be designated with the names of the Authority and the Borrower and the label “Surplus Construction Fund.” Pursuant to the Indenture the Trustee is authorized and directed to use the moneys in the Surplus Construction Fund in any manner directed in writing by the Borrower and accompanied by the written consent of the Credit Facility Provider and an Opinion of Bond Counsel to the effect that the application will not adversely affect the validity of the Bonds or cause an Event of Taxability to occur.

Until used for one or more of the foregoing purposes, any moneys in the Surplus Construction Fund shall be invested in Qualified Investments but the Borrower shall not direct such investment to provide a yield on such moneys (computed by the Borrower from the Completion Date and taking into account any investment of such moneys during the period from the Completion Date to the date of deposit of such moneys into the Surplus Construction Fund) greater than the yield on the Bonds from the proceeds of which such moneys were derived, all as such terms are defined and used in Section 148 of the Internal Revenue Code and any proposed, temporary or final regulations promulgated thereunder; provided that such yield restriction on the Surplus Construction Fund shall not apply to the Borrower’s investment directions if the Trustee is furnished with an Opinion of Bond Counsel to the effect that the lack of a yield restriction on the Surplus Construction Fund will not result in an Event of Taxability.

Pledged Revenues

The Pledged Revenues are specifically, irrevocably and exclusively pledged to the punctual payment of the principal of, premium, if any, and interest on the Bonds, and shall be used for no other purpose except as otherwise expressly authorized in the Indenture.

Bond Fund

The Indenture creates a Trust Fund to be designated with the names of the Authority and the Borrower and the label “Bond Fund.” Within the Bond Fund there are three separate accounts to be designated the “Credit Facility Account,” the “Borrower’s Payments Account” and the “Series 2006 Capitalized Interest Account.” All monies in the Bond Fund shall be used solely for the payment of interest on the Bonds and for the payment of principal of the Bonds when due (whether at maturity, by acceleration or call for redemption or otherwise). The Trustee shall pay principal of and interest on the Bonds from the following sources and in the following priority:

First, from the Credit Facility Account (provided that no Pledged Bonds shall be paid from the Credit Facility Account);

Second, from Eligible Funds on deposit in the Borrower’s Payments Account; and

Third, from remaining monies in the Bond Fund, but only to the extent that the foregoing two sources are not likely, in the judgment of the Trustee, to be available and sufficient therefor.

Funds on deposit in the Series 2006 Capitalized Interest Account shall be spent as summarized in this paragraph. Pursuant to the Indenture, the Trustee is authorized and directed to disburse moneys from the Series 2006 Capitalized Interest Account to reimburse the Borrower for the payment of Series 2006 Capitalized Interest. Such disbursements shall be made only upon requisition of the Borrower meeting the requirements of and submitted in accordance with the Loan Agreement; provided, however, that no funds shall be transferred from the Series 2006 Capitalized Interest Account to the Borrower for reimbursement of Series 2006 Capitalized Interest after December

31, 2007 unless the Trustee receives an Opinion of Bond Counsel to the effect that such transfer will not adversely affect the validity of the Bonds or any exemption from federal income taxation to which the Bonds would otherwise be entitled. Notwithstanding the foregoing, funds on deposit in the Series 2006 Capitalized Interest Account after December 31, 2007 may be transferred to the Construction Fund and used prior to the third anniversary of the issuance and delivery of the Bonds to pay for Project Costs or to reimburse the Borrower for Project Costs.

Redemption Fund

The Indenture creates a Trust Fund to be designated with names of the Authority and the Borrower and the label "Redemption Fund." Pursuant to the Indenture the Authority authorizes and directs the Trustee to (i) transfer Eligible Funds from the Redemption Fund to the Bond Fund when and as required to pay the principal of any Bonds called for redemption in accordance with the Indenture; (ii) withdraw Eligible Funds from the Redemption Fund to pay any premiums payable on Bonds called for redemption in accordance with the Indenture; and (iii) transfer Eligible Funds from the Redemption Fund to the Bond Fund to pay the final payment of principal on the Bonds at the last maturity thereof. Except to the extent moneys in the Redemption Fund are needed for the purposes described in the foregoing clauses (i) and (ii), the Trustee is authorized to use Eligible Funds in the Redemption Fund for the purchase of Bonds for cancellation; provided that such purchases shall be made only to the extent authorized by the Borrower in an Officer's Certificate; and provided further that the purchase price for any Bond so purchased shall not exceed the principal amount thereof plus any accrued and unpaid interest thereon. Moneys on deposit in the Redemption Fund may be used to reimburse the Credit Facility Provider for a draw on the Credit Facility when proceeds of the Credit Facility are used for the payment of the principal of Bonds called for redemption as provided in the Indenture.

