

**OFFICIAL STATEMENT**

**NEW ISSUE - BOOK ENTRY ONLY**

**NOT RATED**

*In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the terms of the Bond Indenture described below, under present law, interest on the Bonds is excludable from the gross income of the owners of the Bonds 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. The interest on the Bonds is, however, included in adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income taxes.*

**\$5,135,000**

**WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY  
VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2004  
(ROGERS MEMORIAL HOSPITAL INCORPORATED PROJECT)**

**Price** ..... 100%

**Dated**..... Date of Issuance

**Maturity** ..... April 1, 2034

**CUSIP**..... 97710V VT2

**Interest Rate/  
Tender Option** .... Prior to the date (the "Conversion Date"), if any, on which the interest rate on the Bonds is converted to a Fixed Rate, 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 October 1, 2004. 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 THE 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. See "DESCRIPTION OF THE 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 Bond 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 Rogers Memorial Hospital Incorporated (the "Borrower").

**Project** ..... The Borrower will use the Bond proceeds loaned to it by the Authority to finance (a) the construction, renovation, remodeling and equipping of certain healthcare facilities located in the Town of Summit and City of West Allis, Wisconsin and (b) certain of the costs of issuance of the Bonds.

**Letter of Credit**... All principal and up to 45 days of interest at the maximum rate of 10% per annum (but not redemption premiums, if any) that become 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 April 2006, is to be paid, as necessary, by draws on an Irrevocable Letter of Credit issued by:

**PARK BANK**

SUCH LETTER OF CREDIT EXPIRES APRIL 15, 2006, AND MAY, UPON SATISFACTION OF THE CONDITIONS SET FORTH IN THE BOND 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 LETTER OF CREDIT - Substitute Letter of Credit."

**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 THE 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 Letter of Credit Provider.

**Underwriting**..... The Bonds are offered when, as and if issued by the Authority and accepted by Robert W. Baird & Co. (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 Borrower by its counsel, von Briesen & Roper, s.c., for Park Bank by its counsel, Foley & Lardner LLP, and for the Underwriter by its counsel, Reinhart Boerner Van Deuren s.c. It is expected that delivery of the Bonds will be made through the facilities of DTC, on or about September 23, 2004, 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 September 16, 2004**

## REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, sales representative or other person has been authorized by the Issuer, the Borrower, Park Bank, Milwaukee, Wisconsin (the "Bank") 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 the Bank and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuer, the Borrower or the Underwriter. Certain other information set forth herein has been provided by or obtained from the Borrower or 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 Issuer or the Underwriter. The information set forth herein relating to the Issuer is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Borrower or the Underwriter. 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.

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

---

### TABLE OF CONTENTS

|  |     |
|--|-----|
| Introduction .....                                       | 1   |
| The Issuer .....   | 3   |
| Use of Proceeds, Project Description .....               | 6   |
| Source of Payment for the Bonds .....                    | 6   |
| Description of the Bonds .....                           | 7   |
| Redemption of the Bonds Prior to Maturity .....          | 11  |
| Summary of the Letter of Credit .....                    | 13  |
| Summary of the Promissory Note .....                     | 16  |
| Summary of the Loan Agreement .....                      | 16  |
| Summary of the Bond Indenture .....                      | 18  |
| Summary of the Master Indenture .....                    | 21  |
| Tax Exemption .....                                      | 22  |
| Legal Matters .....                                      | 23  |
| No Litigation .....                                      | 23  |
| Underwriting .....                                       | 23  |
| Continuing Disclosure .....                              | 23  |
| Miscellaneous .....                                      | 24  |
| Appendix A - Rogers Memorial Hospital Incorporated ..... | A-1 |
| Appendix B - Park Bank, Milwaukee, Wisconsin .....       | B-1 |

---

**THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAVE THE BOND INDENTURE OR THE MASTER 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.**

## OFFICIAL STATEMENT

**\$5,135,000**

### **WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2004 (ROGERS MEMORIAL HOSPITAL INCORPORATED PROJECT)**

#### INTRODUCTION

This Official Statement, including the cover page and Appendices, is furnished in connection with the offering of \$5,135,000 in aggregate principal amount of Variable Rate Demand Revenue Bonds, Series 2004 (Rogers Memorial Hospital Incorporated Project) (the "Bonds") of the Wisconsin Health and Educational Facilities Authority (the "Issuer"). The Bonds are being issued by the Issuer in accordance with the provisions of Chapter 231 of the Wisconsin Statutes (as amended from time to time, the "Act").

The Bonds will be issued under and secured by a Bond Trust Indenture, dated as of September 1, 2004 (the "Bond Indenture"), between the Issuer and JP Morgan Trust Company, National Association, as bond trustee (the "Bond Trustee"). The Bond Trustee will act as registrar of and paying agent, tender agent and authenticating agent for the Bonds.

The Bonds are being issued for the purposes of financing a portion of the costs of (i) the construction, renovation, remodeling and equipping of certain of the healthcare facilities of Rogers Memorial Hospital Incorporated, a Wisconsin nonstock corporation (the "Borrower"), located in the Town of Summit and the City of West Allis, Wisconsin (the "Project") and (ii) certain costs of issuance of the Bonds.

Concurrently with the issuance of the Bonds, the Issuer will enter into a Loan Agreement with the Borrower, dated as of September 1, 2004 (the "Loan Agreement"). Pursuant to the Loan Agreement, the Issuer will lend the proceeds of the sale of the Bonds to the Borrower (the "Loan"). To evidence its obligation to repay the Loan, the Borrower will execute and deliver its promissory note, dated the date of issuance of the Bonds (the "Promissory Note"), payable to the order of the Issuer in the principal amount of \$5,135,000, maturing on such date and bearing interest from its date at such rates payable on such dates as will provide the Issuer with revenues sufficient to pay when due the principal of, premium, if any, and interest on the Bonds. The Promissory Note will be issued pursuant to a Master Trust Indenture dated as of April 1, 1999 (as supplemented and amended from time to time, the "Master Indenture"), and a Fifth Supplemental Master Trust Indenture dated as of September 1, 2004 (the "Fifth Supplemental Master Indenture"), both between the Borrower and Marshall & Ilsley Trust Company National Association, as master trustee (the "Master Trustee"). The Issuer will pledge and assign the Promissory Note and certain of its rights under the Loan Agreement to the Bond Trustee as security for the Bonds.

To further secure the Bonds, the Borrower will cause Park Bank, Milwaukee, Wisconsin (the "Bank"), to deliver its Irrevocable Letter of Credit to the Bond Trustee in a stated amount equal to the outstanding principal amount of the Bonds plus 45 days of accrued interest thereon at the maximum interest rate of 10% (the "Letter of Credit"). The Letter of Credit will be issued pursuant to an Amended and Restated Reimbursement Agreement between the Bank and the Borrower (the "Reimbursement Agreement"). The Letter of Credit will permit the Bond Trustee to draw the amounts necessary to pay principal or purchase price of, and accrued interest (but not premium, if any) on, the Bonds as such principal, purchase price and interest becomes due (including upon optional or mandatory tender of the Bonds as described below) through and including the first Business Day of April 2006. The Letter of Credit will have an expiration date of April 15, 2006.

Subject to the conditions described herein under the caption "SUMMARY OF THE LETTER OF CREDIT -- Substitute Letter of Credit," the Borrower is permitted to replace the Letter of Credit with a substitute letter of credit (a "Substitute Letter of Credit").

In order to evidence the obligation of the Borrower to reimburse or pay the Bank for drawings made pursuant to the Letter of Credit or other amounts owing under the Reimbursement Agreement, the Borrower will issue an additional promissory note payable to the order of the Bank (the "Bank Note") under the Master Indenture and the Fifth Supplemental Master Indenture. The Bank, as the holder of the Bank Note, shall, to the extent provided in the Bond Indenture, the Fifth Supplemental Master Trust Indenture and the Loan Agreement, be vested with all rights under the Master Indenture that would otherwise be exercised by the holder of the Promissory Note.

