

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

**\$4,900,000**  
**WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY**  
**VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2008**  
**(WISCONSIN LUTHERAN CHILD & FAMILY SERVICE, INC.)**



- PRICE**..... 100%
- DATED** ..... Date of Issuance
- MATURITY** ..... July 1, 2038
- CUSIP** ..... 97710V 8W1
- ISSUANCE** ..... The Wisconsin Health and Educational Facilities Authority (the "Authority") will issue the Bonds under a Trust Indenture dated as of July 1, 2008 (the "Indenture") between the Authority and U.S. Bank National Association, as trustee (the "Trustee").  
  
The Bonds are issuable as fully registered bonds in denominations of \$100,000 and any multiple of \$5,000 above such minimum denomination, 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.
- INTEREST** ..... The interest rate on the Bonds will be established weekly. Interest is payable monthly on the first Business Day of each month, commencing August 1, 2008.
- TENDER FOR PURCHASE** ..... The Bonds will be purchased upon the demand of the owner thereof upon written notice as discussed herein. See "DESCRIPTION OF BONDS – Purchase of Bonds Upon Demand." The Bonds are also subject to mandatory tender under certain circumstances. See "DESCRIPTION OF BONDS – Mandatory Tender of Bonds."
- REDEMPTION** ..... The Bonds are subject to optional and mandatory redemption prior to maturity under certain circumstances. See "REDEMPTION OF BONDS PRIOR TO MATURITY."
- LETTER OF CREDIT** ..... All principal of and up to 35 days' interest that becomes due on the Bonds and the purchase price of Bonds that are tendered and not remarketed on any optional tender date or mandatory tender date through and including the first Business Day in July 2013 is to be paid, as necessary, by draws on an irrevocable letter of credit (the "M&I Bank Letter of Credit") issued by M&I Marshall & Ilesley Bank ("M&I Bank").



The M&I Bank Letter of Credit expires on July 15, 2013. See "THE CREDIT FACILITY – M&I Bank Letter of Credit." The M&I Bank Letter of Credit may be replaced by a letter of credit issued by another financial institution. See "THE CREDIT FACILITY – Substitute Credit Facility."

- PROJECT**..... The Authority will lend the proceeds of the Bonds to Wisconsin Lutheran Child & Family Service, Inc., a Wisconsin nonstock corporation (the "Borrower"), for the purpose of financing the acquisition, construction, improvement, furnishing and equipping of a residential care apartment complex in Hartford, Wisconsin (the "Project") and paying certain of the costs of issuing the Bonds. See "PLAN OF FINANCING."
- LIMITED OBLIGATION**..... **THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE NOT A DEBT OR LIABILITY OF THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OTHER THAN THE AUTHORITY. THE SOURCE OF PAYMENT AND SECURITY FOR THE BONDS IS MORE FULLY DESCRIBED HEREIN. THE AUTHORITY HAS NO TAXING POWER.** See "SOURCE OF PAYMENT FOR THE BONDS."
- UNDERWRITING**..... The Bonds are offered when, as and if issued and received by M&I Marshall & Ilesley Bank (the "Underwriter"), subject to prior sale, to withdrawal or modifications of the offer without any notice, and to the approval of legality of the Bonds by Quarles & Brady LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority by Quarles & Brady LLP, as its general counsel, for the Borrower by its counsel, Peregrine & Roth SC, and for M&I Bank and the Underwriter by their counsel, Reinhart Boerner Van Deuren s.c. Subject to prevailing market conditions, the Underwriter intends, but is not obligated, to make a market in the Bonds. For details of the Underwriter's compensation see "UNDERWRITING." It is expected that the Bonds in definitive form will be available for delivery to the Underwriter via The Depository Trust Company, New York, New York on or about July 24, 2008.

**M&I MARSHALL & ILSLEY BANK**  
**Underwriter and Remarketing Agent**

## REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, sales representative or other person has been authorized by the Borrower, the Authority or M&I Marshall & Ilsley Bank ("M&I Bank") 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 A hereto has been obtained from M&I Bank and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Borrower or the Authority. Except for the information contained in Appendix A, the information set forth herein has been obtained from the Borrower and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Authority or M&I Bank. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implications that there has been no change in the affairs of the parties referred to above or that the other information or opinions are correct as of any time subsequent to the date hereof.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

**THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE 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.**

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

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## OFFICIAL STATEMENT

**\$4,900,000**

### **WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY VARIABLE RATE DEMAND REVENUE BONDS, SERIES 2008 (WISCONSIN LUTHERAN CHILD & FAMILY SERVICE, INC.)**

#### INTRODUCTION

This Official Statement sets forth information concerning the above-captioned issue of Bonds (the "Bonds"). The Bonds will be issued under and secured by a Trust Indenture, dated as of July 1, 2008 (the "Indenture"), between the Wisconsin Health and Educational Facilities Authority (the "Authority") and U.S. Bank National Association, as trustee (the "Trustee"). The Trustee will act as registrar of and paying agent, tender agent and authenticating agent for the Bonds.

Concurrently with the issuance of the Bonds, the Authority will enter into a Loan Agreement dated as of July 1, 2008 (the "Loan Agreement") with Wisconsin Lutheran Child & Family Service, Inc., a Wisconsin nonstock corporation and an organization described in Section 501(c)(3) of the Code (the "Borrower"). Pursuant to the Loan Agreement, the Authority will lend the proceeds of the sale of the Bonds to the Borrower (the "Loan") for the purpose of financing the costs of the acquisition, construction, improvement, furnishing and equipping of the Borrower's residential care apartment complex at 112 Peace Lutheran Parkway, Hartford, Wisconsin (the "Project") and paying certain of the costs of issuance of the Bonds. To evidence its obligation to repay the Loan, the Borrower will execute and deliver its Promissory Note, Series 2008, dated the date of issuance of the Bonds, payable to the order of the Authority in the principal amount of \$4,900,000 (the "Promissory Note"). The Promissory Note matures on such date and bears interest from its date at such rates payable on such dates as will provide the Authority with revenues sufficient to pay when due the principal of, premium, if any, and interest on the Bonds. Pursuant to the Indenture, the Authority will pledge and assign the Promissory Note and certain of its rights under the Loan Agreement to the Trustee to secure the Bonds.

To further secure the Bonds, the Borrower will cause M&I Marshall & Ilsley Bank, Milwaukee, Wisconsin ("M&I Bank"), to deliver its Irrevocable Letter of Credit to the Trustee in a face amount equal to the outstanding principal amount of the Bonds plus 35 days of accrued interest thereon at the maximum rate of 10% per annum (the "M&I Bank Letter of Credit"). The M&I Bank Letter of Credit will permit the Trustee to draw the amounts necessary to pay the principal or purchase price of, and accrued interest 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 July 2013. The M&I Bank Letter of Credit will have an initial expiration date of July 15, 2013.

Subject to the conditions described herein under the caption "THE CREDIT FACILITY -- Substitute Credit Facility," the Borrower is permitted to replace the M&I Bank Letter of Credit with a substitute letter of credit (a "Substitute Credit Facility"). Upon such replacement (other than a Required Substitution, as defined in Appendix B), the Bonds (including all Beneficial Ownership Interests) will be subject to mandatory tender. *See "DESCRIPTION OF BONDS – Mandatory Tender of Bonds – Upon Replacement of the Credit Facility".* The M&I Bank Letter

of Credit and any Substitute Credit Facility are collectively referred to herein as the "Credit Facility". M&I Bank and the issuer of any Substitute Credit Facility are collectively referred to herein as the "Credit Facility Provider". The M&I Bank Letter of Credit will be issued pursuant to a Reimbursement Agreement between M&I Bank and the Borrower (the "M&I Bank Reimbursement Agreement"). The M&I Bank Reimbursement Agreement and any similar agreement between the Borrower and the issuer of a Substitute Credit Facility are referred to herein as the "Reimbursement Agreement".

The Bonds will be issued pursuant to and in full compliance with the Constitution and laws of the State of Wisconsin and pursuant to resolutions adopted by the Authority's governing body. **THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE REVENUES DESCRIBED HEREIN. THE BONDS SHALL NOT CONSTITUTE A LIABILITY OF THE AUTHORITY, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF. THE AUTHORITY HAS NO TAXING POWER.** See "*SOURCE OF PAYMENT FOR THE BONDS*".

The Bonds will be secured by a pledge of all revenues and income derived by or for the account of the Authority from or for the account of the Borrower pursuant to the terms of the Loan Agreement, the Promissory Note and the Indenture including, without limitation, (i) all amounts derived pursuant to the Credit Facility, (ii) all cash and securities held from time to time in the Trust Funds and the investment earnings thereon and (iii) all payments by the Borrower on the Promissory Note or pursuant to the Loan Agreement (except for certain indemnification payments to the Authority thereunder) (collectively, the "Pledged Revenues").

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

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

Appendix A to this Official Statement has been furnished by M&I Bank and contains information concerning M&I Bank.

## **BONDHOLDERS' RISKS**

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

### **General**

The Bonds are limited obligations of the Authority secured by and payable from the Pledged Revenues. There is no assurance that the Borrower will make the required payments under the Promissory Note and the Loan Agreement. **The Bonds are offered for sale on the strength of the M&I Bank Letter of Credit and not on the basis of the financial strength of the Borrower or any collateral security provided by the Borrower.**

### **Credit Facility**

The ability of the Credit Facility Provider to honor drawings on the Credit Facility will be based solely on the Credit Facility Provider's general credit. The Trustee may not assert a claim for federal deposit insurance against the Federal Deposit Insurance Corporation in respect of the Bonds or the Credit Facility, and Owners and Beneficial Owners of Bonds should not assume any such insurance coverages are available with respect to the Bonds or the Credit Facility. A claim by the Trustee under the Credit Facility would probably be subordinate to the claims of the Credit Facility Provider's depositors.