Permitted Investment of Trust Funds

The Trustee agrees to invest and reinvest money on deposit in the Trust Funds and the Rebate Fund in Qualified Investments as directed in writing by the Borrower according to the provisions of the Loan Agreement and the Tax Exemption Agreement. The Qualified Investments acquired pursuant to the provisions summarized under this heading must be (i) securities which are traded on an established securities market and are purchased in such a market, (ii) direct obligations of the United States or (iii) other obligations purchased at their fair market value under circumstances where their fair market value may be established by published evidence. Investments made with money on deposit in the Trust Funds and the Rebate Fund may be made by the Trustee through its own bond or investment department or the bond or investment department of an affiliated entity and (a) will have maturities as directed in writing by the Borrower or be readily marketable prior to maturity in the amounts and not later than the dates as may be necessary to provide funds for the purpose for which the money in any account is to be used, (b) will be held by or under the control of the Trustee, (c) will at all times be considered a part of the account for whose benefit the investment was made, (d) will have any loss attributable to them charged to the account for whose benefit the investment was made, (e) in the case of the Redemption Fund, will have any interest or profit derived from them retained in the Fund in which the investment was made until applied as other amounts on deposit in the Fund will be applied, (f) in the case of the Issuing Expenses Fund, will have any interest or profit derived from them credited to the Construction Fund until the Construction Fund has been closed in accordance with the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Closing of Construction Fund," (g) in the case of the Series 2006 Capitalized Interest Account, will have any interest or profit derived from them credited to the Construction Fund until the Construction Fund has been closed in accordance with the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Closing of Construction Fund," (h) in the case of the Construction Fund, will have any interest or profit derived from them retained in the Construction Fund until the closing of the Construction Fund in accordance with the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Closing of Construction Fund" and (i) in all other cases will have any interest or profit derived from them retained in the Fund or Account from which the investment was made. Notwithstanding the foregoing or anything to the contrary in the Loan Agreement or the Indenture, money on deposit in the Credit Facility Account shall not be invested.

Discharge

If the Authority shall pay or cause to be paid the principal, premium, if any, and interest due or to become due on the Bonds at the times and in the manner stipulated therein, and if the Authority shall not then be in default in any of the covenants and promises in the Bonds and in the Indenture expressed as to be kept, performed and observed by it or on its part, and shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions of the Indenture, then these presents and the estate and rights granted by the Indenture shall cease, terminate and be void, whereupon the Trustee shall (i) return the Credit Facility to the Credit Facility Provider for cancellation and (ii) cancel and discharge the lien of the Indenture and execute and deliver to the Authority such instruments in writing as the Authority or its counsel shall determine to be requisite to cancel and discharge the lien of the Indenture, and reconvey, release, assign and deliver unto the Authority any and all the estate, right, title and interest in and to any and all property conveyed, assigned or pledged to the Trustee or otherwise subject to the lien of the Indenture, except moneys or securities held by the Trustee in separate segregated trust accounts pursuant to the Indenture for the purchase of Untendered Bonds or the payment of the principal of, premium, if any, and interest on unrepresented Bonds.

A Bond shall be deemed to be paid within the meaning of the provisions summarized under this heading when payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Indenture, or otherwise) either (A) shall have been made in accordance with the terms of the Indenture, or (B) shall have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (i) moneys sufficient to make such payment or (ii) Government Obligations not redeemable at the option of the Authority or anyone acting on its behalf maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees and expenses of the Trustee pertaining to the Bond with respect to which such deposit is made; provided that if the Bond bears interest at the Variable Rate (y) moneys or Government Obligations must be deposited in an amount sufficient to cover all interest on the Bond at the maximum rate which could apply to such Bond and (z) the Bond must be called for mandatory redemption or purchase, in whole, on a date which is no later than the first possible mandatory or optional redemption or purchase date thereafter, as provided in and in accordance with the Indenture. At such time as a Bond shall be deemed to be paid under the Indenture as aforesaid, it shall no longer be deemed to be Outstanding under the Indenture and shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Government Obligations.

Notwithstanding the foregoing, no deposit under clause (B) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until:

- (a) the deposit shall have been made under the terms of an escrow trust agreement in form and substance satisfactory to the Trustee consistent with the Indenture, which shall identify the Bonds covered thereby;
- (b) in the case of an escrow trust deposit with respect to Bonds subject to redemption prior to maturity at the option of the Borrower, the Borrower shall have delivered an Officer's Certificate designating when such Bonds are to be paid or redeemed under the terms of the Indenture and of such escrow trust agreement;
- (c) in the case of Bonds which are subject to mandatory redemption or which are subject to mandatory or optional tender for purchase, the Trustee shall have been furnished with evidence satisfactory to it that a redemption or purchase of such Bonds in accordance with their terms in advance of stated maturity will not create a deficiency in the escrow;
- (d) in case of Bonds which are to be redeemed prior to maturity from such escrow trust deposit, a redemption notice meeting the requirements of the Indenture and stating that such Bonds are being redeemed from a deposit made pursuant to the provisions summarized under this heading either (i) shall have been given, or (ii) shall have been provided for by delivery to the Trustee of irrevocable instructions for the giving of such notice;

(e) the Trustee shall have been furnished with an Opinion of Bond Counsel to the effect that the payment of the Bonds in accordance with said escrow trust agreement is permitted under the Indenture and will not result in an Event of Taxability;

(f) if Government Obligations have been deposited with the Trustee in accordance with (B)(ii) above, the Trustee shall have been furnished with a verification report satisfactory to it concerning the sufficiency of the escrow deposit;

(g) the Trustee shall have been furnished with a Preference Opinion in respect of the moneys so deposited; and

(h) the Trustee shall have given notice of such deposit to the Owner of each Bond at the address shown on the bond register.