Subject to the conditions set forth in the Master Indenture, promissory notes may be issued under the Master Indenture from time to time by the Borrower or any other member of the "Obligated Group" as such term is defined in the Master Indenture (such notes, together with the Promissory Note and the Bank Note, are referred to herein as the "Notes"). Although the Borrower is currently the sole member of the Obligated Group, the Master Indenture permits other entities to become members of the Obligated Group under certain circumstances. The Borrower has no intention of adding additional members to the Obligated Group in the immediately foreseeable future. The Promissory Note, the Bank Note and all other Notes will be equally and ratably secured by the Master Indenture. The obligations of each member of the Obligated Group in respect of the Notes are secured under the Master Indenture by (a) a Mortgage and Security Agreement dated as of April 1, 1999 from the Borrower to the Master Trustee, as amended by a First Amendment to Mortgage and Security Agreement dated March 22, 2000 and a Second Amendment to Mortgage and Security Agreement dated September 23, 2004, between the Borrower and the Master Trustee, and (b) a Mortgage and Security Agreement dated March 22, 2000 from the Borrower to the Master Trustee, as amended by a First Amendment to Mortgage and Security Agreement dated September 23, 2004 between the Borrower and the Master Trustee (collectively, the "Mortgages"). The Mortgages create a first mortgage lien on certain real estate and a second Uniform Commercial Code security interest in any machinery, equipment, fixtures and other tangible personal property located on or in the land and buildings subject to the Mortgages.

**The Bonds are offered on the basis of the Letter of Credit and the financial strength of the Bank, and not on the basis of the financial strength of the Borrower or the security provided by the Borrower under the Master Indenture.**

The Bonds will be issued pursuant to and in full compliance with the Constitution and laws of the State of Wisconsin (including particularly the Act) and pursuant to resolutions adopted by the Issuer's governing body. **THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES DESCRIBED HEREIN. THE BONDS SHALL NOT CONSTITUTE A LIABILITY OF THE ISSUER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF.**

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 Bond Indenture provides that, upon the satisfaction of certain conditions, the Borrower may cause the interest rate on the Bonds to be converted to fixed rates. On the effective date, if any, of such a conversion (the "Conversion Date"), certain other terms of the Bonds, including interest payment dates, redemption provisions and tender rights will be changed. Prior to the effectiveness of such a conversion, however, all Bondholders (or Beneficial Owners of Bonds) will be required to tender their Bonds for purchase as described below under "DESCRIPTION OF THE 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 Issuer, the Bonds, the source of payment for the Bonds, the Letter of Credit, the Promissory Note, the Loan Agreement, the Bond Indenture and the Master Indenture. 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. 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 the Bank and contains information concerning the Bank.

## THE ISSUER

### Powers

The Issuer 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 health care and educational institutions to which the Issuer 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 Issuer

The Issuer consists of seven members, all of whom must be Wisconsin residents, appointed by the Governor by and with the consent of the State Senate. Members of the Issuer serve staggered seven-year terms and continue to serve until their successors are appointed. The members of the Issuer 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 Issuer 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 Issuer under penalty of law. Members of the Issuer, however, may serve as directors or officers of institutions for which the Issuer is providing financing, but they may not vote or take part in the Issuer's deliberations concerning such financings.

The present members of the Issuer are:

|   | Term Expires<br><u>June 30</u> |
|---|--------------------------------|
| John A. Noreika, <i>Chairperson</i><br>Executive Director<br>Oakwood Village<br>Madison, Wisconsin                    | 2009                           |
| Tim Size, <i>Vice Chairperson</i><br>Executive Director<br>Rural Wisconsin Health Cooperative<br>Sauk City, Wisconsin | 2004 <sup>(a)</sup>            |
| Edward M. Aprahamian<br>President<br>Ficht Services<br>Milwaukee, Wisconsin   | 2005                           |
| Linda C. Bruce<br>Family Living Educator<br>UW Extension<br>Superior, Wisconsin                                       | 2008                           |
| Tonit M. Calaway<br>Senior Counsel<br>Harley-Davidson Motor Company<br>Milwaukee, Wisconsin                           | 2010                           |

|   | Term Expires<br><u>June 30</u> |
|---|--------------------------------|
| Paul B. Luber<br>Chief Executive Officer<br>The Jor-Mar Company<br>Grafton, Wisconsin | 2006                           |
| Paul J. Sentry<br>Corporate Legal Counsel<br>The Park Bank<br>Madison, Wisconsin      | 2007                           |

<sup>(a)</sup>Mr. Size's term expired June 30, 2004. He has been nominated by the Governor for another seven-year term. He continues to serve pending the advice and consent of the State Senate to his nomination.

**Issuer's Counsel**

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

**Financing Program of the Issuer**

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

[Remainder of Page Intentionally Left Blank]

| Fiscal<br>Year Ended<br>June 30 | <u>Public Issues</u>        |                                | <u>Private Placements</u>   |                              | <u>Total</u>                |                    |
|---------------------------------|-----------------------------|--------------------------------|-----------------------------|------------------------------|-----------------------------|--------------------|
|                                 | <u>Number<br/>of Issues</u> | <u>Amount</u>                  | <u>Number<br/>of Issues</u> | <u>Amount</u>                | <u>Number<br/>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                            | 27                          | 705,925,000                    | 5                           | 41,032,000                   | 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                          | 331,283,000        |
| 2004                            | <u>26</u>                   | <u>912,245,000</u>             | <u>4</u>                    | <u>25,980,000</u>            | <u>30</u>                   | <u>938,225,000</u> |
| <b>TOTAL</b>                    | 348                         | \$8,479,459,000 <sup>(1)</sup> | 115                         | \$565,614,000 <sup>(2)</sup> | 463                         | \$9,045,073,000    |

<sup>(1)</sup>Includes \$1,983,436,557 which was refinanced by subsequent Issuer bond issues.

<sup>(2)</sup>Includes \$71,858,136 which was refinanced by subsequent Issuer bond issues.

In its fiscal year beginning July 1, 2004, the Issuer has issued and has authorized the issuance of additional issues of bonds. The Issuer plans to offer other obligations from time to time to finance other health and educational facilities. Such other obligations will be issued pursuant to and secured by instruments separate and apart from the Bond Indenture and the security for the Bonds.

### **Bonds of the Issuer**

The Issuer may from time to time issue bonds for any corporate purpose and, pursuant to the Act, these bonds are negotiable for all purposes notwithstanding their payment from a limited source. The bonds are payable solely out of revenues of the Issuer specified in the resolution under which they are issued or in a related trust indenture or mortgage. The Issuer 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 Taxes**

Interest on bonds issued by the Issuer is not exempt from present Wisconsin income taxes.

## USE OF PROCEEDS, PROJECT DESCRIPTION

### Use of Proceeds

The Bond proceeds will be loaned to the Borrower on the date of closing. A portion of the Bond proceeds will be used on the date of closing to make a deposit in the Cost of Issuance Fund. The remaining proceeds will be held in the custody of the Bond Trustee and disbursed to or upon the order of the Borrower upon or after acquisition of the Project to reimburse it for the Project costs incurred by it. The Borrower anticipates that the Bond proceeds will be applied approximately as follows:

|  |                |
|--|----------------|
| Construction of the Project                          | \$5,032,300    |
| Costs of issuance (including underwriter's discount) | <u>102,700</u> |
| Total  | \$5,135,000    |

### Project Description

The Project consists of the construction, renovation, remodeling and equipping of certain of the Borrower's healthcare facilities located in the Town of Summit and the City of West Allis, Wisconsin.

## 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 Issuer, but shall be payable solely from the funds pledged or available therefor in accordance with the Bond 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 Issuer. No breach by the Issuer 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 Issuer has no taxing power.

The Bonds are limited obligations of the Issuer payable by it solely from revenues and income derived by or for the account of the Issuer from or for the account of the Borrower pursuant to the terms of the Loan Agreement, the Promissory Note and the Bond Indenture, including without limitation (i) draws under the Letter of Credit, (ii) payments by the Borrower on the Promissory Note or pursuant to the Loan Agreement (excluding any amounts payable by the Borrower to the Issuer 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 Bond Trustee under the Bond Indenture and the investment earnings thereon. The Promissory Note will be a full and unlimited obligation of the Borrower secured on a parity basis under the Master Indenture with all other Notes by the Mortgages.

The Bond Indenture requires the Bond Trustee to present a draft under the Letter of Credit on or before each payment date on the Bonds in an amount necessary to provide for the payment of the principal or purchase price of, and interest on, the Bonds due on such payment date. The Letter of Credit does not cover any redemption premium that may become due.

**The Bonds are offered on the basis of the Letter of Credit and the financial strength of the Bank and not on the basis of the financial strength of the Borrower or the security provided by the Borrower under the Master Indenture.**

## DESCRIPTION OF THE BONDS

*The Bond 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 fixed interest rates. In connection with any such conversion, all Bonds will be required to be tendered by the 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"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to Bondholders or registered owners of the Bonds shall mean DTC or its nominee, Cede & Co., and shall not mean the Beneficial Owners (as hereinafter defined) of the Bonds.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, 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.