### **Liquidity for Put Options and Mandatory Tender**

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

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

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

## **Tax-Exempt Status of the Bonds**

The tax-exempt status of interest on the Bonds is based not only on maintenance by the Borrower of its tax-exempt status under Section 501(c)(3) of the Code, but also on the continued compliance by the Authority and the Borrower with certain covenants relating generally to use of the facilities of the Borrower financed with proceeds of the Bonds, arbitrage limitations, rebate of certain excess investment earnings to the federal government and restrictions on the amount of issuance costs financed with the proceeds of the Bonds, including compliance with covenants set forth in a Tax Exemption Certificate and Agreement among the Authority, the Borrower and the Trustee (the "Tax Agreement"). Failure to comply with such covenants could cause an Event of Taxability retroactive to the date of issue of the Bonds. In addition, the enactment of future tax legislation or changes in the interpretation of existing law may result in an Event of Taxability or otherwise prevent Owners or Beneficial Owners from realizing the full current benefit of the tax exempt status of interest on the Bonds or may affect the market price or marketability of the Bonds.

## **Bankruptcy**

The ability of the Authority and the Trustee to exercise rights under the Indenture or the Loan Agreement may be limited by bankruptcy, insolvency, reorganization or other similar laws or equitable principles relating to or affecting the enforcement of creditors' rights generally.

Section 105 of the United States Bankruptcy Code empowers a bankruptcy court to issue such orders as are necessary or appropriate to carry out the provisions of the Bankruptcy Code. Court decisions discussing the enforceability of letters of credit indicate that it is possible that a bankruptcy court acting pursuant to Section 105 or other equitable powers under the Bankruptcy Code could enjoin a drawing by the Trustee under the Credit Facility or the payment by the Trustee to Bondowners of amounts drawn under the Credit Facility 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 AUTHORITY**

### **Powers**

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

### **Members of the Authority**

The Authority consists of seven members, all of whom must be Wisconsin residents, appointed by Wisconsin's Governor by and with the consent of the Wisconsin State Senate. Members of the Authority serve staggered seven-year terms and continue to serve until their successors are appointed. The members of the Authority receive no compensation for the performance of their duties but are paid their necessary expenses while engaged in the performance of such duties. No member, officer, agent or employee of the Authority may,

directly or indirectly, have any financial interest in any bond issue or in any loan or any property to be included in, or any contract for property or materials to be furnished or used in connection with, any project of the Authority, under penalty of law. Members of the Authority, however, may serve as directors or officers of institutions for which the Authority is providing financing, but they may not vote or take part in the Authority's deliberations concerning such financings.

The current members of the Authority are:

	<u>Term Expires ( June 30)</u>
John A. Noreika, <i>Chairperson</i> Executive Director Oakwood Village Madison, Wisconsin	2009
Tim Size, <i>Vice Chairperson</i> Executive Director Rural Wisconsin Health Cooperative Sauk City, Wisconsin	2011
Tonit M. Calaway Associate General Counsel – Motor Company Operations Harley-Davidson Motor Company Milwaukee, Wisconsin	2010
Richard Canter Senior Vice President – Strategy and Corporate Affairs Wheaton Franciscan Healthcare, Inc. Milwaukee, Wisconsin	2015*
Bruce Colburn Coordinator-Property Services (Central Region) Service Employees International Union Milwaukee, Wisconsin	2014
Beth L. Gillis, M.D. Physician ThedaCare Physicians – Shawano Family Medicine Shawano, Wisconsin	2012
Ken Thompson Managing Partner Quinn David & Associates Milwaukee, Wisconsin	2013

\*Mr. Canter has been appointed by the Governor of the State of Wisconsin and serves pending confirmation by the Wisconsin State Senate.

## General Counsel

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

## Financing Program of the Authority

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

FISCAL YEAR ENDED JUNE 30	PUBLIC ISSUES		PRIVATE PLACEMENTS		TOTAL	
	NUMBER OF ISSUES	AMOUNT	NUMBER OF ISSUES	AMOUNT	NUMBER OF ISSUES	AMOUNT
1980	0	\$ 0	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	706,960,300	1	764,000	29	707,724,300
1998	25	722,050,000	1	2,700,000	26	724,750,000
1999	28	710,960,000	4	36,000,000	32	746,960,000
2000	16	415,710,450	6	17,736,000	22	433,446,450
2001	19	437,580,000	8	26,589,000	27	464,169,000
2002	18	815,100,000	2	8,000,000	20	823,100,000
2003	14	296,895,000	3	15,935,000	17	312,830,000
2004	26	912,245,000	4	25,980,000	30	938,225,000
2005	32	923,038,430	2	23,067,000	34	946,105,430
2006	25	706,235,000	2	6,570,000	27	712,805,000
2007	25	1,238,330,000	2	29,090,000	27	1,267,420,000
2008	<u>24</u>	<u>1,006,255,000</u>	<u>4</u>	<u>36,500,000</u>	<u>28</u>	<u>1,042,755,000</u>
TOTAL	454	<u>\$12,353,318,180*</u>	125	<u>\$660,841,000**</u>	579	<u>\$13,014,159,180</u>

\*Includes \$3,244,851,987 which was refinanced by subsequent Authority bond issues.

\*\*Includes \$90,948,136 which was refinanced by subsequent Authority bond issues.

In its fiscal year beginning July 1, 2008, the Authority has issued and authorized the issuance of additional issues of bonds. The Authority 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 Indenture and the security for the Bonds.

### **Bonds of the Authority**

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

### **Interest Not Exempt from Wisconsin Income Tax**

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

### **State of Wisconsin Not Liable on the Bonds**

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

## **THE BORROWER**

The Borrower is a Wisconsin nonstock corporation and an organization described in Section 501(c)(3) of the Code.

## **PLAN OF FINANCING**

The Authority will issue the Bonds and loan the proceeds thereof to the Borrower to finance certain of the costs of the Project and pay certain of the costs of issuance of the Bonds.

### **Project Description**

The Project consists of the acquisition, construction, improvement, furnishing and equipping of the Borrower's residential care apartment complex at 112 Peace Lutheran Parkway, Hartford, Wisconsin and related improvements.

## Estimated Sources and Uses of Funds

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

Sources:

Principal Amount of the Bonds .....	\$4,900,000
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Uses:

Acquisition, Construction, Improvement and Equipping of Project.....	\$4,728,772
Issuance Expenses and Credit Facility Fees <sup>(1)</sup> .....	<u>171,228</u>
Total Uses .....	\$4,900,000

<sup>(1)</sup> Includes the origination and first annual fee for the M&I Bank Letter of Credit, Underwriter's discount and certain legal, printing and other costs of issuing the Bonds.

## SOURCE OF PAYMENT FOR THE BONDS

The Bonds and the interest payable thereon do not constitute a debt or liability of the State of Wisconsin or of any political subdivision thereof other than the Issuer, but shall be payable solely from the funds pledged or available therefor in accordance with the 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 special, limited obligations of the Authority payable by it solely from the Pledged Revenues.

The Loan Agreement obligates the Borrower to provide the Authority with revenues sufficient to pay when due the principal of, premium, if any, and interest on the Bonds. The Trustee may enforce the Loan Agreement and the Promissory Note for the benefit of the Owners in accordance with the terms of the Indenture.

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

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

## DESCRIPTION OF BONDS

*The Indenture provides that, at the option of the Borrower, the interest rate on the Bonds may be converted from the Variable Rate described herein to a Reset Rate fixed for a specified period of time of at least one year. In connection with any such conversion, all Bonds (including all Beneficial Ownership Interests therein) will be required to be tendered by the Owners and Beneficial Owners thereof for purchase. See "Mandatory Tender of Bonds – Upon Proposed Conversion of Interest Rate" below. This Official Statement describes only the terms of the Bonds that will be in effect prior to such the Conversion Date.*

### Book-Entry-Only System

The Depository Trust Company ("DTC") 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 in the aggregate principal amount of the Bonds and will be deposited with DTC. So long as Cede & Co. is the Owner of the Bonds, as nominee of DTC, references herein to the 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 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules

applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the Direct Participant or Indirect Participant holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the 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 the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority, 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 nor its nominee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered to Bondowners and the provisions described below under "Discontinuance of Book-Entry-Only System" will apply.

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

*The information in this section concerning DTC and DTC's book-entry system is based on information provided by DTC. No representation is made by the Authority, the Borrower, M&I Bank 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 Authority, the Borrower, M&I Bank or the Underwriter to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the Authority, the Trustee, M&I Bank, the Borrower, 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 will have a stated maturity date of July 1, 2038, 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 the following Wednesday, the Bonds will bear interest at the rate established by the Underwriter and set forth in the Indenture. Thereafter, for each Calculation Period prior to the Conversion Date, the interest rate on the Bonds shall be determined on the Determination Date with respect thereto and shall be the minimum rate of interest which, in the judgment of the Remarketing Agent, under prevailing market conditions, taking into account the current rates for tax-exempt securities comparable in length of interest rate adjustment periods, liquidity, security and creditworthiness to the Bonds, would enable the Bonds to be sold at a price of par (plus accrued interest, if any) on the Determination Date. In no event shall the interest rate exceed 10% per annum (or such higher rate as is then covered by the Credit Facility). In the event that the Remarketing Agent fails to determine and notify the Trustee of the interest rate on the Bonds for any Calculation Period, such rate shall be the rate in effect immediately prior to such Calculation Period. "Calculation Period" means the period from Thursday of each week (whether or not a Business Day) through and including the following Wednesday (whether or not a Business Day). "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 M&I Marshall & Ilsley Bank or its successors in such capacity as described below under "Effect of Optional or Mandatory Tender".