Notwithstanding any provision of the Indenture which may be contrary to the provisions summarized under this heading, all moneys or Government Obligations set aside and held in trust pursuant to the provisions summarized under this heading for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereon, if any) with respect to which such moneys and Government Obligations have been so set aside in trust.

Anything in the Indenture to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to the provisions summarized under this heading for the payment of Bonds and the interest and premium, if any, thereon and such Bonds and the interest and premium, if any, thereon shall not have in fact been actually paid in full, no amendment to the provisions summarized under this heading shall be made without the consent of the Owner of each of the Bonds affected thereby.

Events of Default

Each of the following events is an "Event of Default" under the Indenture:

(a) default in the due and punctual payment of the principal or purchase price of, premium, if any, or interest on any Bond whether on an Interest Payment Date, at the stated maturity thereof, on a Tender Date, or upon proceedings for redemption (or purchase in lieu of redemption) thereof, or upon the maturity thereof by declaration, acceleration or otherwise; or

(b) the acceleration of the maturity of the Note pursuant to the terms summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Acceleration;" or

(c) default in the performance or observance of any of the covenants, agreements or conditions on the part of the Authority in the Indenture or in the Bonds contained and the continuance thereof for a period of 60 days after written notice given to the Authority by the Trustee or to the Trustee and the Authority by the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding; or

(d) the Credit Facility Provider admits its insolvency or becomes unable to pay its debts as they mature or a receiver is appointed for the Credit Facility Provider, or the Credit Facility Provider defaults in the payment when due of any amounts due under the Credit Facility, or the Credit Facility ceases to remain in full force and effect, and, in any such event, the Borrower fails to deliver to the Trustee, within 45 days of receipt of notice of such event, a Substitute Credit Facility issued by another financial institution; or

(e) the Credit Facility Provider shall deliver a certificate to the Trustee (i) stating that an Event of Default has occurred under the Credit Facility Reimbursement Agreement and demanding an acceleration of the Bonds or (ii) stating that the amount of a drawing under the Credit Facility in respect of interest on the Bonds will not be reinstated.

Acceleration

Upon the occurrence of an Event of Default set forth in clause (c) under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default,” the Trustee (a) may with the written consent of the Credit Facility Provider, and (b) shall upon the written request of both the Credit Facility Provider and the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding, by notice in writing delivered to the Authority, the Credit Facility Provider and the Borrower, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

Upon the occurrence of an Event of Default set forth in clause (b), (d) or (e) under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default,” or upon the continuance for two (2) Business Days of the Event of Default set forth in clause (a) under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default,” the Trustee shall, by notice in writing delivered to the Authority, the Credit Facility Provider and the Borrower, declare the principal of all Bonds then Outstanding and the accrued interest thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

Upon the occurrence of an Event of Default set forth in clause (a) under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default,” and without regard to the continuance thereof, the Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall, by notice in writing delivered to the Authority, the Credit Facility Provider and the Borrower, declare the principal of all Bonds then outstanding and the accrued interest thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

Upon the acceleration of the maturities of the Bonds, the Trustee shall forthwith demand payment from the Credit Facility Provider for the payment under the Credit Facility pursuant to the terms thereof in an amount sufficient to pay the principal of and interest on the Bonds (other than Pledged Bonds) to the expected payment date. Upon the occurrence of an Event of Default set forth in clause (e) under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default,” the Trustee shall make such demand for payment under the Credit Facility within one (1) Business Day of its receipt of the notice from the Credit Facility Provider specified in said clause (e) in an amount sufficient to pay the principal of the Bonds plus accrued interest on the Bonds to the Business Day following receipt by the Bond Trustee of such notice from the Credit Facility Provider (which shall be the date on which interest on the Bonds shall cease to accrue).

Remedies

Upon the occurrence of an Event of Default under the Indenture, the Trustee, with the written consent of the Credit Facility Provider, may, in addition to acceleration as summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Acceleration,” pursue any available remedy by action at law or suit in equity to enforce the provisions of the Indenture and the payment of the principal of, premium, if any, and interest on the Bonds or on the Note.

The Trustee, as beneficiary of the Credit Facility, shall enforce such of its rights thereunder as it shall deem necessary or appropriate. The Trustee, as an assignee of rights and interests of the Authority in and to the Loan Agreement shall, with the prior written consent of the Credit Facility Provider, enforce such of its rights and the rights of the Authority thereunder as it shall deem necessary or appropriate. In exercising such rights and the rights given the Trustee under the Indenture, the Trustee shall take such action as, in the judgment of the Trustee applying the standards described in the Indenture, would best serve the interests of the Bondowners.

If an Event of Default under the Indenture shall have occurred, and if requested so to do by the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Bondowners, subject to the rights of the Credit Facility Provider.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bondowners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondowners under the Indenture or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default or Event of Default under the Indenture shall impair any such right or power or shall be construed to be a waiver of any such Default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Default or Event of Default under the Indenture, whether by the Trustee pursuant to the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Waivers of Events of Default" or by the Bondowners, shall extend to or shall affect any subsequent Default or Event of Default or shall impair any rights or remedies consequent thereon.

Right of Bondowners to Direct Proceedings

Anything in the Indenture to the contrary notwithstanding, the Credit Facility Provider (unless there has been an Event of Default as described in clause (d) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default" which has occurred and is continuing in which case the Owners of a majority in aggregate principal amount of Bonds then Outstanding) shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture (including, where applicable, the consent of the Credit Facility Provider).