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its nominee, the Trustee nor the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

*The information in this section concerning DTC and DTC's book-entry system is based on information provided by DTC. No representation is made by the Issuer, the Borrower or the Underwriter as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the Issuer, the Borrower or the Underwriter to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the Issuer, the Bond Trustee, the Master Trustee, the Borrower, the Bank nor the Underwriter will have any responsibility or liability for the failure of DTC, Direct 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 have a stated maturity date of April 1, 2034, but will be subject to optional or mandatory redemption as described under "REDEMPTION OF BONDS PRIOR TO MATURITY." From the date of issuance of the Bonds through September 29, 2004, the Bonds will bear interest at the rate established by the Underwriter. Thereafter, for each Calculation Period 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. The Remarketing Agent shall determine the Variable Rate

for each Calculation Period on the corresponding Determination Date, and shall notify the Bond Trustee of such determination. In the event that the Remarketing Agent fails to determine and notify the Bond 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, the next preceding Business Day. "Remarketing Agent" shall mean Robert W. Baird & Co. or its successors in such capacity as described below under "Effect of Optional or Mandatory Tender".

Interest is payable (i) monthly on the first Business Day of each month, commencing October 1, 2004, (ii) on any date on which all Bonds are required to be tendered to the Bond Trustee for purchase, as described below under "Mandatory Tender of Bonds" (a "Mandatory Tender Date"), 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.

### **Purchase of Bonds Upon Demand**

The Beneficial Owner of any Bond may demand the purchase of such Bond, or any portion thereof that is a multiple of \$5,000, upon 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 Bond so purchased, plus accrued interest to the date of such purchase (the "Optional Tender Date"). To demand the purchase of a Bond, the Beneficial Owner thereof (through its DTC Participant) must deliver to the Bond Trustee, at its principal corporate trust office, a Purchase Demand which: (i) states the name and taxpayer identification number of the Beneficial Owner and identifies the DTC Participant, (ii) identifies the Bonds by name and CUSIP number, (iii) states the principal amount of the Bond(s) or portion(s) thereof 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 Bond Trustee, at or before 10:00 a.m., Milwaukee, Wisconsin time, on a Business Day, (v) acknowledges that such demand is irrevocable, (vi) is accompanied by evidence satisfactory to the Bond Trustee of (a) the Beneficial Owner's beneficial ownership interest in the Bond(s) to be purchased and (b) the DTC Participant's position in the Bonds on DTC's records, and (vii) contains irrevocable authorization for the DTC Participant to transfer the Beneficial Owner's Bonds on the Optional Tender Date. If the Bond 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 Bond(s) described therein on the Optional Tender Date. See "SUMMARY OF THE BOND INDENTURE -- Trust Funds -- Bond Purchase Account."

Delivery of a Purchase Demand will be irrevocable, and will bind the Beneficial Owner to cause the transfer of the Bond(s) described therein to the purchaser thereof on the Optional Tender Date. See "Effect of Optional or Mandatory Tender" below.

### **Mandatory Tender of Bonds**

#### *Upon Proposed Conversion of Interest Rate*

The Bond 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 fixed interest rates. Upon the commencement by the Borrower of proceedings to convert the interest rate on the Bonds, a Mandatory Tender Date will be established.

#### *Upon Expiration of Letter of Credit*

The Bond Indenture provides that, prior to the Conversion Date, the first Business Day of the month in which the expiration date of the Letter of Credit or the Substitute Letter of Credit then in effect is to occur (taking into account any extensions of the expiration date of such letter of credit by the terms thereof) will be a Mandatory Tender Date, unless the Borrower shall have caused to be delivered to the Bond Trustee, no later than 45 days prior to such first Business Day of the month, a Substitute Letter of Credit or an amendment to such letter of credit extending the expiration date by at least the lesser of one year or the period ending on the fifteenth day of the month in which the maturity date of the Bonds is to occur.

*Upon Replacement of Letter of Credit*

The Bond Indenture provides that the Borrower may, at any time, deliver a Substitute Letter of Credit to the Bond Trustee to replace the Letter of Credit or the Substitute Letter of Credit then in effect. The effective date of any Substitute Letter of Credit will be a Mandatory Tender Date. See "SUMMARY OF THE LETTER OF CREDIT -- Substitute Letter of Credit."

*General*

The Bonds are subject to mandatory tender to the Bond Trustee for purchase by the Bond Trustee, but only from the funds available therefor in the Bond Purchase Account, on any Mandatory Tender Date at a price equal to the principal amount of such Bonds plus accrued interest to the Mandatory Tender Date. The Bond 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 of each Bond to be redeemed at the address shown on the Bond register maintained by the Bond Trustee. The notice shall (a) identify the Bonds by name, CUSIP number, date of issue and maturity date, (b) state the Mandatory Tender Date, (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, (d) state that, if moneys are available with the Bond Trustee on the Mandatory Tender Date, all Bonds shall be deemed tendered, whether or not so tendered, and that the owners thereof shall have no further rights in such Bonds other than the right to receive the purchase price thereof, and (e) state the place where the Bonds may be presented for purchase.

**Effect of Optional or Mandatory Tender**

Interest on Bonds which are required to be tendered for purchase as aforesaid but which in fact are not delivered to the Bond 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 Bond Trustee in the Bond Purchase Account. All liability of the Issuer 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 Bond 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 Bond 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 BOND FOR PURCHASE ON ANY MANDATORY TENDER DATE. THE BENEFICIAL OWNER OF EACH BOND, BY SUBMISSION OF A PURCHASE DEMAND, AGREES TO CAUSE THE TENDER OF SUCH BOND FOR PURCHASE ON THE OPTIONAL TENDER DATE. IN THE EVENT OF A FAILURE BY THE BENEFICIAL OWNER OF A BOND TO CAUSE SUCH BOND TO BE TENDERED ON A TENDER DATE, THE BENEFICIAL OWNER OF SUCH BOND 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 BOND UPON TRANSFER THEREOF TO THE BOND TRUSTEE, AND SUCH BENEFICIAL OWNER SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE BOND INDENTURE, EXCEPT FOR THE PURPOSE OF PAYMENT OF THE PURCHASE PRICE OF SUCH BOND.

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

Robert W. Baird & Co., the underwriter for the Bonds, will act as the Remarketing Agent under the Bond 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 Bond Indenture, and, if so, a successor Remarketing Agent will be appointed by the Borrower, subject to the qualifications and conditions set forth in the Bond Indenture.

## **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 Bond Trustee together with a written assignment acceptable to the Bond 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 Bond Indenture. Except in connection with the tender of Bonds for purchase on a Tender Date, the Bond Trustee is not required to register the transfer of or to exchange any Bond (i) after receipt by the Bond Trustee of a Purchase Demand with respect thereto and through the corresponding Optional Tender Date, (ii) after the Bond 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 Issuer may execute and the Bond Trustee may authenticate a new Bond of like date and denomination in accordance with the provisions therefor in the Bond Indenture, and the Issuer and the Bond 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 Bond 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 Bond 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 Bond 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 Bond Trustee on or after the Tender Date.

### *Selection of Bonds for Redemption*

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

## **REDEMPTION OF THE BONDS PRIOR TO MATURITY**

The Bonds are subject to early redemption as described herein. In addition, following an Event of Default (as defined therein) under the Loan Agreement, the Bond Indenture or the Master Indenture, the Bond Trustee may be required to accelerate the maturity of the Bonds and draw upon the Letter of Credit for the funds necessary to retire the Bonds. Assuming in such circumstance that the Letter of Credit 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 Bank (and without the consent of the Bondowners, the Bond Trustee, the Master Trustee or the Issuer), any time there is an event of default under the Reimbursement Agreement.

## **Notice and Effect of Redemption**

Notice of the call for any redemption of Bonds prior to maturity shall be given by mailing a copy of the redemption notice by first-class mail not less than 30 nor more than 60 days prior to the redemption date to the registered owner (which, so 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 Bond Trustee except that notice of the call for redemption of all the Bonds as described below under "Mandatory Redemption or Purchase Upon Determination of Taxability" shall be given by mailing a copy of the redemption notice within five days after the date of the Determination of Taxability with the redemption date to occur not more than 14 days after the date of the Determination of Taxability.