Interest is payable (i) on the first Business Day of each calendar month commencing August 1, 2008, (ii) at maturity and (iii) as to particular Bonds, on the redemption date thereof. Interest will be calculated on the basis of a 365 or 366-day year (as the case may be), and the actual number of days elapsed. To the extent permitted by law, overdue principal and interest shall bear interest at the same rate as was borne by the Bonds on the due date of the payment that is delinquent.

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

Any Bond or Beneficial Ownership Interest therein, or any portion thereof that is an Authorized Denomination (but only if the portion of such Bond or Beneficial Ownership Interest therein which is not so tendered and is to be retained is also in an Authorized Denomination), shall be purchased by the Trustee, on behalf of the Borrower, but only from the funds available therefor in the Bond Purchase Account (*see "Effect of Optional or Mandatory Tender—Bond Purchase Account" below*), at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to the date of such purchase (the "Optional Tender Date"), upon the written demand (the "Purchase Demand") of the Owner or Beneficial Owner. The Owner or Beneficial Owner, as the case may be, may demand purchase of such Bond or Beneficial Ownership Interest on any Business Day which is at least seven days after delivery to the Trustee, at its principal office, by 10:00 a.m., Milwaukee, Wisconsin time, on a Business Day of a Purchase Demand. Delivery of a Purchase Demand shall be irrevocable and shall bind the Owner or Beneficial Owner, as the case may be, to tender his, her or its Bond or Beneficial Ownership Interest for purchase on the Optional Tender Date. The Purchase Demand shall (i) state the name and taxpayer identification number of the Owner or the Beneficial Owner, as the case may be, (ii) identify the Bond(s) and Beneficial Ownership Interest(s) (or portions thereof) to be purchased by CUSIP number, Bond number(s) and principal amount(s), (iii) state the Optional Tender Date on which the purchase of such Bond(s) or Beneficial Ownership Interest(s) is being demanded, which must be a Business Day not less than seven days after receipt by the Trustee, at or before 10:00 a.m., Milwaukee, Wisconsin time, on a Business Day, of such Purchase Demand,

(iv) contain an irrevocable authorization for the Trustee or the Direct Participant, as the case may be, to transfer the Bond(s) or Beneficial Ownership Interest(s) on the Optional Tender Date and (v) in the case of a Beneficial Owner, be submitted to the Trustee through a Direct or Indirect Participant and be accompanied by evidence satisfactory to the Trustee of (a) such Direct or Indirect Participant's position in the Bonds at DTC and (b) such Beneficial Owner's Beneficial Ownership Interest in the Bonds (which shall include the name of the Direct Participant by or through which such Beneficial Ownership Interest is held).

The Trustee shall not be obligated to accept any Purchase Demand which does not meet the requirements described in clauses (i) through (v) of the immediately preceding paragraph. If the Trustee receives a properly completed and executed Purchase Demand, it shall, but only from the funds available therefor in the Bond Purchase Account, purchase the Bond(s) or Beneficial Ownership Interest(s) described therein on the Optional Tender Date. See "*Effect of Optional or Mandatory Tender*".

## **Mandatory Tender of Bonds**

### *General*

The Bonds (including all Beneficial Ownership Interests therein) are subject to mandatory tender to the Trustee for purchase by the Trustee, but only from the funds available therefor in the Bond Purchase Account, on each date on which all Bonds are required to be tendered for purchase (a "Mandatory Tender Date") at a price equal to the principal amount of such Bonds plus accrued interest to the Mandatory Tender Date. The Trustee shall give notice of the Mandatory Tender Date by mailing a copy of the notice by first-class mail not less than 30 nor more than 60 days prior to the Mandatory Tender Date to the Owner of each Bond to be purchased at the address shown on the Bond register maintained by the 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 (or Beneficial Ownership Interests, as the case may be) 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 and on hand with the Trustee on the Mandatory Tender Date, all Bonds (or Beneficial Ownership Interests, as the case may be) shall be deemed tendered, whether or not so tendered, and that on and after the Mandatory Tender Date, the Owner (or Beneficial Owner) shall have no further rights in such Bond other than the right to receive the purchase price thereof upon presentation of such Bond to the Trustee on any Business Day on or after the Mandatory Tender Date (or upon the transfer of such Beneficial Ownership Interest as directed by the Trustee and (e) state the place where Bonds may be presented for purchase.

### *Upon Proposed Conversion of Interest Rate*

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

### *Upon Replacement of the Credit Facility*

The Indenture provides that the Borrower may, at any time, deliver a Substitute Credit Facility to the Trustee to replace the Credit Facility then in effect. The effective date of any Substitute Credit Facility (other than a Required Substitution) will be a Mandatory Tender Date.

### **Effect of Optional or Mandatory Tender**

All Bonds or Beneficial Ownership Interests, as the case may be, with respect to which the Owners or Beneficial Owners, as the case may be, thereof have delivered Purchase Demands as described above under "Purchase of Bonds Upon Demand" shall be purchased on the specified Optional Tender Date, and all Bonds or Beneficial Ownership Interests, as the case may be, shall be purchased on a Mandatory Tender Date, at a purchase price equal to 100% of the principal amount thereof plus accrued interest to the Optional Tender Date or Mandatory Tender Date (each a "Tender Date"), as the case may be, from moneys available therefor in the Bond Purchase Account.

In the case of the tender of Bonds (a) all such Bonds shall be deemed tendered, whether or not actually tendered, on the Tender Date, (b) interest accruing on the tendered Bonds on and after the Tender Date shall cease to be payable to the former Owners of such tendered Bonds and (c) the Trustee shall authenticate and deliver Bonds to the new Owners thereof as provided in the Indenture. The former Owners of tendered Bonds shall have no further interest or rights in such Bonds, except the right to receive payment of the purchase price thereof exclusively from moneys held by the Trustee for such purpose upon presentation of such Bonds to the Trustee at its principal office on any Business Day on or after the Tender Date.

Bonds required to be tendered for purchase but which in fact are not delivered to the Trustee on or before the applicable Tender Date ("Untendered Bonds") shall cease to bear interest on the Tender Date if funds sufficient to pay the purchase price of any such Untendered Bond (including any accrued and unpaid interest) shall be held by the Trustee in the Bond Purchase Account. All liability of the Authority to the Owner of such Untendered Bond for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in a separate segregated trust account, without liability for interest thereon, for the benefit of the Owner of such Untendered Bond who shall thereafter be restricted exclusively to such account for any claim of whatever nature on such person's part under the Indenture or on or with respect to such Bonds.

In the case of the tender of Beneficial Ownership Interests, the Beneficial Owner shall be obligated to cause the transfer of such Beneficial Ownership Interest on the records of DTC, as directed by the Trustee. The Trustee may deal exclusively with DTC and the Direct Participants with respect to such transfer.

THE BENEFICIAL OWNER OF A BENEFICIAL OWNERSHIP INTEREST, BY ACCEPTANCE THEREOF, AGREES TO CAUSE THE TENDER OF SUCH BENEFICIAL OWNERSHIP INTEREST FOR PURCHASE ON ANY MANDATORY TENDER DATE. THE BENEFICIAL OWNER OF A BENEFICIAL OWNERSHIP INTEREST, BY SUBMISSION OF A PURCHASE DEMAND IN RESPECT TO A BENEFICIAL OWNERSHIP INTEREST THEREIN, AGREES THAT ITS DTC PARTICIPANT SHALL BE

IRREVOCABLY AUTHORIZED TO TRANSFER SUCH BENEFICIAL OWNERSHIP INTEREST TO THE PURCHASER THEREOF ON THE OPTIONAL TENDER DATE.

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

M&I Marshall & Ilsley Bank, the underwriter for the Bonds, will act as the Remarketing Agent under the 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 Indenture, and, if so, a successor Remarketing Agent will be appointed by the Borrower, subject to the qualifications and conditions set forth in the Indenture.

#### *Bond Purchase Account*

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

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

#### **Discontinuance of Book-Entry-Only System**

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

#### *Denominations; Transfer of Bonds*

The Bonds are issuable as fully registered bonds in any Authorized Denomination. The Bonds are transferable or exchangeable for Bonds of different Authorized Denominations upon presentation at the Trustee's Principal Office together with a written assignment acceptable to the Trustee and duly executed by the 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 Indenture. Except in connection with the tender of Bonds for purchase on a Tender Date, the Trustee is not required to register the transfer of or to exchange any Bond (i) after receipt by the Trustee of a Purchase Demand with respect thereto and through the corresponding Optional Tender Date, (ii) after the Trustee has given notice of a Mandatory Tender Date and through the Mandatory Tender Date, (iii) during the 15 days prior to the mailing of any notice of redemption or (iv) after such Bond has been selected for redemption, in whole or in part. The Owner requesting any registration of transfer or exchange of Bonds shall pay any resulting tax or other governmental charge. In the event any Bond is mutilated, lost, stolen or destroyed, the Authority may execute and the Trustee may authenticate a new Bond of like date, maturity, interest rate

and denomination in accordance with the provisions therefor in the Indenture, and the Authority and the Trustee may charge the Owner of such Bond with their reasonable fees and expenses in this connection and may also require satisfactory indemnity in the case of Bonds lost, stolen or destroyed.