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the outstanding fees, expenses, liabilities and advances incurred or made by the Trustee (provided that no such costs or expenses may be taken or paid from Credit Facility proceeds or the proceeds of any remarketing of the Bonds), be deposited into the Bond Fund and all moneys held or deposited in the Bond Fund during the continuance of an Event of Default under the Indenture shall be applied, in the order of priority set forth under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Bond Fund," as follows (provided that no Pledged Bonds shall be paid from Credit Facility proceeds):

(a) Unless the principal of all the Bonds has become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest including interest (to the extent permitted by law) on overdue installments of interest at the same rate(s) per annum as borne by such Bonds on the date such interest became due, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest (to the extent permitted by law) on such Bonds from the respective dates upon which they became due at the same rate(s) per annum as borne by such Bonds on the date such principal became due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal, with interest (to the extent permitted by law) on such principal from the respective dates on which such principal became due, due on such date, to the persons entitled thereto without any discrimination or privilege.

Third: To the payment to the persons entitled thereto of the unpaid premium, if any on any of the Bonds which have been called for redemption, in the order of the redemption dates, with interest (to the extent permitted by law) on such premiums from the respective dates on which such premiums became due, and, if the amount available shall not be sufficient to pay in full the premiums due on any particular redemption date, together with such interest, then to the payment ratably, according to the premium due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied first to the payment of the principal and interest then due and unpaid upon all of the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege, and secondly to the payment of the premium, if any, then due, ratably to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Indenture then, subject to the provisions summarized in subparagraph (b) under this heading in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions summarized in subparagraph (a) under this heading.

Whenever moneys are to be applied pursuant to the provisions summarized under this heading, such moneys shall be applied at such times from time to time as the Trustee 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 apply such funds, it shall fix a date occurring within two (2) Business Days of any acceleration of the Bonds pursuant to the terms summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Acceleration" (which shall be a regularly scheduled Interest Payment Date unless it shall deem another date more suitable or unless the Credit Facility requires an earlier payment date) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of such moneys and of the fixing of such date and shall not be required to make payment to the Owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all of the Bonds and interest thereon have been paid pursuant to the provisions summarized under this heading and all fees, charges and expenses of the Trustee and any paying agents and all other amounts required to be paid under the Indenture have been paid, any balance remaining in the Bond Fund shall be paid to the Credit Facility Provider to the extent, as certified in writing to the Trustee, of any amounts due it pursuant to the Credit Facility Reimbursement Agreement, and thereafter to the Borrower.

Remedies Vested in Trustee

All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall, subject to the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Application of Moneys," be for the equal and ratable benefit of the Owners of the Outstanding Bonds.

Rights and Remedies of Bondowners

No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Indenture, unless: (i) a Default has occurred of which the Trustee has been notified as

provided in the Indenture, and or of which it is deemed to have notice, (ii) such Default shall have become an Event of Default under the Indenture and the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) such Owners shall have offered to the Trustee indemnity as provided in the Indenture, and (iv) the Trustee shall thereafter have failed or refused to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trust of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture; it being understood and intended that no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture by its, his, her or their action or to enforce any right under the Indenture except in the manner provided in the Indenture and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing in the Indenture contained shall, however, affect or impair the right of any Owner of Bonds to enforce the payment of the principal of and interest on any Bond at and after the stated maturity thereof, or the obligation of the Authority to pay the principal of, premium, if any, and interest on each of the Bonds issued under the Indenture to the respective Owners of the Bonds at the time and place, from the source and in the manner in the Indenture and in said Bonds expressed.

Waivers of Events of Default

The Trustee shall waive any Event of Default under the Indenture and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds upon the written request of the Owners of a majority in aggregate principal amount of all of the Bonds then Outstanding; provided, however, that the Event of Default set forth in clause (e) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default" may be waived only (a) with the written consent of the Credit Facility Provider, (b) upon the reinstatement of funds available under the Credit Facility and (c) with respect to an Event of Default summarized in clause (e)(i) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default," upon the written agreement of the Credit Facility Provider to waive the Event of Default under the Credit Facility Reimbursement Agreement; and provided further that there shall not be waived without the consent of the Owners of all the Bonds Outstanding (i) any Event of Default in the payment of the principal of any Outstanding Bonds at the date of maturity specified therein or at the date fixed for the redemption or mandatory purchase thereof, or (ii) any Event of Default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) on overdue installments of interest at the same rate(s) per annum as borne by such Bonds, or all arrears of payments of principal, with interest (to the extent permitted by law) on overdue principal at the same rate(s) per annum as borne by such provided in the Bonds, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for; and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee and the Bondowners shall be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Notice to Bondowners if Default Occurs

If a default occurs of which the Trustee has actual notice, or is pursuant to the Indenture presumed to have knowledge, then the Trustee shall give written notice thereof by first class mail to the Owners of all Bonds then Outstanding.

Removal of Trustee

The Trustee may be removed at any time without cause (a) at the direction of the Borrower (so long as no Default or Event of Default under the Indenture or any of the Borrower's Documents has occurred, whether or not continuing), with the written consent of the Credit Facility Provider or (b) by an instrument or concurrent instruments in writing signed by the Owners of a majority of the aggregate principal amount of the Bonds then

Outstanding and delivered to the Trustee and the Authority. A removal takes effect upon the appointment of a successor (or temporary Trustee as provided in the Indenture) by the Owners or the Authority, the successor or temporary Trustee's acceptance of its appointment and the transfer of the Credit Facility to the successor or temporary Trustee.