All notices of redemption shall (a) identify the Bonds to be redeemed by name, CUSIP number, date of issue, interest rate and maturity date and, if only a portion of the Bonds are to be redeemed, the certificate numbers and the respective principal amounts to be redeemed, (b) identify the redemption date, (c) state the redemption price, (d) state that interest on the Bonds or the portions thereof called for redemption will cease to accrue from the redemption date if funds sufficient for their redemption and available for that purpose are on deposit with the Bond Trustee on the redemption date, and (e) state that payment for the Bonds will be made on the redemption date at the principal trust office of the Bond Trustee during normal business hours upon the surrender of the Bonds to be redeemed. Neither the failure to mail such notice, nor any defect in any notice so mailed, with respect to any particular Bond shall affect the validity of any proceedings for redemption of any other 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 deemed to be outstanding under the provisions of the Bond Indenture if Eligible Funds (defined herein under the caption "SUMMARY OF THE LETTER OF CREDIT - Eligible Funds") available and sufficient for their redemption are on deposit at the place of payment at that time. In the case of mandatory redemption of all Bonds as described below under "Mandatory Redemption or Purchase Upon Determination of Taxability," funds on deposit for the payment of the redemption premium need not be Eligible Funds.

## **Optional Redemption**

Prior to the Conversion Date, the Bonds are subject to redemption (or purchase in lieu of redemption), at the option of the Borrower, in whole or in part (in multiples of \$5,000) on any Business Day. 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. The Bond Trustee shall not give notice of any such redemption unless it has received the written consent of the Bank to such redemption.

Bonds which otherwise are to be redeemed at the direction of the Borrower may, at the option of the Bank, 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 Reimbursement Agreement requires the Borrower to exercise its option to cause the redemption of Bonds in principal amounts and on redemption dates agreed to by the Bank and the Borrower. Such requirement is only for the benefit of the Bank, and may be waived or amended by the Bank and the Borrower.

## **Mandatory Redemption or Purchase Upon Determination of Taxability**

The Bonds shall be subject to mandatory redemption (or purchase in lieu of redemption) in whole or the earliest practicable Business Day following a Determination of Taxability (as defined below) for which the Bond Trustee can give timely notice of redemption, and in any event within 60 days after such Determination of Taxability. The redemption price for any such redemption shall be 100% of the principal amount of Bonds so redeemed, plus accrued interest to the redemption date, plus a premium of 3% of the principal amount of the Bonds so redeemed. Redemption of the Bonds shall be the Bondowners' sole remedy upon an Event of Taxability.

The premium payable in connection with such a redemption is not payable from proceeds of the Letter of Credit, and it is unlikely that Eligible Funds will be available under the Bond Indenture for any such payment.

The owners of Bonds may look only to the Borrower for the payment of such premium, and any such payments are not addressed in the opinion referred to herein under the caption "SUMMARY OF THE LETTER OF CREDIT - Eligible Funds."

"Determination of Taxability" means the occurrence of any of the following:

(a) the filing of a Borrower's certificate with the Issuer and the Bond Trustee asserting or indicating by its terms to the satisfaction of the Bond Trustee that an Event of Taxability has occurred;

(b) notification to the Issuer and the Bond Trustee that an authorized officer or official of the Internal Revenue Service has issued a statutory notice of deficiency or document of similar import to the effect that an Event of Taxability has occurred; or

(c) notification to the Issuer and the Bond Trustee from any Bondowner or former Bondowner to the effect that the Internal Revenue Service has assessed as includable in the gross income of such Bondowner or former Bondowner interest on a Bond due to the occurrence of any Event of Taxability;

provided, however, that in respect of clauses (b) and (c) above, a Determination of Taxability shall not be deemed to have occurred unless and until the Borrower has been notified of the allegation that an Event of Taxability and a Determination of Taxability have occurred and the Borrower fails within 60 days following such notice either (i) to have the allegation that an Event of Taxability has occurred rescinded by the Internal Revenue Service or the Bondowner or the former Bondowner who made such allegation, as the case may be, or (ii) to obtain an unqualified opinion of Bond Counsel acceptable to the Bond Trustee to the effect that no Event of Taxability has occurred.

"Event of Taxability" means the circumstance of interest paid or payable on any Bond becoming includable (other than for purposes of computing alternative minimum taxes) in the gross income of any Bondowner as a consequence of any act, omission or event whatsoever.

Bonds which otherwise are to be redeemed as a result of a Determination of Taxability may, at the option of the Bank, be purchased in lieu of redemption on the redemption date. The purchase price shall be 103% of the principal amount of the Bonds so purchased, plus accrued interest to the purchase date.

## **SUMMARY OF THE LETTER OF CREDIT**

### **General**

The Letter of Credit is an irrevocable obligation of the Bank to pay to the Bond Trustee, upon timely and proper presentation of drafts, up to a maximum amount equal to the principal of the Bonds and 45 days of interest due on the Bonds at the maximum interest rate of 10%. The Letter of Credit will (unless extended in accordance with its terms) expire on April 15, 2006, or such earlier date as provided therein, including on the date of replacement thereof as described below under "Substitute Letter of Credit." The amount available under the terms of the Letter of Credit is sufficient, if a draft is timely presented by the Bond Trustee, to cover the maximum amount of principal and interest (but not any redemption premium), and the maximum purchase price of Tendered Bonds, which could become due at any time.

The Bond Indenture requires the Bond Trustee to present a draft to the Bank on the Business Day immediately preceding each regularly scheduled interest payment date and each redemption date in an amount sufficient to pay the principal and interest (but not the premium, if any) then due on the Bonds. The Bond Indenture also requires the Bond Trustee, to the extent the proceeds of the remarketing of Bonds on a Tender Date are insufficient to pay the purchase price of such Bonds, to present a draft to the Bank on such Tender Date in an amount sufficient, together with such remarketing proceeds, to pay the purchase price of Bonds tendered or deemed tendered on such Tender Date. If an Event of Default resulting in acceleration of the principal and interest on the Bonds occurs, the Bond Indenture requires the Bond Trustee to present a draft to the Bank 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 optional redemption of Bonds, the Bank, in lieu of having the

Bonds retired from proceeds of the Letter of Credit, may purchase such Bonds at a price equal to the redemption price that would otherwise be due.

**THE LETTER OF CREDIT MAY NOT BE DRAWN UPON FOR THE PAYMENT OF ANY REDEMPTION PREMIUM.**

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 Bond Trustee under the Letter of Credit or the payment by the Bond Trustee to Owners of Bonds of amounts drawn under the Letter of Credit under various circumstances, including the bankruptcy or insolvency of, or of a similar event with respect to, the Borrower or an affiliate of the Borrower.

The credit extended by the Bank to the Borrower exceeds the Bank's lending limit under Wisconsin law. For this reason, the Bank will enter into one or more participation agreement (the "Participation Agreements") with one or more other banks (the "Participants"), providing for the assumption of a portion of the credit risk associated with the issuance of the Letter of Credit. Pursuant to the Participation Agreements, each Participant will agree, in exchange for a share of the fees charged to the Borrower for the Letter of Credit, to pay the Bank its share (as determined pursuant to the Participation Agreements) of certain amounts the Bank is required to pay under the Letter of Credit for which it is not immediately reimbursed pursuant to the Reimbursement Agreement. In addition, there are other credit arrangements outstanding between the Borrower and the Bank which are aggregated with the Letter of Credit for purposes of the Bank's legal lending limit. The Bank has also entered into participation agreements with respect to certain of these other credit arrangements.

The identity and respective proportionate shares of the Participants may change from time to time. The Participation Agreements are only for the benefit of the Bank, and do not create any rights in favor of, and may not be enforced by, the Bond Trustee or the owners of the Bonds. Although the Bank expects to be able to meet its obligations under the Letter of Credit without regard to the Participation Agreements, it is possible that the failure of one or more Participants to meet their obligations under the Participation Agreements could adversely affect the Bank's ability to meet its obligations under the Letter of Credit.