#### *Manner of Payment*

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

#### *Optional and Mandatory Tenders*

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

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

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

Each redemption notice 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 (unless such Bonds are purchased in lieu of redemption in accordance with the Indenture) cease to accrue from the redemption date if funds sufficient for their redemption and available for that purpose are on deposit with the Trustee on the redemption date, and (e) state that payment for the Bonds will be made on the redemption date at the designated trust office of the 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 Indenture if Eligible Funds sufficient for their redemption are on deposit at the place of payment at that time; provided that, in certain cases, the Credit Facility Provider may elect to purchase all Bonds (at the specified redemption price) in lieu of redemption thereof.

### **Optional Redemption**

The Bonds are subject to redemption (or purchase in lieu of redemption) solely with Eligible Funds, at the option of the Borrower, in whole or in part (in multiples of \$5,000) on any Business Day on or prior to the Conversion Date. The redemption price for any such redemption shall be 100% of the principal amount of the Bonds or portions thereof so redeemed, plus accrued interest to the redemption date, and without premium. The Trustee shall not give notice of any such redemption unless it has received the written consent of the Credit Facility Provider to such redemption. Any Bond which is to remain Outstanding after such redemption must be in an Authorized Denomination.

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

### **Extraordinary Optional Redemption**

The Bonds shall be subject to redemption in whole, but not in part, at any time, if within 180 days after the occurrence of any of the following events with respect to the Project, the Borrower shall, with the written consent of the Credit Facility Provider, elect to prepay the Promissory Note in accordance with the Loan Agreement:

(a) The Project shall have been damaged or destroyed to such extent that, in the opinion of the Borrower expressed in a Borrower's certificate filed with the Authority, the Trustee and the Credit Facility Provider following such damage or destruction, (i) the completion of the Project will be delayed for at least six months, (ii) it is not economically practicable or desirable to rebuild, repair or restore the Project within a period of six consecutive months following such damage or destruction or (iii) the Borrower is or will be thereby prevented from carrying on its normal operations at the Project for a period of at least six consecutive months.

(b) Title to or the temporary use of all or substantially all of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority to such extent that, in the opinion of the Borrower expressed in a Borrower's certificate filed with the Authority, the Trustee and the Credit Facility Provider (i) the completion of the Project will be delayed for at least six months, or (ii) the Borrower is or will be thereby prevented from carrying on its normal operations at the Project Property for a period of at least six consecutive months; or

(c) Any court or administrative body of competent jurisdiction shall enter a judgment, order or decree requiring the Borrower to cease all or any substantial part of its operations at the Project Property to such extent that, in the opinion of the Borrower expressed in a Borrower's certificate filed with the Authority, the Trustee and the Credit Facility Provider, the Borrower is or will be thereby prevented from carrying on its normal operations at the Project Property for a period of at least six consecutive months.

In addition, the Bonds shall be subject to redemption, in whole but not in part, at any time, if within 180 days after the occurrence of any of the following events, the Borrower shall, with the consent of the Credit Facility Provider, elect to prepay the Promissory Note in whole in accordance with the Loan Agreement: As a result of changes in the Constitution of the State of Wisconsin or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal), the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Authority or the Borrower as a consequence of having the Bonds or the Promissory Note outstanding including without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the date of the Loan Agreement.

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, and without premium.

### **Mandatory Redemption Upon Expiration of Credit Facility**

The Bonds shall be subject to mandatory redemption (or purchase in lieu of redemption) in whole on the first Business Day of the month (which date must be no later than two (2) Business Days prior to the Credit Facility Expiration Date) in which the Credit Facility Expiration Date is to occur unless, at least 45 days prior to such mandatory redemption date the Borrower shall have caused to be delivered to the Trustee an extension of the Existing Credit Facility or a Substitute Credit Facility meeting the requirements of the Indenture (in which case the Bonds shall be subject to mandatory tender, *see "DESCRIPTION OF BONDS—Mandatory Tender of Bonds"*). The redemption price shall be 100% of the principal amount of Bonds so redeemed, plus accrued interest to the redemption date, and without premium.

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

## **THE CREDIT FACILITY**

### **General**

The Indenture requires the Trustee to draw upon the Credit Facility 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 due on the Bonds on such payment date or redemption date. The Indenture also requires the Trustee, to the extent the proceeds of the

remarketing of Bonds or Beneficial Ownership Interests therein on a Tender Date are insufficient to pay the purchase price of such Bonds or Beneficial Ownership Interests, to draw upon the Credit Facility on such Tender Date in an amount sufficient, together with such remarketing proceeds, to pay the purchase price of Bonds or Beneficial Ownership Interests tendered or deemed tendered on such Tender Date. If an Event of Default resulting in acceleration of the principal of and interest on the Bonds occurs, the Indenture requires the Trustee to draw upon the Credit Facility in an amount sufficient to pay the principal of the Bonds plus all interest accrued and to accrue to the date of expected payment to Owners. *In the event the maturity of the Bonds is accelerated or in the event of the optional or mandatory redemption of Bonds prior to stated maturity, the Credit Facility Provider, in lieu of having the Bonds retired from proceeds of the Credit Facility, may purchase such Bonds at a price equal to (i) in the case of acceleration of the Bonds, the principal amount of the Bonds plus accrued interest to the purchase date and (ii) in the case of a redemption of Bonds, the redemption price that would otherwise be due.*

### **M&I Bank Letter of Credit**

The M&I Bank Letter of Credit is an irrevocable obligation of M&I Bank to pay to the Trustee, upon timely and proper presentation of drawing certificates, up to a maximum amount equal to the principal of the Bonds and 35 days of interest due on the Bonds. The amount available under the terms of the M&I Bank Letter of Credit is sufficient, if a drawing certificate is timely presented by the Trustee, to cover the maximum amount of principal and interest, and the maximum purchase price of Bonds or Beneficial Ownership Interests tendered or deemed tendered, which could become due at any time on or prior to the first Business Day of July 2013.

The M&I Bank Letter of Credit will expire (unless extended in accordance with its terms) at 4:00 p.m., Milwaukee, Wisconsin time, on July 15, 2013; provided, however, the M&I Bank Letter of Credit may expire earlier than such date upon the first to occur of (a) the date of receipt by the M&I Bank of notice from the Trustee that a Substitute Credit Facility has been issued in substitution for the M&I Letter of Credit and such Substitute Credit Facility is then effective, (b) the date on which M&I Bank honors a final drawing or drawings available to be made under the M&I Bank Letter of Credit, in which event the M&I Bank Letter of Credit shall expire immediately after such drawing or drawings are honored; (c) the date of receipt by M&I Bank from the Trustee of a certificate stating that no Bonds remain outstanding under the Indenture and the Indenture has been discharged; (d) seven calendar days after the earlier of (i) the date of the acceleration of the Bonds under the Indenture because of the occurrence of an Event of Default under the Indenture or (ii) the date the Trustee has received written notice from M&I Bank to accelerate the Bonds because of the occurrence of an "event of default" under the M&I Bank Reimbursement Agreement, as the case may be; or (e) the date on which the interest rate for the Bonds is no longer the Variable Rate and the Trustee has notified M&I Bank of such change.

THE ABILITY OF M&I BANK TO HONOR DRAWINGS ON THE M&I BANK LETTER OF CREDIT IS BASED SOLELY ON M&I BANK'S GENERAL CREDIT. THE TRUSTEE MAY NOT ASSERT A CLAIM FOR FEDERAL DEPOSIT INSURANCE AGAINST THE FEDERAL DEPOSIT INSURANCE CORPORATION IN RESPECT OF THE BONDS OR THE M&I BANK LETTER OF CREDIT, AND OWNERS SHOULD NOT ASSUME ANY SUCH INSURANCE COVERAGE IS AVAILABLE. IN THE EVENT OF THE INSOLVENCY OF M&I BANK, A CLAIM BY THE TRUSTEE OR THE OWNERS

UNDER THE LETTER OF CREDIT WOULD PROBABLY BE SUBORDINATE TO THE CLAIMS OF M&I BANK'S DEPOSITORS. Prospective purchasers of Bonds or Beneficial Ownership Interests therein are directed to Appendix A hereto for certain information relating to M&I Bank.

### **Substitute Credit Facility**

The Trustee shall, from time to time at the written direction of the Borrower (and without the need for any consent or approval of the Authority or the Bondowners), accept (i) a substitute or replacement Credit Facility (such substitute or replacement Credit Facility which is not merely an extension of the then existing Credit Facility is referred to herein as a "Substitute Credit Facility") to replace the Credit Facility then in effect (the "Existing Credit Facility") or (ii) an amendment to the Existing Credit Facility which extends the Credit Facility Expiration Date thereof, subject to the following conditions:

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

(b) the Substitute Credit Facility or the Existing Credit Facility as extended shall have a Credit Facility Expiration Date which is the fifteenth day of a month that is not earlier than 90 days after the effective date of such Credit Facility or the final Maturity Date specified on the cover page of this Official Statement;

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

(d) the Substitute Credit Facility shall be issued in favor of and delivered to the Trustee on or prior to its effective date;

(e) other than in connection with a Required Substitution, the Borrower shall deliver to the Trustee a Commitment with respect thereto at least 45 days prior to the proposed effective date of such Substitute Credit Facility (which effective date must be a Business Day).