Supplemental Indentures

Amendments and Supplements Without Bondowners' Consent. The Indenture may be amended or supplemented from time to time by a Supplemental Indenture, without the consent of the Bondowners for one or more of the following purposes: (a) to add additional covenants of the Authority or to surrender any right or power conferred upon the Authority in the Indenture; and (b) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any Supplemental Indenture which may be defective or inconsistent with any other provision contained therein or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under the Indenture which shall not be inconsistent with the provisions of the Indenture and which, in the judgment of the Trustee based on an opinion of Independent Counsel, shall not materially and adversely affect the interests of the Owners of the Bonds or the Trustee.

Amendments With Bondowners' Consent. The Indenture may be amended from time to time by a Supplemental Indenture consented to by the Borrower and approved by the Requisite Consent of Bondowners; provided that no amendment shall be made which affects the rights of some but less than all the Outstanding Bonds without the Requisite Consent of Bondowners so affected; and provided further that unanimous written consent of the Bondowners shall be required for any amendment with respect to (i) the amount or due date of any principal, purchase price, premium or interest payment upon any Bonds, (ii) the mandatory redemption provisions of any Bonds, (iii) the provisions for optional or mandatory tender of Bonds and (iv) the provisions summarized under the headings "SUMMARY OF CERTAIN PROVISIONS OF THE - Supplemental Indentures" and " - Amendment to Loan Agreement, Note and Credit Facility."

If at any time the Authority shall request the Trustee to enter into any Supplemental Indenture for any of the purposes summarized under this heading, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, mail a copy of the notice by first class mail to each Owner of the Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Trustee's principal office for inspection by all Bondowners. If within six months following the giving of such notice, the execution of any such Supplemental Indenture shall have been consented to and approved as provided in the Indenture, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

Amendment of Loan Agreement, Note and Credit Facility

Amendments Not Requiring Consent of Bondowners. The Authority and the Trustee may without the consent of or notice to the Bondowners agree to any amendment, change or modification of the Loan Agreement, the Note or the Credit Facility in connection with any change therein for any of the following purposes: (a) to add additional covenants of the Borrower or the Credit Facility Provider, as the case may be, or to surrender any right or power therein conferred upon the Borrower or the Credit Facility Provider, as the case may be, or to add additional security for the performance of their respective obligations; (b) to extend the expiration date of the Credit Facility or increase the interest coverage of the Credit Facility; and (c) to make such other provisions in regard to matters or questions arising thereunder which shall not be inconsistent with the provisions of the Indenture and which, in the judgment of the Trustee based on an opinion of Independent Counsel, shall not materially and adversely affect the interests of the Owners of the Bonds.

Amendments Requiring Consent of Bondowners. Except for amendments, changes or modifications as summarized in the immediately preceding paragraph, neither the Authority nor the Trustee shall consent to any amendment of the Loan Agreement, the Note or the Credit Facility without the giving of notice and the Requisite Consent of Bondowners; provided, that no amendment shall be consented to which affects the rights of some but less than all the Outstanding Bonds without the Requisite Consent of Bondowners so affected; and provided further

that the Trustee shall not without the unanimous written consent of the Bondowners consent to any amendment which would (i) decrease the amounts payable on the Credit Facility or Note, (ii) change the date of payment of principal of or premium or interest on the Note, or (iii) change the provisions summarized under the heading “SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Unconditional Obligation to Provide the Authority with Sufficient Revenues.”

If at any time the Trustee shall be requested to consent to any such proposed amendment, change or modification, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, notify the Authority and the Borrower and cause notice of such proposed amendment, change or modification to be given in the same manner as summarized under the subheading “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Supplemental Indentures - Amendments With Bondowners’ Consent.” Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Trustee’s principal office for inspection by all Bondowners.

Consent of Credit Facility Provider

No Supplemental Indenture, amendment, change or modification of the Loan Agreement, Note and Credit Facility shall be effective unless the Credit Facility Provider shall have consented in writing thereto.

Consent of Bondowners

Any consent, request, direction, approval, objection or other instrument required by the Indenture to be signed and executed by the Bondowners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondowners in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent, if made in the following manner, shall be sufficient for any of the purposes of the Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request for other instrument, namely: The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law had power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him or her the execution thereof, or by an affidavit of any witness to such execution.

Consent of the Credit Facility Provider

The particular provisions of the Indenture and the Loan Agreement which require notice to, or an approval, consent or direction from, the Credit Facility Provider do not apply if (a) the Credit Facility Provider is in default in any payment required to be made on the Credit Facility or (b) if there is no Credit Facility outstanding against which draws may be made to pay the principal of, or interest or redemption premium on, any Bonds or the purchase price for any Tendered Bonds. The provisions of the Indenture which require notice to, or an approval, consent or direction from, the Credit Facility Provider do not apply in the case of any Credit Facility Provider whose Credit Facility is no longer outstanding.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

Obligation of the Borrower Unconditional

The Borrower agrees in the Loan Agreement that its obligation to make the payments described in the Loan Agreement and the Note and to perform its obligations under the Loan Agreement and the Note is absolute and unconditional and is not subject to diminution by any defense (other than payment), by any right of set off, counterclaim or abatement, by the happening or non-happening of any event or for any other reason whatsoever.