**THE ABILITY OF THE BANK TO HONOR DRAWINGS ON THE LETTER OF CREDIT IS BASED SOLELY ON THE BANK'S GENERAL CREDIT. THE BOND TRUSTEE MAY NOT ASSERT A CLAIM FOR FEDERAL DEPOSIT INSURANCE AGAINST THE FEDERAL DEPOSIT INSURANCE CORPORATION IN RESPECT OF THE BONDS OR THE LETTER OF CREDIT, AND BONDOWNERS SHOULD NOT ASSUME ANY SUCH INSURANCE COVERAGE IS AVAILABLE. IN THE EVENT OF THE INSOLVENCY OF THE BANK, A CLAIM BY THE BOND TRUSTEE OR THE BONDHOLDERS UNDER THE LETTER OF CREDIT WOULD PROBABLY BE SUBORDINATE TO THE CLAIMS OF THE BANK'S DEPOSITORS. PROSPECTIVE BOND PURCHASERS ARE DIRECTED TO APPENDIX B HERETO FOR CERTAIN INFORMATION RELATING TO THE BANK.**

### **Substitute Letter of Credit**

The Borrower may, at any time, deliver to the Bond Trustee a substitute or replacement letter of credit ("Substitute Letter of Credit") to replace the Letter of Credit. The Substitute Letter of Credit must meet the requirements set forth in the Bond Indenture, and must be delivered to the Bond Trustee at least 45 days prior to its effective date (which must be a Business Day).

The Bonds shall be subject to mandatory tender for purchase on the effective date of the Substitute Letter of Credit. See "DESCRIPTION OF THE BONDS -- Mandatory Tender of Bonds -- Upon Replacement of Letter of Credit."

## **Eligible Funds**

Payments of principal or purchase price of and interest on the Bonds are required to be made with Eligible Funds. With reference to the Trust Funds described under "SUMMARY OF THE BOND INDENTURE" herein, the term "Eligible Funds" means (i) all amounts (including investment earnings) in the Bond Purchase Account or in the Credit Facility Account of the Bond Fund, and (ii) any other amounts in the Bond Fund or the Redemption Fund with respect to which the Bond Trustee has received an opinion of Bond Counsel to the effect that the use of such amounts to pay debt service on the Bonds would not constitute an avoidable preference upon (a) the filing of a petition in bankruptcy by or against the Borrower or the Issuer 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 Issuer 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 from proceeds of the remarketing of Tendered Bonds or from proceeds of a draw on the 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 Issuer. Such opinion does not address the payment of any premiums upon redemption of the Bonds, which would not be provided for by the Letter of Credit.

## **Reimbursement Agreement**

Prior to the delivery of the Letter of Credit, the Borrower will enter into the Reimbursement Agreement pursuant to which the Borrower will agree to reimburse the Bank for the amount of any draft drawn under the Letter of Credit and to pay certain fees and expenses related to the Letter of Credit. The Reimbursement Agreement relates to the Letter of Credit and a similar letter of credit issued by the Bank with respect to bonds issued by the Issuer on behalf of the Borrower in March 2000 (the "2000 Bonds"). The Reimbursement Agreement contains various covenants of and restrictions on the Borrower of a sort which are typically found in loan agreements between a bank and a corporate borrower, including restrictions on the incurrence of certain indebtedness and certain liens, agreements to maintain insurance, agreements to maintain certain financial ratios and other covenants and restrictions. Such covenants and restrictions are only for the benefit of the Bank and may be waived or amended by the Bank and the Borrower.

The obligations of the Borrower under the Reimbursement Agreement with respect to the Letter of Credit will be evidenced by the Bank Note. The Bank Note, together with all other Notes, will be equally and ratably secured by the Master Indenture. The obligations of the Borrower under the Reimbursement Agreement will also be secured by a security interest in all of the Borrower's personal property, evidenced by a security agreement (the "Security Agreement"). The Security Agreement is not a part of the trust estate securing the Bonds or the Master Trust Indenture, and the Bondowners have no rights with respect thereto.

The Reimbursement Agreement requires the Borrower to exercise its option to cause the redemption of Bonds and/or the 2000 Bonds annually, beginning April 1, 2005, in principal amounts agreed to by the Bank and the Borrower. Such requirement is only for the benefit of the Bank and may be waived or amended without the consent of the Bond Trustee, the Master Trustee, the Issuer or the Bondowners.

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

The issuance of the Letter of Credit will be conditioned upon receipt by the Bank of certain legal opinions and the fee agreed by the Borrower to be paid to the Bank for the issuance of the Letter of Credit, the execution and delivery of certain collateral and related documents, and the satisfaction of other requirements of the Bank.

## **SUMMARY OF THE PROMISSORY NOTE**

The Promissory Note will be issued pursuant to the Master Indenture and the Fifth Supplemental Master Indenture. The Promissory Note will be executed by the Borrower, delivered to the Issuer and assigned by the Issuer to the Bond Trustee. The maturity date of the Promissory Note corresponds to the maturity date of the Bonds. The Promissory Note will bear interest at the same rates from time to time as borne by the Bonds. The Loan Agreement provides that the Borrower's obligations to pay principal and interest on the Promissory Note are discharged to the extent that the corresponding principal and interest payments on the Bonds are made from the Bond Fund (including from proceeds of the Letter of Credit) in accordance with the terms of the Bond Indenture.

## **SUMMARY OF THE LOAN AGREEMENT**

### **Provision for Revenues to Pay the Bonds**

The Borrower agrees to make payments to the Bond Trustee (to the extent sufficient funds are not obtained by draws on the Letter of Credit) in such amounts and at such times as shall be necessary to enable the Bond Trustee to make full and prompt payment when due (whether at stated maturity, upon call for redemption prior to stated maturity, or upon acceleration of stated maturity) of the principal of, premium, if any, and interest on the Bonds.

### **Covenants of the Borrower Relating to Project**

The Borrower makes certain covenants in the Loan Agreement with the Issuer concerning payment of taxes, licenses and utilities charges; the maintenance and operation of the Project; and certain other matters regarding the character and continued operation of the Project.

### **Maintenance of Existence; Tax-Exempt Status**

The Borrower agrees that it will maintain its existence as a nonstock 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.

### **Mergers; Transfer of Project**

The Borrower agrees that it will not dissolve or otherwise dispose of all or substantially all of 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, except that the Borrower may consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, or transfer all or 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, among other conditions, (i) the resulting, surviving or transferee corporation is a corporation organized and duly existing in good standing under the laws of one of the States of the United States of America, (ii) such resulting, surviving or transferee corporation has obtained the prior written consent of the Bank (or under some circumstances the holders of a majority in principal amount of outstanding Bonds) to such transaction, (iii) the Borrower shall have delivered to the Bond Trustee and the Issuer an opinion of Bond Counsel to the effect that such transaction will not adversely affect the legality of the Bonds or result in an Event of Taxability, and (iv) any transferee corporation expressly assumes in writing all of the obligations of the Borrower contained in the Loan Agreement, the Continuing Disclosure Agreement and the Promissory Note.

In addition, the Borrower may sell or otherwise transfer all or part of its interest in its facilities, subject to the following conditions: (i) no such sale, transfer or assignment shall relieve the Borrower from primary liability for the performance of its obligations under the Loan Agreement and the Promissory Note unless enumerated conditions are met with respect to the purchaser, transferee or assignee; (ii) if such transaction involves the sale, transfer or assignment of all or substantially all its facilities located at the eating disorders facility or the Project, the purchaser, transferee or assignee, as the case may be, shall have assumed in writing certain obligations of the Borrower in respect thereof; (iii) the Borrower shall have delivered to the Bond Trustee and the Issuer an opinion of Bond

Counsel to the effect that such transaction will not violate the Act, adversely affect the legality of the Bonds or result in an Event of Taxability; (iv) the Borrower shall have complied with the applicable provisions of the Reimbursement Agreement and related collateral documents; and (v) if such sale, transfer or assignment includes all or substantially all of the Borrower's assets, the Borrower shall have complied with the provisions described in the preceding paragraph.

### **Insurance and Payment of Obligations**

The Borrower agrees to maintain or cause to be maintained insurance against such risks and in such amounts as are customarily insured against by businesses of like size similarly situated. The Borrower also agrees to pay as and when due all taxes, assessments and other governmental charges against its facilities, and all of its other liabilities relating to its facilities. Provision is made for certain good faith contests of such taxes, assessments and charges.

### **Events of Default; Remedies**

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

(a) Default in the due and punctual payment of any installment of principal or of any payment of interest or premium on the Promissory Note;

(b) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Borrower contained in the Loan Agreement, the Master Indenture or certain other documents to which the Borrower is a party and the continuance thereof for a period of 30 days after receipt by the Borrower of written notice (from the Issuer, the Bond 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 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 30 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; or

(d) An "event of default" shall have occurred under the Bond Indenture.

Upon the occurrence of any Event of Default, the Bond Trustee may, with the written consent of the Bank, or if the Bonds have been accelerated pursuant to the Bond Indenture, shall declare the entire outstanding principal balance of the Promissory 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.