Except in the case of an amendment to an Existing Credit Facility which extends the Credit Facility Expiration Date and does not otherwise modify the Existing Credit Facility in any material respect, the Borrower shall deliver to the Trustee: (i) an opinion of Independent Counsel to the effect that the Credit Facility has been duly authorized, executed and delivered and is a legally valid and binding obligation of the Credit Facility Provider enforceable in accordance with its terms (subject to customary exceptions as to enforceability), (ii) if requested by the Remarketing Agent, a Preference Opinion relating to the proceeds of the Credit Facility and (iii) an opinion of Bond Counsel to the effect that the Trustee's acceptance of the Substitute Credit Facility is permitted under the Indenture and will not result in an Event of Taxability.

**The effective date of a Substitute Credit Facility delivered to the Trustee as described above shall be a Mandatory Tender Date. See "DESCRIPTION OF BONDS – Mandatory Tender of Bonds – Upon Replacement of the Credit Facility".**

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

### **Eligible Funds**

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

### **M&I Bank Reimbursement Agreement**

Prior to the delivery of the M&I Bank Letter of Credit, the Borrower will enter into the M&I Bank Reimbursement Agreement pursuant to which it will agree to reimburse M&I Bank for any amount drawn under the M&I Bank Letter of Credit and to pay certain fees and expenses related to the M&I Bank Letter of Credit. The M&I Bank Reimbursement Agreement will contain various covenants of and restrictions on the Borrower and its subsidiaries of a sort which are typically found in loan agreements between a bank and a borrower, including restrictions on the incurrence of certain indebtedness and certain liens, restrictions on certain dispositions of assets and agreements to maintain insurance and pay taxes and other covenants and restrictions. Such covenants and restrictions are only for the benefit of M&I Bank and may be waived by M&I Bank or amended by M&I Bank and the Borrower.

The obligations of the Borrower under the M&I Bank Reimbursement Agreement will be secured by a mortgage on the Project and a security interest in certain of the personal property of the Borrower. The collateral securing the Borrower's obligations with respect to the M&I Bank Reimbursement Agreement is for the benefit of M&I Bank only, will not be part of the trust estate securing the Bonds, and the Bondowners will have no rights with respect thereto.

Defined events of default under the M&I Bank Reimbursement Agreement include, among others, failure to reimburse M&I Bank for draws made by the Trustee under the M&I Bank Letter of Credit, failure to perform other obligations under the M&I Bank Reimbursement Agreement and the collateral documents, breach of the covenants and restrictions contained therein, Events of Default under the Bond documents, certain events of bankruptcy and insolvency involving the Borrower, certain defaults under other indebtedness and certain other defaults. Upon the occurrence of an event of default under the M&I Bank Reimbursement Agreement, M&I Bank is entitled to have an Event of Default declared under the Indenture and to have the maturity of the Bonds accelerated.

The issuance of the M&I Bank Letter of Credit will be conditioned upon receipt by M&I Bank of certain legal opinions and the fees agreed by the Borrower to be paid to M&I Bank for the issuance of the M&I Bank Letter of Credit.

## **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 Tax Opinion of Bond Counsel**

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

The interest on the Bonds is excludable for federal income tax purposes from gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. The interest on the Bonds is, however, included in adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from the gross income of the owners of the Bonds for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Authority, the 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 Authority, the Trustee and the Borrower comply with those

requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The opinion of Bond Counsel relies on factual representations made by various persons including the Authority, the Borrower, the Underwriter and M&I Bank. These factual representation include, but are not limited to, certifications by the Borrower regarding the investment of proceeds of the Bonds, the use of the Project that is reasonably expected to occur during the term of the Bonds, the Borrower's qualification as an organization described in Section 501(c)(3) of the Code and the extent of any "unrelated trade or business activities," as defined in Section 513(a) of the Code, conducted by the Borrower. Bond Counsel has not verified these factual representations by independent investigation. The inaccuracy of any of these factual representations may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds.

The opinion of Bond Counsel is based on current legal authorities and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service or the courts, and is not a guarantee of result.

### **Other Federal Income Tax Considerations Regarding Bonds**

As noted above, interest on the Bonds is included in the adjusted current earnings of corporations for purposes of the alternative minimum tax imposed by Section 55 of the Code. The Code also contains numerous other provisions which could adversely affect the value of an investment in the Bonds for particular Owners. For example, (i) Section 265 of the 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 an Owner's interest expense allocated to interest on the Bonds, (ii) Section 265 of the Code denies a deduction for expenses that are allocable to the interest on the Bonds, (iii) Section 265 of the Code denies a deduction for otherwise allowable deductions of a regulated investment company that are allocable to distributions of the interest on the Bonds paid during the taxable year (or after the close of the taxable year pursuant to Section 855 of the Code), (iv) 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 Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserved by 15 percent of the sum of certain items, including interest on the Bonds, (v) 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 844 of the Code, (vi) passive investment income, including interest in the Bonds, may be subject to federal income taxation under Section 1375 of the 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 (vii) Section 86 of the 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 Code which could adversely affect the value of an investment in the Bonds for particular Owners. *INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS TO DETERMINE HOW THE PROVISIONS DESCRIBED UNDER THIS HEADING AND OTHER PROVISIONS OF THE CODE RELATING TO THE OWNERSHIP OF TAX-EXEMPT OBLIGATIONS APPLY TO THEM.*

## **Tax Status of Bonds; Owner Risk**

The above-described opinion of Bond Counsel speaks to the tax status of interest on the Bonds for federal income tax purposes as of the date of the original issuance of the Bonds. It is possible that future action or inaction by the Borrower or some other party could cause the inclusion of interest on the Bonds in gross income for federal income tax purposes (in some cases retroactively to the date of their original issuance). Prospective purchasers of the Bonds should be aware that in such circumstance it is probable that certain of the interest payments received by them (perhaps all of them) would be subject to Federal income taxes thereby having the effect of reducing (perhaps substantially) the effective, after-tax yield on their investment in the Bonds. The Indenture and the Loan Agreement do not provide for any increase in the interest rate on the Bonds or any other payment by the Borrower in the event that interest payments on the Bonds become subject to Federal income taxes.

## **Wisconsin Tax Matters**

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

## **LEGAL MATTERS**

All legal matters incidental to the authorization and issuance of the Bonds by the Authority are subject to the approval of Quarles & Brady LLP, Bond Counsel. Certain matters will be passed upon for the Authority by its general counsel, Quarles & Brady LLP, for the Borrower by its counsel, Peregrine & Roth, SC, and for M&I Bank and the Underwriter by their counsel, Reinhart Boerner Van Deuren s.c.

## **NO LITIGATION**

There is no pending or, to the knowledge of the Borrower and the Authority, threatened litigation against the Borrower or the Authority 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**

M&I Marshall & Ilsley Bank (the "Underwriter") has agreed, subject to the terms of a Bond Purchase Agreement among the Authority, the Borrower and the Underwriter, to purchase from the Authority the entire principal amount of the Bonds at a purchase price of \$4,863,250. The Underwriter will also act as Remarketing Agent under the 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 Authority against certain liabilities, including federal securities law liabilities arising from statements or omissions in this Official Statement.

The Bonds will be sold by the Underwriter only to entities, and will be remarketed by the Remarketing Agent only to entities, which represent that they are accredited investors as defined in Rule 501(a) of Regulation D under the Securities Act of 1933 ("Accredited Investors").

To be eligible to purchase Bonds, a potential investor must demonstrate that it qualifies as an Accredited Investor and the Underwriter or the Remarketing Agent, as applicable, must reasonably believe, immediately prior to making the sale, that the prospective investor has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of the prospective investment. The above-described standards represent minimum suitability requirements for the prospective investors and the satisfaction of such standards by a prospective investor does not necessarily mean that the Bonds are suitable investments for the prospective investors.

### **CONTINUING DISCLOSURE**

No party is obligated to provide any 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 M&I Bank Letter of Credit, the Promissory Note, the Loan Agreement and the Indenture, copies of which may be obtained from 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.

This Official Statement has been approved, after due investigation on their parts and to the best of their knowledge and belief, by the Authority with respect to the information under the captions "The Authority" and "No Litigation" (as it relates to the Authority), and by the Borrower with respect to the remaining information herein (except for Appendix A hereto) for distribution by the Underwriter to prospective purchasers of the Bonds. Appendix A hereto has been provided by M&I Bank.

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

WISCONSIN HEALTH AND EDUCATIONAL  
FACILITIES AUTHORITY

BY /s/ Lawrence R. Nines  
Executive Director

This Official Statement is approved:

WISCONSIN LUTHERAN CHILD & FAMILY SERVICE, INC.