Pledge of the Loan Agreement and Note

Except for Unassigned Rights, all of the Authority’s right, title and interest in the Loan Agreement and the Note (including the right to receive the payments to be made by the Borrower pursuant to the Note) have been assigned to the Trustee by the Indenture. The Borrower consents to that assignment and agrees in the Loan

Agreement that the Trustee may enforce any of the rights, privileges and remedies of the Authority under the Loan Agreement and the Note other than the Unassigned Rights.

Agreement to Complete the Project

The Borrower agrees in the Loan Agreement to complete, or cause to be completed, the construction of the Project with all reasonable dispatch in accordance with the Project Plans and Specifications. The Borrower agrees in the Loan Agreement to deliver to the Authority upon its request and to the Trustee upon its request the Project Plans and Specifications. If the moneys in the Construction Fund shall be insufficient to pay the costs of completing the Project, the Borrower shall nevertheless complete the same and shall be responsible for causing the costs thereof to be paid. The Borrower shall procure any and all building permits, use and occupancy permits, and other permits, licenses and authorizations necessary for the construction, completion, occupancy and use of the Project.

Amendments to Project Plans and Specifications

Subject to the conditions set forth under this heading and any requirements set forth in the Credit Facility Reimbursement Agreement, the Borrower shall have the right to amend its Project Plans and Specifications and to issue change orders to contractors from time to time as the Borrower shall deem necessary or desirable. The Borrower agrees in the Loan Agreement that it will make no amendment or change to the Project Plans and Specifications which would (a) adversely affect the legality of the Bonds or the exclusion of interest thereon from gross income under the Internal Revenue Code, or (b) be inconsistent with the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Agreements for the Use of the Project."

Establishment of Project Completion Date

The Borrower shall evidence the completion of the Project by filing the following items with the Authority, the Credit Facility Provider and the Trustee: (a) an Officer's Certificate of the Borrower certifying, without prejudice to any rights against third parties (i) that the Project has been constructed, acquired and installed in accordance with Project Plans and Specifications, (ii) the date of Project completion and, if applicable, the respective dates of completion of each of the component phases of the Project, and (iii) that all labor, services, materials and supplies used to construct, acquire and install the Project have been paid in full, except for such portion thereof (which shall be identified in detail) which the Borrower is disputing in good faith and by appropriate proceeding; and (b) a certificate of substantial completion signed by the architect or engineer in charge of the Project designating the date of substantial completion of the Project. Upon such filing, the date specified in accordance with clause (b) above shall be the "Completion Date" for purposes of the Loan Agreement.

Closing of Construction Fund

Upon the earlier of receipt by the Trustee of the items described under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Establishment of Project Completion Date" or the third anniversary of the issuance and delivery of the Bonds, the Trustee shall close the Construction Fund and transfer the remaining balance therein, if any, to the Surplus Construction Fund.

Agreements for the Use of the Project

The Borrower shall have the right to use the Project Property for any lawful purpose which in the opinion of Bond Counsel will not affect adversely the validity of the Bonds or result in the inclusion of interest on the Bonds in gross income for federal income tax purposes.

Inspection of the Project Property

The Borrower agrees in the Loan Agreement that each of the Authority, the Trustee and the authorized agents of either of them, on reasonable prior notice and as often as the Authority and the Trustee reasonably determine to be desirable, (a) have the right at reasonable times to enter upon the Project Property and to examine and inspect the Project Property, (b) have the right to any access to the Project Property which is reasonably

necessary to complete the Project or to repair and maintain the Project Property in the event the Borrower fails to do so, (c) will be permitted to discuss the affairs and finances of the Borrower with its officers and independent accountants and (d) will be permitted at all reasonable times to examine and copy the books and records of the Borrower with respect to the Project Property.

References to Credit Facility Provider After Expiration or Default of Credit Facility

The particular provisions of the Loan Agreement which require the approval, consent or direction of, or notice to, the Credit Facility Provider apply only while a Credit Facility is outstanding and if the Credit Facility Provider is not in default in any payment required to be made on the Credit Facility.

Payment of Note

The Borrower agrees in the Loan Agreement to make the principal, premium, if any, and interest payments on the Note in the manner and amounts and the times and places specified therein.

Unconditional Obligation to Provide the Authority with Sufficient Revenues

The Borrower unconditionally agrees in the Loan Agreement that it shall make payments to the Trustee (for the account of the Authority) in lawful money of the United States of America and in such amounts and at such times (if not sooner required under the terms of the Loan Agreement) as shall be necessary to enable the Trustee to make full and prompt payment when due (whether at stated maturity, upon redemption prior to stated maturity or upon acceleration of stated maturity), of the principal and purchase price of, premium, if any, and interest on all Bonds issued under the Indenture. The obligation of the Borrower to make the payments required pursuant to the provisions summarized under this heading shall be absolute and unconditional and shall not be subject to diminution by set off, counterclaim, abatement or otherwise; and until such time as the principal of, premium, if any, and interest on the Bonds shall have been paid or provided for in accordance with the Indenture, the Borrower: (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments summarized under this heading; (ii) will perform and observe all its other agreements contained in the Loan Agreement; and (iii) will not terminate the Loan Agreement for any cause including without limiting the generality of the foregoing, failure or any defect in title to the Facilities, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Facilities, frustration of commercial purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, or any failure of the Authority to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with the Loan Agreement.