Also, upon the occurrence of an Event of Default, the Issuer or the Bond Trustee may, with the written consent of the Bank, pursue any available remedy at law or in equity to realize the payment of the principal of, premium, if any, and interest on the Promissory Note.

## SUMMARY OF THE BOND INDENTURE

### Trust Funds

The following described trust funds (collectively the "Trust Funds") are created under the Bond Indenture to be held in the custody of the Bond Trustee for the uses and purposes provided in the Bond Indenture and summarized below:

#### *Bond Fund*

The Bond Indenture creates two separate accounts within the Bond Fund: the Credit Facility Account and the Borrower's Payments Account. All funds received from the Bank resulting from drawings under the Letter of Credit to pay principal and interest on the Bonds will be deposited in the Credit Facility Account. All other monies received by the Bond Trustee for the account of the Bond Fund shall be deposited into the Borrower's Payments Account. All monies in the Bond Fund will be used for the payment of the principal of and interest on the Bonds when due whether at scheduled maturity, by acceleration or upon prior redemption. See "SUMMARY OF THE LETTER OF CREDIT" herein.

Principal of and interest on the Bonds shall be paid by the Bond Trustee from the following accounts of the Bond Fund in the following priority: First, 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 Bond Trustee, to be available and sufficient therefor.

Investment earnings on the Bond Fund will be for the account of the Bond Fund.

#### *Bond Purchase Account*

Proceeds of the remarketing by the Remarketing Agent of Bonds tendered or deemed tendered on a Tender Date (as described under "DESCRIPTION OF THE BONDS -- Effect of Optional or Mandatory Tender") shall be deposited in the Bond Purchase Account. In addition, all funds received from the Bank resulting from drawings under the Letter of Credit to pay the purchase price of Tendered Bonds 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 Tendered Bonds in connection with the purchase thereof on a Tender Date.

#### *Redemption Fund*

Prepayments by the Borrower of principal on the Promissory Note together with the premium, if any, shall be deposited into the Redemption Fund. In addition, under certain circumstances moneys may be transferred to the Redemption Fund from other trust funds. Eligible Funds in the Redemption Fund may be (i) transferred to the Bond Fund when and as required to pay the principal of any Bonds called for redemption in accordance with the Bond Indenture; (ii) used to pay any premiums payable on Bonds called for redemption, (iii) transferred to the Bond Fund to pay the final payment of principal on the Bonds, or (iv) to the extent not needed for the purposes described in clauses (i) and (ii), used at the direction of the Borrower to purchase Bonds for cancellation.

#### *Cost of Issuance Fund*

An amount of the proceeds of the Bonds equal to approximately \$102,700 will be deposited in the Cost of Issuance Fund and disbursed to pay (or reimburse the Borrower for the payment of) a portion of the costs of issuance of the Bonds.

#### *Construction Fund*

The remaining proceeds of the Bonds (after the deposit to the Cost of Issuance Fund) will be deposited in the Construction Fund and disbursed to pay (or reimburse the Borrower for the payment of) Project costs,

upon requisition as provided in the Loan Agreement. Upon the completion of the Project and closing of the Construction Fund, any remaining balance shall be transferred to the Surplus Construction Fund.

Investment earnings on the Cost of Issuance Fund and the Construction Fund will be for the account of the Construction Fund.

#### *Surplus Construction Fund*

Money in the Surplus Construction Fund shall be used to redeem outstanding Bonds.

#### **Investment of Trust Fund Moneys**

The Trust Funds shall be invested by the Bond Trustee in one or more of the following types of investments: (i) direct, full faith and credit obligations of the United States 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 in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State of Wisconsin if the time deposits mature in not more than three years, (e) bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the State of Wisconsin, (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, 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 Issuer as a result of a future amendment of the Act if the prior written consent of the Bank, the Issuer and the Bond Trustee are obtained. Monies in the Bond Purchase Account and the Bond Fund shall be invested only in investments described in (i) above.

#### **Events of Default; Remedies**

Each of the following events constitute an "Event of Default" under the Bond 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;

(b) The acceleration of the maturity of the Promissory Note;

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

(d) The Bank admits its insolvency or becomes unable to pay its debts as they mature or a receiver is appointed for the Bank; or the Bank defaults in the payment when due of any amounts due under the Letter of Credit; or the Letter of Credit ceases to remain in full force and effect and, in any such

event, the Borrower fails to deliver to the Bond Trustee, within 45 days of receipt of notice of such event, a Substitute Letter of Credit issued by another financial institution; or

(e) The Bank delivers a certificate to the Bond Trustee stating that an "event of default" has occurred under the Reimbursement Agreement and demanding an acceleration of the Bonds, or stating that the amount of a drawing under the Letter of Credit in respect of interest on the Bonds will not be reinstated.

Upon the occurrence of an Event of Default set forth in Sections (b), (d) or (e) above, or upon the occurrence and continuance for two Business Days of an Event of Default set forth in Section (a) above, the Bond Trustee shall, by notice in writing delivered to the Issuer, the Bank 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 Section (a) above, and without regard to the continuance thereof, the Bond Trustee may, and shall upon the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then outstanding, by notice in writing delivered to the Issuer, the Bank 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 Section (c) above, the Bond Trustee may with the written consent of the Bank, and shall upon the written request of the Bank and the Owners of not less than 25% in aggregate principal amount of Bonds then outstanding, by notice in writing delivered to the Issuer, the Bank 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 an acceleration of the maturities of the Bonds, the Bond Trustee shall forthwith demand payment from the Bank for the payment under the Letter of Credit pursuant to the terms thereof in an amount sufficient to pay the principal of and interest on the Bonds to the expected payment date.

Upon the occurrence of an Event of Default, the Bond Trustee, with the written consent of the Bank, unless there has been an Event of Default as set forth in clause (d) above, may, in addition to acceleration of the Bonds, pursue any available remedy by action at law or suit in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds or on the Promissory Note.

The Bond Trustee, as beneficiary of the Letter of Credit shall enforce such of its rights thereunder, and as an assignee of rights and interests of the Issuer in and to the Loan Agreement shall, with the prior written consent of the Bank, unless there has been an Event of Default as set forth in clause (d) above, enforce such of its rights and the rights of the Issuer thereunder as it shall deem necessary or appropriate. In exercising such rights the Bond Trustee shall take such action as, in its judgment, would best serve the interests of the Bondowners.

If an Event of Default 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 Bond Indenture, the Bond Trustee shall be obliged to exercise such one or more of its rights and powers as the Bond Trustee, being advised by counsel, shall deem most expedient in the interest of the Bondowners, subject to the rights of the Bank.

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 Bond 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 Bond Indenture, or for the appointment of a receiver or any other proceedings thereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Bond Indenture (including, where applicable, the consent of the Bank).

In the event that the Master Trustee has accelerated the Promissory Note and is pursuing its available remedies under the Master Indenture, the Bond Trustee, without waiving any Event of Default thereunder, agrees not to pursue its available remedies under the Bond Indenture or the Loan Agreement in a manner that would hinder or

frustrate the pursuit by the Master Trustee of its remedies under the Master Indenture, provide that the Bond Trustee may take any action permitted of a note holder under the Master Indenture.

### **Supplemental Indentures**

The Bond Indenture may be amended without the consent of the Bondowners to add additional covenants of the Issuer, or to surrender any right or power therein conferred upon the Issuer, or for any purpose not inconsistent with the terms of the Bond Indenture, or to cure any ambiguity or to correct or supplement any provision contained in the Bond Indenture or in any supplemental indenture which may be defective or inconsistent with any other provision contained in the Bond Indenture or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under the Bond Indenture as shall not be inconsistent with the provisions of the Bond Indenture and shall not, in the judgment of the Bond Trustee, adversely affect the interests of the owners of the Bonds.

The Bond Indenture may also be amended from time to time by a supplemental indenture approved by the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding. No amendment shall be made which affects the rights of some but less than all the outstanding Bonds without the consents of the owners of a majority in aggregate principal amount of the Bonds so affected. Unanimous written consent of Bondowners shall be required for any amendment with respect to (i) the amount or due date of any principal or interest payment upon any Bonds, or (ii) the mandatory redemption provisions of any Bonds, or (iii) the provisions for optional or mandatory tender of the Bonds, or (iv) the provisions of the Bond Indenture relating to supplemental indentures or amendments to the Loan Agreement, Promissory Note, and Letter of Credit. The prior written consent of the Bank and, in some cases, the Borrower is required for any supplemental indenture.