BY /s/ David Nommensen  
President

## APPENDIX A

### M&I MARSHALL & ILSLEY BANK

M&I Marshall & Ilsley Bank, Milwaukee, Wisconsin (“M&I Bank”) is a state banking corporation organized under the laws of the State of Wisconsin. Its principal offices and banking facility are located at 770 North Water Street, Milwaukee, Wisconsin 53202, telephone (414) 765-7700. Founded in 1847, M&I Bank is the oldest continuously operating bank in the State of Wisconsin. It is the largest bank owned by Marshall & Ilsley Corporation. As of March 31, 2008, M&I Bank had total assets of \$57.08 billion, total deposits of \$36.39 billion and total equity capital of \$5.61 billion based on regulatory accounting principles. As of December 31, 2007, M&I Bank had total assets of \$53.72 billion, total deposits of \$33.99 billion and total equity capital of \$5 billion based on regulatory accounting principles. M&I Bank had net income of \$112.12 million for the three months ended March 31, 2008 and \$423.64 million for the twelve months ended December 31, 2007.

One hundred percent (100%) of the outstanding stock of M&I Bank is owned by M&I LLC, which was formerly known as Marshall & Ilsley Corporation, a publicly held and registered bank holding company under the Bank Holding Company Act of 1956, as amended. Marshall & Ilsley Corporation is also certified as a financial holding company under the Gramm-Leach-Bliley Act of 1999, and its common stock is registered under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Marshall & Ilsley Corporation files annual and other reports, containing audited, consolidated financial and other information, with the Securities and Exchange Commission, 100 F Street, NE, Washington, D.C. 20549, and copies of these reports may be obtained from the Commission upon payment of copying charges, examined at the Commission’s offices without charge, or accessed free of charge on the Commission’s website, <http://www.sec.gov>. THE LETTER OF CREDIT IS AN OBLIGATION OF M&I BANK AND NOT OF MARSHALL & ILSLEY CORPORATION.

On November 1, 2007, Marshall & Ilsley Corporation completed the separation of Marshall & Ilsley Corporation, which owns and operates M&I Bank, and Metavante Corporation. As a result of the separation, M&I Bank is 100% owned by M&I LLC, which in turn is 100% owned by Marshall & Ilsley Corporation. Also in connection with the separation, Metavante Corporation paid off intercompany indebtedness owed to Marshall & Ilsley Corporation of \$982 million and contributed \$1.665 billion in cash to Marshall & Ilsley Corporation. In connection with the separation, 75% of Metavante Corporation’s common stock was issued to shareholders of Marshall & Ilsley Corporation and 25% was issued to an equity fund organized by Warburg Pincus in return for an investment of \$625 million.

On July 3, 2008, Marshall & Ilsley Corporation issued a press release announcing its intention to increase its allowance for loan and lease losses and certain expectations regarding its results of operations for the second quarter of 2008. A copy of the press release was filed by Marshall & Ilsley Corporation on Form 8-K on July 3, 2008.

M&I Bank files quarterly reports called “Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices” (“Call Reports”). M&I Bank’s Call Reports are publicly available at the FDIC Disclosure Group, Room F-518, 550 17<sup>th</sup> Street, N.W., Washington, D.C. 20429 as well as at the FDIC’s web site. The Call Reports of M&I Bank, and any amendments or supplements thereto, for the period ended March 31, 2008, are incorporated herein by reference. Any subsequent Call Reports filed by M&I Bank prior to the date hereof are incorporated herein by reference.

M&I Bank will supply without charge a copy of the Marshall & Ilsley Corporation Form 10-K for the year ended December 31, 2007, any subsequent reports on Form 10-Q, and any required reports on Form 8-K, in each case as filed with the Securities and Exchange Commission pursuant to the Exchange Act, and the publicly available portions of the most recent quarterly Call Report of M&I Bank delivered to the Federal Deposit Insurance Corporation, to any person to whom this Official Statement is delivered upon written request to: Secretary, Marshall & Ilsley Corporation, 770 North Water Street, Milwaukee, Wisconsin 53202. Telephone requests should be directed to (414) 765-7700. Marshall & Ilsley Corporation’s Form 10-K for the period ended December 31, 2007 and any subsequent periodic or current reports of Marshall & Ilsley Corporation as filed with the Securities and Exchange Commission pursuant to the Exchange Act are incorporated herein by reference.

The information contained in this Appendix relates to and has been obtained from M&I Bank. The information concerning Marshall & Ilsley Corporation and M&I Bank contained or referred to herein is furnished solely to provide limited introductory information regarding Marshall & Ilsley Corporation and M&I Bank and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced above.

The delivery hereof shall not create any implication that there has been no change in the affairs of Marshall & Ilsley Corporation or M&I Bank since the date hereof, or that information contained in or referred to in this Appendix is correct at any time subsequent to its date.

## **APPENDIX B**

### **SUMMARY OF PRINCIPAL DOCUMENTS**

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

### **DEFINITIONS OF CERTAIN TERMS**

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

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

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

"Authorized Denomination" means \$100,000 or any integral multiple of \$5,000 in excess of \$100,000.

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

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

"Beneficial Ownership Interest" means the right to receive payments and notices with respect to Bonds which are held by or on behalf of the Depository under a book entry system.

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

"Bond Fund" means the fund by that name created by the Indenture.

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

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

"Bond Purchase Agreement" means the Bond Purchase Agreement among the Borrower, the Authority and the purchaser relating to the Bonds.

"Bonds" means the Authority's Variable Rate Demand Revenue Bonds, Series 2008 (Wisconsin Lutheran Child & Family Service, Inc.) issued under the Indenture in the aggregate principal amount shown on the front cover of this Official Statement.

"Borrower" means Wisconsin Lutheran Child & Family Service, Inc., a Wisconsin nonstock nonprofit corporation, or any successor.

"Borrower's Closing Certificate" means the Officer's Certificate of the Borrower dated the date of and delivered at the time of the issuance and sale of the Bonds.

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

"Borrower's Payments Account" means account by that name created by the Indenture.

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

"Calculation Period" means the period from Thursday of each week (whether or not a Business Day) or any Proposed Conversion Date through and including the earlier of (a) the following Wednesday (whether or not a Business Day) and (b) the day immediately preceding a Proposed Conversion Date.

"Commitment" means a written commitment to issue a Substitute Credit Facility from a regulated financial institution which (a) is addressed to the Borrower, (b) is signed by an authorized officer of such financial institution and (c) specifies terms for the Substitute Credit Facility (including its expiration date) meeting the requirements of the Indenture.

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

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

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

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

"Credit Facility" means any letter of credit meeting the requirements of the Indenture, including any Substitute Credit Facility. The initial Credit Facility is an irrevocable direct pay letter of credit issued by M&I Marshall & Ilsley Bank on the date of the original issuance and delivery of the Bonds. *See "THE CREDIT FACILITY" in the forepart of this Official Statement.*

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

"Credit Facility Expiration Date" means the date on which a Credit Facility expires or terminates in accordance with the terms thereof.

"Credit Facility Provider" means any bank, savings and loan association, savings bank, insurance company or other regulated financial institution which issues a Credit Facility in accordance with the Indenture. The initial Credit Facility Provider is M&I Marshall & Ilsley Bank.

"Credit Facility Reimbursement Agreement" means the agreement between the Borrower and the Credit Facility Provider pursuant to which the Credit Facility is issued and, with respect to the initial Credit Facility, means the Reimbursement Agreement dated as of July 1, 2008 between M&I Marshall & Ilsley Bank and the Borrower, as amended from time to time.

"Credit Facility Substitution Date" means the effective date of a Substitute Credit Facility delivered pursuant to the Indenture.

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

"Depository" means any securities depository that is a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its participants or otherwise, a book entry system to record ownership of beneficial interests in the Bonds, and to effect transfers of the Bonds, in book entry form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

"Determination Date" means with respect to each Calculation Period commencing on a Thursday, the Wednesday immediately preceding the commencement of such Calculation Period or, if such Wednesday is not a Business Day, the next preceding Business Day.

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

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

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

"Financial Statement Recipients" means the Authority, the Credit Facility Provider, the Trustee, the Remarketing Agent and the Underwriter.

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

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

"Indenture" means the Trust Indenture between the Authority and the Trustee, dated as of July 1, 2008 under which the Bonds are issued, as amended from time to time by Supplemental Indentures in accordance with the terms of the Indenture.

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

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

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

"Issuing Expenses" means fees and expenses incurred or to be incurred by or on behalf of the Authority, the Trustee, the Borrower or Bond Counsel for the Bonds in connection with the issuance and sale of the Bonds including, but not limited to, underwriting costs (whether in the form of discount in the purchase of the Bonds or otherwise), fees and expenses of legal counsel (including Bond Counsel and Counsel for the Authority, the Bank,

the Trustee, the Underwriter and the Borrower), fees and expenses of financial advisors, feasibility consultants and accountants, rating agency fees, fees of the Trustee, printing costs, recording expenses, title insurance and survey costs.

"Issuing Expenses Fund" means the trust fund by that name created by the Indenture.

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

"Loan Agreement" means the Loan Agreement dated as of July 1, 2008 between the Borrower and the Authority, as amended from time to time.

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

"Note" means the Borrower's Promissory Note, Series 2008 issued pursuant to the Loan Agreement.

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

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

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

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

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

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

"Preference Opinion" means an Opinion of Bond Counsel addressed to the Trustee stating in effect that the use of the funds to which the opinion relates for the purchase of Bonds or for the payment of the principal of,

premium, if any, or interest on the Bonds, as the case may be, will not, upon the occurrence of a Bankruptcy Condition on or after the date of such opinion, constitute a preference payment under the United States Bankruptcy Code (taking into account the "insider" provisions thereof) or a payment of similar import (that is, a payment subject to disgorgement upon the occurrence of certain bankruptcy events) under the then applicable federal and State bankruptcy, insolvency and reorganization laws.