Tax Status of Bonds

It is intended that the interest on the Bonds be excluded from gross income for federal income tax purposes pursuant to Sections 103(a) and 145 of the Internal Revenue Code. In general, the Borrower agrees in the Loan Agreement that it will comply with the provisions of the Tax Exemption Agreement in respect to the Bonds and will take no action which would (and will omit no action the omission of which would) cause an Event of Taxability to occur. The obligations of the Borrower summarized under this heading shall survive a defeasance of the Bonds pursuant to the Indenture and continue until all of the Bonds have been paid in full.

Maintenance of Tax Status

Subject to the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Tax Status of Bonds," the Borrower agrees in the Loan Agreement that it will at all times maintain its existence as a nonprofit corporation and its status as an organization described in Section 501(c)(3) of the Internal Revenue Code and exempt from federal income taxation under Section 501(a) of the Internal Revenue Code. The Borrower agrees in the Loan Agreement that it will not take any action or permit any action to be taken by others which will adversely affect its agreement summarized under this heading.

Financial Information and Reports

The Borrower agrees in the Loan Agreement to:

(a) keep proper books of record and account in which full, true and correct entries will be made of all its business and affairs in accordance with generally accepted accounting principles consistently maintained,

(b) (i) while the Bonds are supported by a Credit Facility, furnish to the Financial Statement Recipients, at the same time it is provided to the Credit Facility Provider, a copy of the detailed annual audit report meeting the requirements of the Credit Facility Reimbursement Agreement, together with copies of the accompanying documents, opinions and certifications required by the Credit Facility Reimbursement Agreement and (ii) while the Bonds bear interest at a Fixed Rate and are not supported by a Credit Facility, furnish to the Financial Statement Recipients, as soon as available, and in any event within one hundred twenty (120) days after the close of each fiscal year, a copy of the detailed annual audit report for such year and accompanying consolidated and consolidating financial statements of the Borrower and any subsidiaries prepared in reasonable detail and in accordance with generally accepted accounting principles by Qualified Accountants, which audit report shall be accompanied by an unqualified opinion of such Qualified Accountants to the effect that the same fairly presents the financial condition and the results of operations of the Borrower and its subsidiaries for the periods and as of the relevant dates thereof,

(c) deliver to the Financial Statement Recipients along with the financial report described in subparagraph (b) a written statement of the Qualified Accountants who reported on the financial statements described in subparagraph (b) to the effect that either (i) nothing came to their attention in the course of their examinations and preparation of the financial statements of the Borrower which caused them to believe that there is any Default or Event of Default by the Borrower in the performance of any of the terms, provisions or conditions of any of the Borrower's Documents or (ii) if they obtained knowledge of any Defaults or Events of Default, a written description of them,

(d) (i) while the Bonds are supported by a Credit Facility, furnish to the Financial Statement Recipients, at the same time it is provided to the Credit Facility Provider, copies of the quarterly financial reports, if any, required by the Credit Facility Reimbursement Agreement and (ii) while the Bonds bear interest at a Fixed Rate and are not supported by a Credit Facility, furnish to the Financial Statement Recipients, within 30 days after the end of each quarter of each fiscal year, a balance sheet of the Borrower as of the end of each such quarter and statements of income and surplus of the Borrower for each such quarter and for that part of the fiscal year ending with each quarter, all in reasonable detail and certified as true and correct, subject to normal year-end adjustments, by the president or treasurer or chief financial officer of the Borrower and

(e) deliver to the Financial Statement Recipients at the time provided in subparagraph (b) a statement signed by the president or vice president and the treasurer or an assistant treasurer of the Borrower stating that the signers have made a review of the activities of the Borrower during the preceding fiscal year for the purpose of determining whether the Borrower has complied with all of the terms, provisions and conditions of each of the Borrower's Documents and that, to the best knowledge of the signers, either (i) the Borrower has kept and fulfilled each and every term, provision and condition of each of the Borrower's Documents on its part to be performed and no Default or Event of Default has occurred or (ii) if any Defaults or Events of Default exist, a written description of them.

Insurance

The Borrower agrees in the Loan Agreement, both generally and specifically with respect to the Facilities, that it will insure against such risks and in such amounts as are customarily insured against by companies of like size similarly situated. Such insurance shall be obtained by the purchase of insurance policies (including blanket policies covering multiple risks) issued by reputable insurance companies authorized and qualified to underwrite such risks.

Sale or Transfer of Facilities

The Borrower may sell, assign or otherwise transfer all or any part of its interest in the Facilities and in connection therewith may assign all or any portion of its rights and privileges under the Loan Agreement; provided that: (a) if such sale, transfer or assignment involves (in a single transaction or any series of transactions) all or substantially all of the Borrower's assets, the Borrower shall comply with the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Transfers of Assets; Dissolution;" (b) the Borrower shall have complied with all provisions of the Tax Exemption Agreement; and (c) the Borrower shall have complied with the applicable provisions of the Credit Facility Reimbursement Agreement and the related collateral documents (or, if there is no Credit Facility then in effect or the Credit Facility Provider is in default of its obligations thereunder, the Borrower shall have obtained the Requisite Consent of Bondowners) to such transaction.