### **Amendments to Promissory Note, Loan Agreement and Letter of Credit**

The Issuer and the Bond Trustee may, without the consent of, or notice to, the Bondowners, consent to any amendment, change or modification of the Loan Agreement, the Promissory Note or the Letter of Credit to add additional covenants of the Borrower or the Bank, or to add additional security for the performance of their respective obligations, or to extend the expiration date of the Letter of Credit to a date permitted by the Bond Indenture, or to increase the interest coverage of the Letter of Credit, or to make such other provisions in regard to matters or questions arising thereunder as shall not be inconsistent with the provisions of the Bond Indenture and shall not, in the judgment of the Bond Trustee, adversely affect the interests of the owners of the Bonds. Otherwise, neither the Issuer nor the Bond Trustee shall consent to any amendment of the Promissory Note, the Loan Agreement, or the Letter of Credit without the giving of notice to and the written approval or consent of the owners of not less than a majority in aggregate principal amount of the Bonds at the time outstanding. No amendment shall be consented to which affects the rights of some but less than all outstanding Bonds without the consent of the owners of a majority in aggregate principal amount of the Bonds so affected. Unanimous consent of the Bondowners shall be required for any amendment which would (i) decrease the amounts payable on the Letter of Credit or the Promissory Note, (ii) change the date of payment of principal or interest on the Promissory Note, or (iii) change the unconditional nature of the Borrower's obligation to provide for payment of the Bonds. The prior written consent of the Bank and the Borrower is required for any amendment to the Promissory Note, the Loan Agreement or the Letter of Credit.

## **SUMMARY OF THE MASTER INDENTURE**

The Master Indenture authorizes the members of the Obligated Group to issue Notes which are full and unlimited obligations of the Obligated Group. The Master Indenture permits other entities to become members of the Obligated Group under certain circumstances. Subject to "Existing Restrictions", as defined in the Master Indenture, each member of the Obligated Group will jointly and severally guarantee the Master Indenture any and all amounts payable under any Note issued under the Master Indenture if, for any reason, the amount due under any Note is not punctually paid by the member of the Obligated Group issuing the Note. The Notes are also entitled to the benefit of certain operational and financial restrictions and other contractual obligations contained in the Master Indenture.

The Borrower is currently the sole member of the Obligated Group. The Borrower has no intention of adding additional members to the Obligated Group in the immediately foreseeable future.

The Promissory Note and the Bank Note will be issued pursuant to the Master Indenture and the Fifth Supplemental Master Indenture. As such, the Promissory Note, the Bank Note and all other Notes, are equally and ratably secured under the Master Indenture by the Mortgages.

The Master Indenture provides that certain amendments may be made to the Master Indenture upon the consent of the holders of a majority in aggregate principal amount of the obligations outstanding under the Master Indenture. The Bank may direct the Bond Trustee, as holder of the Promissory Note, to consent to modifications or amendments to the Master Indenture without the consent of any holder of the Bonds regardless of the current rating on bonds secured by the Bank, including the Bonds. Such amendments could be substantial and result in the modification, waiver or removal of any existing or covenant or restriction in the Master Indenture.

**The Bonds are offered on the basis of the Letter of Credit and the financial strength of the Bank and not on the basis of the financial strength of the Borrower or the security provided by the Borrower under the Master Indenture.**

## TAX EXEMPTION

### 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 excluded 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 Issuer, the Bond Trustee 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 Issuer, the Bond Trustee 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

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 Internal Revenue Code. The Internal Revenue Code also contains numerous other provisions which could adversely affect the value of an investment in the Bonds for particular Bondholders. For example, (i) Section 265 of the Internal Revenue Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion

of a holder's interest expense allocated to interest on the Bonds, (ii) interest on the Bonds may affect the federal income tax liabilities of life insurance companies and, with respect to insurance companies subject to the tax imposed by Section 831 of the Internal Revenue Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds, (iii) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Internal Revenue Code, (iv) passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Internal Revenue Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of the Subchapter S corporation is passive investment income and (v) Section 86 of the Internal Revenue Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account receipts or accruals of interest on the Bonds in determining gross income. There may be other provisions of the Internal Revenue Code 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 provisions described under this heading and other provisions of the Internal Revenue Code relating to the ownership of tax-exempt obligations apply to them.

### **Wisconsin Income Tax**

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

### **LEGAL MATTERS**

All 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, whose approving legal opinion will be delivered with the Bonds. The validity of the Letter of Credit will be passed upon by Foley & Lardner LLP, counsel to the Bank.

Certain legal matters have been passed upon for the Borrower by von Briesen & Roper, s.c., for the Underwriter by its counsel, Reinhart Boerner Van Deuren s.c., and for the Issuer by its general counsel, Quarles & Brady LLP.

### **NO LITIGATION**

There is no pending or, to the knowledge of the Borrower or the Issuer, threatened litigation against the Borrower or the Issuer which in any way questions or affects the validity of the Bonds, or any proceedings or transactions relating to their issuance, sale or delivery or which may affect the development, construction or completion of the Project.

### **UNDERWRITING**

Robert W. Baird & Co. (the "Underwriter") has agreed, subject to the terms of a Bond Purchase Agreement among the Issuer, the Borrower and the Underwriter, to purchase from the Issuer the entire principal amount of the Bonds at a purchase price of \$5,096,487.50. The Underwriter will also act as Remarketing Agent under the Bond Indenture, and will be paid a fee by the Borrower for its services in that capacity.

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

### **CONTINUING DISCLOSURE**

The Borrower and the Bond Trustee will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement"), which will require the Bond Trustee to file, with the Municipal Securities Rulemaking Board or with nationally recognized municipal securities information repositories, notice of the occurrence of certain events, including defaults, the delivery of a Substitute Letter of Credit, events adversely affecting the tax-exempt status of

interest on the Bonds, and redemption of Bonds. No party is obligated to provide any other ongoing disclosure or to update any information included in this Official Statement.

### MISCELLANEOUS

The foregoing summaries and explanations 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 Letter of Credit, the Promissory Note, the Loan Agreement, the Bond Indenture, the Master Indenture and the Disclosure Agreement, copies of which may be obtained from the Issuer or the Underwriter. 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.

The Borrower has reviewed the information contained herein, including Appendix A hereto, which relate to it, its property and the plan of financing, and has approved all such information for use within this Official Statement. Appendix B hereto has been provided by the Bank.

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

### WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

By /s/ Lawrence R. Nines  
Executive Director

This Official Statement is approved:

### ROGERS MEMORIAL HOSPITAL INCORPORATED

By /s/ Gerald A. Noll  
Vice President of Finance

## **APPENDIX A**

### **ROGERS MEMORIAL HOSPITAL INCORPORATED**

Rogers Memorial Hospital Incorporated (the "Hospital") is a Wisconsin nonstock, nonprofit corporation established in 1908 that owns and operates mental health care facilities offering child, adolescent, adult and older adult care and specialized residential programming. The Hospital is an organization described under Section 501(c)(3) and is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code.

The Hospital's main campus, which includes all of its residential facilities, is located on a 78-acre rural site in the Town of Summit, Wisconsin between Milwaukee and Madison and about 90 miles north of Chicago, Illinois. The Hospital also owns and operates an inpatient facility in West Allis, Wisconsin, and outpatient facilities in Kenosha, Wisconsin and Brown Deer, Wisconsin.

The Hospital's specialized residential treatment facilities include the 30-bed Eating Disorders Center that provides treatment to adolescent and adult males and females with eating disorders. It is one of few in the United States to treat males and females in the same setting. Additionally, the Hospital's Herrington Recovery Center offers residential treatment for professionals with chemical dependency or other addictive behaviors. The hospital's Obsessive Compulsive Disorders Center is one of a few facilities in the United States dedicated to treating this disorder in a residential setting. Finally the Child and Adolescent Center offers intensive residential treatment with an adventure-based therapy program.

The Hospital also offers outpatient partial hospital services in all areas of its expertise and its Brown Deer and Kenosha sites are outpatient based only.

**APPENDIX B**  
**CERTAIN FINANCIAL INFORMATION REGARDING**  
**PARK BANK**

Park Bank (the "Bank"), a wholly owned subsidiary of Bankmanagers Corp., is a state bank organized under the laws of the State of Wisconsin. Its principal office and banking facility is located at 330 East Kilbourn Avenue, Milwaukee, Wisconsin 53202. Its principal telephone number is (414) 466-8000.

On June 30, 2004, the Bank maintained four branch offices. As of June 30, 2004, the Bank had total assets of \$590,949,000 and total deposits of \$515,114,000. As of the same date, the Bank's total equity capital was \$57,178,000.