"Project" means the project described under the heading "*PLAN OF FINANCING - Project Description*" in the forepart of this Official Statement.

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

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

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

"Proposed Conversion Date" means the date identified in a conversion notice properly delivered by the Borrower pursuant to the Indenture as the date on which the interest rate on the Bonds is to be converted from the Variable Rate to the Fixed Rate.

"Purchase Demand" means a written demand by an Owner or Beneficial Owner of a Bond or Beneficial Ownership Interest therein, as the case may be, meeting the requirements of the Indenture, that such Bond or Beneficial Ownership Interest be purchased on the date specified therein. See "*DESCRIPTION OF BONDS – Purchase of Bonds Upon Demand*" in the forepart of this Official Statement.

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

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

for money of the Authority as a result of an amendment of the Act subsequent to July 1, 2008 if the prior written consent of the Authority, the Credit Facility Provider and the Trustee are obtained.

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

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

"Remarketing Agent" means M&I Marshall & Ilsley Bank and any successor institution serving as Remarketing Agent pursuant to the Indenture.

"Remarketing Agreement" means the Remarketing Agreement dated as of July 1, 2008 between the Borrower and the Remarketing Agent.

"Required Substitution" means the delivery of a Substitute Credit Facility under the circumstances described in the Indenture.

"Requisite Consent of Bondowners" means the affirmative written consent of Bondowners (or, if the Bonds are in a book-entry system, Beneficial Owners) owning in aggregate not less than a majority in principal amount of the Bonds or of the Beneficial Ownership Interests, as the case may be, (other than Bonds or Beneficial Ownership Interests owned by the Borrower or any "related person" as defined in Section 147(a) of the Internal Revenue Code), at the time Outstanding.

"State" means the State of Wisconsin.

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

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

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

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

"Tender Date" means a Mandatory Tender Date or Optional Tender Date.

"Tendered Bonds" means Bonds tendered or deemed tendered for purchase in accordance with the Indenture. *See "DESCRIPTION OF BONDS" in the forepart of this Official Statement.*

"Trustee" means U.S. Bank National Association, Milwaukee, Wisconsin, and any successor banking corporation, banking association or trust company at the time serving as Trustee under the Indenture.

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

"Unassigned Rights" means the Authority's rights (a) to receive indemnity, payments for its expenses and other payments under the Loan Agreement or any other document associated with the issuance of any Bonds specifically including but not limited to its rights to receive payments under the Loan Agreement, (b) to execute and deliver amendments to the Loan Agreement and the Indenture and to receive notices and other documents and to provide its consent, acceptance or approval with respect to matters as to which that right is given in the Loan Agreement or the Indenture and (c) to receive indemnification and payment of expenses under the Bond Purchase Agreement.

"Underwriter" means M&I Marshall & Ilsley Bank.

"Untendered Bonds" means Bonds which are required to be tendered for purchase in accordance with the provisions of the Indenture but which in fact are not delivered to the Trustee on or before the applicable Tender Date, redemption date or accelerated maturity date. See "**DESCRIPTION OF BONDS**" in the forepart of this Official Statement.

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

## **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

### **Granting Clauses**

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

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

### **Authorization and Issuance of the Bonds**

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

### **Application of Bond Proceeds**

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

### **Nonpresentment of Bonds**

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at stated maturity or at the date fixed for redemption thereof, if cash sufficient to pay such Bond shall be held by the Trustee for the benefit of the Owner thereof and available for such payment, all liability of the Authority to the Owner thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such cash in a segregated trust account uninvested and without

liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such account for any claim of whatever nature on such person's part under the Indenture or on or with respect to said Bond. Such cash in such segregated trust account shall thereafter no longer be considered Pledged Revenues and any such Bond shall no longer be deemed Outstanding under the Indenture. If any such Bond has not been presented within 60 days of the date the principal became due, the Trustee shall promptly notify the person identified as the Owner of such Bond in the bond register (as of the date the principal of such Bond became due) by first class mail that such Bond has become due and that the amount due is being held by the Trustee under the Indenture.

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

### **Bond Purchase Account**

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

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

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

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

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

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

proceeds of a draw on the Credit Facility, be recorded on the records of the Depository as directed by the Trustee pursuant to written instructions from the Credit Facility Provider, (e) in the case of Bonds purchased with other funds in the Bond Purchase Account, registered and delivered by the Trustee as directed in writing by the Borrower and (f) in the case of Beneficial Ownership Interests purchased with other funds in the Bond Purchase Account, be recorded on the records of the Depository as directed by the Trustee pursuant to written instructions of the Borrower.

### **Payment of Principal and Interest**

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

### **Rights Under Loan Agreement and Other Documents**

The Authority covenants and agrees in the Indenture that, except as provided in the Indenture and in the Loan Agreement, it will not sell, assign, pledge, transfer, encumber or otherwise dispose of the Pledged Revenues. The Loan Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth covenants and obligations of the Authority and Borrower, including provisions that subsequent to the issuance of the Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions of the Indenture, the Loan Agreement shall not be effectively amended, changed, modified, altered or terminated (other than as provided therein) without the concurring written consent of the Trustee and the Credit Facility Provider. The Authority agrees in the Indenture that the Trustee in its own name may enforce all rights of the Authority and all obligations of the Borrower under and pursuant to the Loan Agreement (other than the Unassigned Rights) and the Note for and on behalf of the Bondowners whether or not the Authority is in default under the Indenture, but the Trustee shall not thereby be deemed to have assumed the obligations of the Authority under the Loan Agreement or the Note and shall have no obligations thereunder except as expressly provided in the Indenture or therein. The Authority agrees in the Indenture to cooperate fully with the Trustee (at the expense of the Borrower) in any proceedings or to join in or commence in its own name any proceedings necessary to enforce the rights of the Authority and all obligations of the Borrower under and pursuant to the Loan Agreement and the Note, if the Trustee shall so request.

### **Issuing Expenses Fund**

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

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

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

### **Construction Fund**

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

If an Event of Default under the Indenture shall have happened and be continuing, the Trustee may, with the written consent of the Credit Facility Provider, (i) make disbursements from the Construction Fund, without the authorization of the Borrower, for the payment of any costs necessary to complete the Project, or (ii) to the extent consistent with an Opinion of Bond Counsel to the effect that such application will not result in an Event of Taxability, apply moneys in the Construction Fund in accordance with the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Application of Moneys."

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

### **Surplus Construction Fund**

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

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

### **Pledged Revenues**

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

### **Bond Fund**

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

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

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

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

### **Redemption Fund**

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

### **Permitted Investment of Trust Funds**

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

### **Discharge**

If the Authority shall pay or cause to be paid the principal, premium, if any, and interest due or to become due on the Bonds at the times and in the manner stipulated therein, and if the Authority shall not then be in default in any of the covenants and promises in the Bonds and in the Indenture expressed as to be kept, performed and observed by it or on its part, and shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions of the Indenture, then these presents and the estate and rights granted by the Indenture shall cease, terminate and be void, whereupon the Trustee shall (i) return the Credit Facility to the Credit Facility Provider for cancellation and (ii) cancel and discharge the lien of the Indenture and execute and deliver to the

Authority such instruments in writing as the Authority or its counsel shall determine to be requisite to cancel and discharge the lien of the Indenture, and reconvey, release, assign and deliver unto the Authority any and all the estate, right, title and interest in and to any and all property conveyed, assigned or pledged to the Trustee or otherwise subject to the lien of the Indenture, except moneys or securities held by the Trustee in separate segregated trust accounts pursuant to the Indenture for the purchase of Untendered Bonds or the payment of the principal of, premium, if any, and interest on unrepresented Bonds.

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

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

(a) the deposit shall have been made under the terms of an escrow trust agreement in form and substance satisfactory to the Trustee consistent with the Indenture, which shall identify the Bonds covered thereby;

(b) in the case of an escrow trust deposit with respect to Bonds subject to redemption prior to maturity at the option of the Borrower, the Borrower shall have delivered an Officer's Certificate designating when such Bonds are to be paid or redeemed under the terms of the Indenture and of such escrow trust agreement;

(c) in the case of Bonds which are subject to mandatory redemption or which are subject to mandatory or optional tender for purchase, the Trustee shall have been furnished with evidence satisfactory to it that a redemption or purchase of such Bonds in accordance with their terms in advance of stated maturity will not create a deficiency in the escrow;

(d) in case of Bonds which are to be redeemed prior to maturity from such escrow trust deposit, a redemption notice meeting the requirements of the Indenture and stating that such Bonds are being redeemed from a deposit made pursuant to the provisions summarized under this heading either (i) shall have been given, or (ii) shall have been provided for by delivery to the Trustee of irrevocable instructions for the giving of such notice;

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

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

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

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

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

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

### **Events of Default**

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

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

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

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

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

(e) the Credit Facility Provider shall deliver a certificate to the Trustee stating that an Event of Default has occurred under the Credit Facility Reimbursement Agreement and demanding an acceleration of the Bonds.