Transfers of Assets; Dissolution

The Borrower agrees in the Loan Agreement that it will not (in a single transaction or any series of transactions) dissolve or institute any proceedings for dissolution or otherwise dispose of all or substantially all its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, however, that the Borrower may, without violating the foregoing, consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or transfer all of substantially all of its assets to another corporation (and thereafter be released of all further obligation under the Loan Agreement and dissolve or not dissolve as it may elect) if: (a) the resulting, surviving or transferee corporation, as the case may be, is a corporation incorporated and duly existing in good standing under the laws of one of the States of the United States of America; (b) such resulting, surviving or transferee corporation has obtained the prior written consent of the Credit Facility Provider (or, if there is no Credit Facility then in effect or the Credit Facility Provider is in default of its obligations thereunder, the Borrower shall have obtained the Requisite Consent of Bondowners) to such transaction; (c) such resulting, surviving or transferee corporation expressly assumes in writing (delivered to the Authority and the Bond Trustee) all of the obligations of the Borrower contained in the Loan Agreement, the Continuing Disclosure Agreement, and the Note and any other document relating to the Loan made pursuant to the Loan Agreement (after which it shall be the "Borrower" for purposes thereof); and (d) the Borrower shall have delivered to the Bond Trustee and the Authority an opinion of Bond Counsel to the effect that such transaction is permitted under the Loan Agreement, will not violate the Act or adversely affect the legality of the Bonds or result in an Event of Taxability.

Damage

If prior to the full payment of the Bonds (or provision for payment thereof having been made to the satisfaction of the Trustee in accordance with the provisions of the Indenture) the Facilities shall be damaged by fire, flood, windstorm or other casualty to such extent that the Borrower has the option of prepaying the Note pursuant to the Loan Agreement, the Borrower shall either (i) prepay the entire outstanding balance of the Note in accordance with the Loan Agreement, or (ii) repair, replace or restore the damaged property to such condition as in the judgment of the Borrower will restore the Facilities to substantially the same condition as existed immediately prior to such damage.

Events of Default

Each of the following constitutes an "Event of Default" under the Loan Agreement:

- (a) failure by the Borrower to pay when due the principal of, premium, if any, or interest on the Note (whether at maturity, redemption, acceleration or otherwise);
- (b) failure by the Borrower to perform or observe any other of the covenants, agreements or conditions on the part of the Borrower in the Loan Agreement, any of the other Borrower's Documents and the continuance thereof for a period of 30 days after receipt by the Borrower of written notice (from the Authority, the Trustee or the Owners of at least 10% in aggregate principal amount of the Bonds at the time Outstanding) specifying such default and requesting that it be cured; provided, however, that if the default

is capable of being cured, but not so within such 30 day period, such default shall not become an Event of Default if the Borrower institutes reasonable corrective action within such period and pursues such action diligently until such default is cured;

(c) the Borrower shall: (i) become insolvent; or (ii) be unable, or admit in writing its inability, to pay its debts as they mature; or (iii) make a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its property; or (iv) have a court order relief against it under the United States Bankruptcy Code; or (v) file a petition with respect to itself as debtor under Chapter 7 or 11 of the United States Bankruptcy Code; or (vi) have a petition under Chapter 7 or 11 of the United States Bankruptcy Code filed against it as debtor and fail to have such petition vacated or discharged within 90 days following the filing thereof; or (vii) file an answer to a creditor's petition, admitting the material allegations thereof, for liquidation, reorganization or to effect a plan or other arrangement with creditors; or (viii) apply to a court for the appointment of a receiver for any of its assets; or (ix) have a receiver appointed for any of its assets (with or without the consent of the Borrower) and such receiver shall not be discharged within 30 days after its appointment;

(d) any representation or warranty made by the Borrower in the Loan Agreement, any of the other Borrower's Documents or any financial statement, certificate or other document delivered in connection with the issuance of the Bonds proves to have been false or misleading in any material respect as of the date given or made; or

(e) an Event of Default shall have occurred under the Indenture.

Acceleration

If an Event of Default under the Loan Agreement shall occur, the Trustee, on behalf of the Authority, may with the written consent of the Credit Facility Provider (provided that the Credit Facility Provider is not in default with respect to its obligations under the Credit Facility), and shall upon the written request of the Credit Facility Provider or if the Bonds have been accelerated pursuant to the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Acceleration," declare the entire outstanding principal balance of the Note together with all interest accrued thereon (to the date of such acceleration) to be immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable, notwithstanding anything contained in the Note or in the Loan Agreement to the contrary. There may be no acceleration of the Note unless there is an acceleration of the Bonds under the Indenture; and any acceleration of the Bonds under the Indenture shall result in an automatic acceleration of the Note.

Remedies

If an Event of Default under the Loan Agreement shall occur, the Authority or the Trustee may, with the written consent of the Credit Facility Provider (provided that the Credit Facility Provider is not in default with respect to its obligations under the Credit Facility), pursue any available remedy at law or in equity to realize the payment of the principal of, premium, if any, and interest on the Note and amounts due under the Loan Agreement and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under the Loan Agreement.