Statements of Condition of the Bank at June 30, 2004 and 2003, and December 31, 2003, 2002 and 2001 are contained on the following pages. The Statements of Condition have not been audited but are derived from call reports filed with the Federal Deposit Insurance Corporation. The Bank will supply, without charge, a copy of current call reports to any person to whom this Official Statement is delivered, upon written or telephone request to P. Michael Mahoney, Park Bank, 330 East Kilbourn Avenue, Milwaukee, Wisconsin 53202. Telephone requests should be directed to (414) 270-3207.

**PARK BANK**  
**CONSOLIDATED BALANCE SHEET**  
**(000s)(UNAUDITED)**

|   | <u>SIX MONTHS ENDED</u> |                | <u>YEAR ENDED</u> |                |                |
|---|-------------------------|----------------|-------------------|----------------|----------------|
|   | JUN 30<br>2004          | JUN 30<br>2003 | DEC 31<br>2003    | DEC 31<br>2002 | DEC 31<br>2001 |
| <b><u>ASSETS</u></b>                          |                         |                |                   |                |                |
| CASH AND DUE FROM BANKS                       | 25,114                  | 32,608         | 23,501            | 30,318         | 50,094         |
| FED FUNDS SOLD                                | 7,708                   | 129            | 16,414            | 15,576         | 12,170         |
| INVESTMENTS - TAXABLE                         | 61,898                  | 69,799         | 79,753            | 54,236         | 55,708         |
| INVESTMENTS - TAX EXEMPT                      | 8,670                   | 10,992         | 10,637            | 9,340          | 17,848         |
| LOANS - GROSS                                 | 491,163                 | 449,944        | 458,755           | 438,604        | 413,242        |
| RESERVE FOR LOAN LOSSES                       | <u>(7,891)</u>          | <u>(7,375)</u> | <u>(7,400)</u>    | <u>(7,300)</u> | <u>(6,800)</u> |
| NET LOANS                                     | 483,272                 | 442,569        | 451,355           | 431,304        | 406,442        |
| TOTAL FIXED ASSETS                            | 1,434                   | 1,725          | 1,591             | 1,810          | 1,867          |
| OTHER ASSETS                                  | 2,853                   | 2,202          | 2,881             | 2,413          | 2,423          |
| <b><u>TOTAL ASSETS</u></b>                    | <u>590,949</u>          | <u>560,024</u> | <u>586,132</u>    | <u>544,997</u> | <u>546,552</u> |
| <b><u>LIABILITIES</u></b>                     |                         |                |                   |                |                |
| DEMAND DEPOSITS                               | 23,921                  | 25,592         | 24,746            | 18,598         | 47,345         |
| INTEREST BEARING DEMAND                       | 3,553                   | 5,923          | 4,055             | 5,233          | 5,916          |
| SAVINGS & TIME DEPOSITS                       | <u>487,640</u>          | <u>459,189</u> | <u>482,013</u>    | <u>448,833</u> | <u>413,193</u> |
| TOTAL DEPOSITS                                | 515,114                 | 490,704        | 510,814           | 472,664        | 466,454        |
| FF PUR & SEC SOLD UNDER REPO                  | 16,045                  | 11,886         | 16,795            | 16,683         | 29,402         |
| OTHER LIABILITIES                             | 2,612                   | 2,822          | 2,915             | 3,393          | 3,291          |
| <b><u>TOTAL LIABILITIES</u></b>               | <u>533,771</u>          | <u>505,412</u> | <u>530,524</u>    | <u>492,740</u> | <u>499,147</u> |
| <b><u>CAPITAL</u></b>                         |                         |                |                   |                |                |
| CAPITAL STOCK                                 | 2,500                   | 2,500          | 2,500             | 2,500          | 2,500          |
| SURPLUS                                       | 20,000                  | 20,000         | 20,000            | 20,000         | 20,000         |
| UNDIVIDED PROFITS                             | 35,029                  | 30,764         | 32,662            | 28,218         | 23,588         |
| UNREALIZED GAIN(LOSS) (MARKET VALUE)          | (351)                   | 1,348          | 446               | 1,539          | 1,317          |
| <b><u>TOTAL CAPITAL</u></b>                   | <u>57,178</u>           | <u>54,612</u>  | <u>55,608</u>     | <u>52,257</u>  | <u>47,405</u>  |
| <b><u>TOTAL LIABILITIES &amp; CAPITAL</u></b> | <u>590,949</u>          | <u>560,024</u> | <u>586,132</u>    | <u>544,997</u> | <u>546,552</u> |

**PARK BANK**  
**CONSOLIDATED INCOME STATEMENT**  
**(000s)(UNAUDITED)**

|   | <u>SIX MONTHS ENDED</u> |               | <u>YEAR ENDED</u> |               |               |
|---|-------------------------|---------------|-------------------|---------------|---------------|
|   | JUN 30                  | JUN 30        | DEC 31            | DEC 31        | DEC 31        |
|   | 2004                    | 2003          | 2003              | 2002          | 2001          |
| <b><u>INTEREST INCOME</u></b>           |                         |               |                   |               |               |
| INT INC - LOANS                         | 12,390                  | 11,848        | 23,707            | 25,120        | 30,553        |
| INT INC - INVEST TAXABLE                | 923                     | 1,164         | 2,218             | 2,676         | 3,190         |
| INT INC - INVEST TAX EXEMPT             | 170                     | 189           | 386               | 462           | 716           |
| INT INC - FED FUNDS SOLD                | 53                      | 68            | 119               | 212           | 808           |
| <b><u>TOTAL INTEREST INCOME</u></b>     | <u>13,536</u>           | <u>13,269</u> | <u>26,430</u>     | <u>28,470</u> | <u>35,267</u> |
| <b><u>INTEREST EXPENSE</u></b>          |                         |               |                   |               |               |
| INT EXP - DEPOSITS                      | 2,736                   | 3,376         | 6,168             | 8,084         | 15,638        |
| INT EXP - SEC SOLD UNDER REPO           | 63                      | 93            | 165               | 350           | 699           |
| <b><u>TOTAL INTEREST EXPENSE</u></b>    | <u>2,799</u>            | <u>3,469</u>  | <u>6,333</u>      | <u>8,434</u>  | <u>16,337</u> |
| PROVISION FOR LOAN LOSSES               | 480                     | 480           | 1,545             | 1,445         | 1,041         |
| <b><u>NET INTEREST INCOME</u></b>       | <u>10,257</u>           | <u>9,320</u>  | <u>18,552</u>     | <u>18,591</u> | <u>17,889</u> |
| <b><u>NONINTEREST INCOME</u></b>        |                         |               |                   |               |               |
| SERV CHGS ON DEP ACCTS                  | 821                     | 733           | 1,487             | 1,410         | 1,267         |
| OTHER INCOME                            | 1,347                   | 2,217         | 4,007             | 3,071         | 2,540         |
| SECURITIES GAINS (LOSSES), NET          | 173                     | 209           | 157               | 674           | 208           |
| <b><u>TOTAL NONINTEREST INCOME</u></b>  | <u>2,341</u>            | <u>3,159</u>  | <u>5,651</u>      | <u>5,155</u>  | <u>4,015</u>  |
| <b><u>NONINTEREST EXPENSE</u></b>       |                         |               |                   |               |               |
| SALARIES & EMPLOYEE BENEFITS            | 4,203                   | 4,011         | 8,059             | 8,057         | 7,320         |
| OCCUPANCY EXPENSE                       | 933                     | 915           | 1,821             | 1,666         | 1,632         |
| OTHER EXPENSES                          | 2,555                   | 2,450         | 4,774             | 4,296         | 3,998         |
| <b><u>TOTAL NONINTEREST EXPENSE</u></b> | <u>7,691</u>            | <u>7,376</u>  | <u>14,654</u>     | <u>14,019</u> | <u>12,950</u> |
| <b><u>INCOME BEFORE TAXES</u></b>       | <u>4,907</u>            | <u>5,103</u>  | <u>9,549</u>      | <u>9,727</u>  | <u>8,954</u>  |
| <b><u>INCOME TAX EXPENSE</u></b>        | <u>41</u>               | <u>57</u>     | <u>105</u>        | <u>132</u>    | <u>109</u>    |
| <b><u>NET INCOME</u></b>                | <u>4,866</u>            | <u>5,046</u>  | <u>9,444</u>      | <u>9,595</u>  | <u>8,845</u>  |