### **Acceleration**

Upon the occurrence of an Event of Default set forth in clause (c) under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Events of Default," the Trustee (a) may with the written consent of the Credit Facility Provider, and (b) shall (i) upon the written request of the Credit Facility Provider or (ii) upon the written request of the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding with the written consent of the Bank, by notice in writing delivered to the Authority, the Credit Facility Provider and

the Borrower, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

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

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

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

### **Remedies**

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

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

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

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bondowners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondowners under the Indenture or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Default or Event of Default under the Indenture shall impair any such right or power or shall be construed to be a waiver of any such Default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Default or Event of

Default under the Indenture, whether by the Trustee pursuant to the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Waivers of Events of Default" or by the Bondowners, shall extend to or shall affect any subsequent Default or Event of Default or shall impair any rights or remedies consequent thereon.

### **Right of Bondowners to Direct Proceedings**

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

### **Application of Moneys**

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

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

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

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

Third: To the payment to the persons entitled thereto of the unpaid premium, if any on any of the Bonds which have been called for redemption, in the order of the redemption dates, with interest (to the extent permitted by law) on such premiums from the respective dates on which such premiums became due, and, if the amount available shall not be sufficient to pay in full the premiums due on any particular redemption date, together with such interest, then to the

payment ratably, according to the premium due on such date, to the persons entitled thereto without any discrimination or privilege.

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

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

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

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

### **Remedies Vested in Trustee**

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

### **Rights and Remedies of Bondowners**

No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Indenture, unless: (i) a Default has occurred of which the Trustee has been notified as provided in the Indenture, and or of which it is deemed to have notice, (ii) such Default shall have become an Event of Default under the Indenture and the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) such Owners shall have offered to the Trustee indemnity as provided in the Indenture, and (iv) the

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

### **Waivers of Events of Default**

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

### **Notice to Bondowners if Default Occurs**

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

### **Removal of Trustee**

The Trustee may be removed at any time without cause (a) at the direction of the Borrower (so long as no Default or Event of Default under the Indenture or any of the Borrower's Documents has occurred, whether or not continuing), with the written consent of the Credit Facility Provider or (b) by an instrument or concurrent instruments in writing signed by the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding and delivered to the Trustee and the Authority. A removal takes effect upon the appointment of a successor (or temporary Trustee as provided in the Indenture) by the Owners or the Authority, the successor or

temporary Trustee's acceptance of its appointment and the transfer of the Credit Facility to the successor or temporary Trustee.

### **Supplemental Indentures**

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

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

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

### **Amendment of Loan Agreement, Note and Credit Facility**

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

Amendments Requiring Consent of Bondowners. Except for amendments, changes or modifications as summarized in the immediately preceding paragraph, neither the Authority nor the Trustee shall consent to any amendment of the Loan Agreement, the Note or the Credit Facility without the giving of notice and the Requisite Consent of Bondowners; provided, that no amendment shall be consented to which affects the rights of some but less than all the Outstanding Bonds without the Requisite Consent of Bondowners so affected; and provided further that the Trustee shall not without the unanimous written consent of the Bondowners consent to any amendment which would (i) decrease the amounts payable on the Credit Facility or Note, (ii) change the date of payment of principal of or premium or interest on the Note, or (iii) change the provisions summarized under the heading

"SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Unconditional Obligation to Provide the Authority with Sufficient Revenues."

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

#### **Consent of Credit Facility Provider**

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

#### **Consent of Bondowners**

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

#### **Consent of the Credit Facility Provider**

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

### **SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT**

#### **Obligation of the Borrower Unconditional**

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

#### **Pledge of the Loan Agreement and Note**

Except for Unassigned Rights, all of the Authority's right, title and interest in the Loan Agreement and the Note (including the right to receive the payments to be made by the Borrower pursuant to the Note) have been assigned to the Trustee by the Indenture. The Borrower consents to that assignment and agrees in the Loan Agreement that the Trustee may enforce any of the rights, privileges and remedies of the Authority under the Loan Agreement and the Note other than the Unassigned Rights.

### **Agreement to Complete the Project**

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

### **Amendments to Project Plans and Specifications**

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

### **Closing of Construction Fund**

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

### **Agreements for the Use of the Project**

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

### **Inspection of the Project Property**

The Borrower agrees in the Loan Agreement that each of the Authority, the Trustee and the authorized agents of either of them, on reasonable prior notice and as often as the Authority and the Trustee reasonably determine to be desirable, (a) have the right at reasonable times to enter upon the Project Property and to examine and inspect the Project Property, (b) have the right to any access to the Project Property which is reasonably necessary to complete the Project or to repair and maintain the Project Property in the event the Borrower fails to do so, (c) will be permitted to discuss the affairs and finances of the Borrower with its officers and independent accountants and (d) will be permitted at all reasonable times to examine and copy the books and records of the Borrower with respect to the Project Property.

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

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

### **Corporate Existence**

The Borrower represents and warrants in the Loan Agreement that it has been incorporated as a nonstock nonprofit corporation and is validly existing and in good standing under the laws of the State with all requisite

corporate power and authority to own, operate and lease its properties and to carry on its business as it is now being conducted and that no proceedings looking toward the Borrower's liquidation or dissolution have been commenced or are contemplated. The Borrower represents and warrants in the Loan Agreement that it is also an organization described in Section 501(c)(3) of the Internal Revenue Code, is exempt from federal income tax under Section 501(a) of the Internal Revenue Code and is not a private foundation under Section 509(a) of the Internal Revenue Code.

### **Payment of Note**

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

### **Unconditional Obligation to Provide the Authority with Sufficient Revenues**

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

### **Tax Status of Bonds**

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

### **Maintenance of Tax Status**

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

### **Financial Information and Reports**

The Borrower agrees in the Loan Agreement to:

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

(b) while the Bonds are supported by a Credit Facility, furnish to the Financial Statement Recipients, at the same time it is provided to the Credit Facility Provider, a copy of the detailed annual audit report meeting the requirements of the Credit Facility Reimbursement Agreement, together with copies of the accompanying documents, opinions and certifications required by the Credit Facility Reimbursement Agreement,

(c) [reserved],

(d) furnish to the Financial Statement Recipients, at the same time it is provided to the Credit Facility Provider, copies of the quarterly financial reports, if any, required by the Credit Facility Reimbursement Agreement and

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

### **Insurance**

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

### **Sale or Transfer of Project Property**

The Borrower may sell, assign or otherwise transfer all or any part of its interest in the Project Property and in connection therewith may assign all or any portion of its rights and privileges under the Loan Agreement; provided that: (a) if such sale, transfer or assignment involves (in a single transaction or any series of transactions) all or substantially all of the Borrower's assets, the Borrower shall comply with the provisions summarized under the heading "SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT - Transfers of Assets; Dissolution;" (b) the Borrower shall have complied with all provisions of the Tax Exemption Agreement; (c) the Borrower shall have complied with the applicable provisions of the Credit Facility Reimbursement Agreement and the related collateral documents (or, if there is no Credit Facility then in effect or the Credit Facility Provider is in default of its obligations thereunder, the Borrower shall have obtained the Requisite Consent of Bondowners) to such transaction; and (d) the Borrower shall have delivered to the Trustee and the Authority an opinion of Bond Counsel to the effect that such transaction will not violate the Act and will not adversely affect the legality of the Bonds or result in an Event of Taxability.

### **Transfers of Assets; Dissolution**

The Borrower agrees in the Loan Agreement that it will not (in a single transaction or any series of transactions) dissolve or institute any proceedings for dissolution or otherwise dispose of all or substantially all its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; provided, however, that the Borrower may, without violating the foregoing,

consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or transfer all of substantially all of its assets to another corporation (and thereafter be released of all further obligation under the Loan Agreement and dissolve or not dissolve as it may elect) if: (a) the resulting, surviving or transferee corporation, as the case may be, is a corporation incorporated and duly existing in good standing under the laws of one of the States of the United States of America; (b) such resulting, surviving or transferee corporation has obtained the prior written consent of the Credit Facility Provider (or, if there is no Credit Facility then in effect or the Credit Facility Provider is in default of its obligations thereunder, the Borrower shall have obtained the Requisite Consent of Bondowners) to such transaction; (c) such resulting, surviving or transferee corporation expressly assumes in writing (delivered to the Authority and the Trustee) all of the obligations of the Borrower contained in the Loan Agreement and the Note and any other document relating to the Loan made pursuant to the Loan Agreement (after which it shall be the "Borrower" for purposes thereof); and (d) the Borrower shall have delivered to the Trustee and the Authority an opinion of Bond Counsel to the effect that such transaction is permitted under the Loan Agreement, will not violate the Act or adversely affect the legality of the Bonds or result in an Event of Taxability.

### **Damage**

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

### **Events of Default**

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

(a) failure by the Borrower to pay when due the principal of, premium, if any, or interest on the Note (whether at maturity, redemption, acceleration or otherwise);

(b) failure by the Borrower to perform or observe any other of the covenants, agreements or conditions on the part of the Borrower in the Loan Agreement, any of the other Borrower's Documents and the continuance thereof for a period of 30 days after receipt by the Borrower of written notice (from the Authority, the Trustee or the Owners of at least 10% in aggregate principal amount of the Bonds at the time Outstanding) specifying such default and requesting that it be cured; provided, however, that if the default is capable of being cured, but not so within such 30 day period, such default shall not become an Event of Default if the Borrower institutes reasonable corrective action within such period and pursues such action diligently until such default is cured;

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

(d) any representation or warranty made by the Borrower in the Loan Agreement, any of the other Borrower's Documents or any financial statement, certificate or other document delivered in

connection with the issuance of the Bonds proves to have been false or misleading in any material respect as of the date given or made; or

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

### **Acceleration**

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

### **Remedies**

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