

NEW ISSUE – BOOK-ENTRY ONLY:

Fitch “BBB-” (stable outlook)
S&P “BBB-” (negative outlook)
(See “RATINGS” herein)

In the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel, under existing law (i) interest on the Bonds will be included in the gross income of holders of such Bonds for federal income tax purposes and (ii) interest on the Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. See “TAX MATTERS” herein.

\$150,000,000

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

TuftsMedicine

**Revenue Bonds,
Tufts Medicine Issue,
Series E (2024) (Federally Taxable)**

 **MassDevelopment**

Dated: Date of delivery **Interest Rate:** 8.50% **Price:** 100.00% **CUSIP†:** 57585B BJ6 **ISIN:** US57585BBJ61 **Due:** October 1, 2026

The \$150,000,000 Massachusetts Development Finance Agency Revenue Bonds, Tufts Medicine Issue, Series E (2024) (Federally Taxable) (the “Bonds”), are being issued only as fully-registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. The Bonds are being issued in minimum denominations of \$100,000 and any \$5,000 increment in excess thereof. No certificates representing an owners interests in the Bonds will be delivered. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM” herein.

The principal and redemption price of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, as bond trustee (the “Trustee”) under the Agreement (as defined herein) solely from the sources set forth therein. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner, as more fully described herein. Interest on the Bonds will be payable on each April 1 and October 1, commencing October 1, 2024.

The Bonds are subject to redemption prior to maturity, as set forth in this Official Statement.

The Bonds shall be special obligations of the Massachusetts Development Finance Agency (the “Issuer”) payable solely from the Revenues (as defined herein) of the Issuer, including payments to the Trustee for the account of the Issuer by Tufts Medical Center, Inc. (with its successors, “TMC”) in accordance with the provisions of the Agreement. Pursuant to the terms of the Agreement, the Issuer will lend the proceeds of the Bonds to TMC and, to secure the repayment of such loan the Obligated Group consisting of Home Care, Inc. (with its successors, “Home Care”), Tufts Medicine Care at Home Parent, Inc. (with its successors, “TMCHP”), Home Health VNA, Inc. (with its successors, “HHVNA”), MelroseWakefield Healthcare, Inc. (with its successors, “MWHC”), Tufts Medicine Care at Home, Inc. (with its successors, “TMCH”), The Lowell General Hospital (with its successors, “LGH”), and TMC (together with Home Care, TMCHP, HHVNA, MWHC, TMCH and LGH, the “Members” and each a “Member of the Obligated Group” and, collectively, the “Obligated Group”) are issuing the Series 2024 Obligation (as hereinafter defined) to the Trustee, pursuant to the Master Indenture (as defined herein). The Series 2024 Obligation, among certain other obligations issued under the Master Indenture, will be secured by a pledge of Gross Receivables (as defined herein) of each Member of the Obligated Group and certain mortgages. Reference is made to this Official Statement for pertinent security provisions of the Bonds, certain Bondowner’s rights and the Master Indentures. See “SOURCES OF PAYMENT AND SECURITY FOR THE BONDS – SECURITY UNDER MASTER INDENTURE” herein.

An affiliate of the Purchaser of the Bonds is receiving a substantial portion of the proceeds from the issuance of the Bonds. See “CERTAIN RELATIONSHIPS AND CONFLICTS OF INTEREST” herein.

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

The Bonds are being purchased by J.P. Morgan Securities LLC, as purchaser (the “Purchaser”), subject to the approval of their legality and certain other matters by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Obligated Group by its counsel, Ropes & Gray LLP, Boston, Massachusetts. Certain legal matters will be passed upon for the Purchaser by its counsel, Katten Muchin Rosenman LLP, New York, New York. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York or its custodial agent on or about July 11, 2024.

J.P. Morgan

July 10, 2024

† CUSIP is a registered trademark of the American Bankers Association (the “ABA”). CUSIP data is provided by CUSIP Global Services (“CGS”), which is managed on behalf of the ABA by FactSet Research Systems Inc. The CUSIP numbers are included solely for the convenience of Bondowners and none of the Issuer, the Obligated Group or the Purchaser is responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products.

No dealer, broker, salesperson or other person has been authorized by the Issuer, Tufts Medicine, Inc. (“*Tufts*”), the Obligated Group or the Purchaser to give information or to make representations with respect to the Bonds, 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.

Certain information contained herein has been obtained from the Obligated Group, The Depository Trust Company and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Issuer or the Purchaser.

The Purchaser has provided the following sentence for inclusion in this Official Statement. The Purchaser has reviewed the information in this Official Statement, but the Purchaser do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice.

The Bonds have not been registered under the Securities Act of 1933, as amended (the “*1933 Act*”), in reliance on the provisions of Section 3(a)(2) thereof. Neither the Agreement nor the Master Trust Indenture has been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions therein. Further the Bonds have not been registered under the laws of any states or other jurisdiction of the United States. The Bonds may not be exempt in every jurisdiction in the United States.

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

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute projections or estimates of future events, generally known as forward-looking statements. These statements are generally identifiable by the terminology used such as “may,” “believe,” “will,” “expect,” “project,” “intend,” “estimate,” “anticipate,” “plan,” “continue,” “budget” or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under “**BONDOWNER RISKS**” in the forepart of this Official Statement and the statements under in “**CERTAIN INFORMATION ABOUT OBLIGATED GROUP**” in **APPENDIX A** to this Official Statement. The forward-looking statements contained in this Official Statement are based on the current plans and expectations of the Obligated Group and are subject to a number of known and unknown uncertainties and risks, many of which are beyond the control of the Obligated Group, that could significantly affect current plans and expectations and the Obligated Group’s future financial position and results of operations. These risk factors include, but are not limited to, (i) the highly competitive nature of the health care business, (ii) the efforts of insurers, health care providers and others to contain health care costs, (iii) possible changes in the Medicare and Medicaid programs that may affect payments to health care providers and insurers, (iv) changes in federal, state or local regulations affecting the health care industry, (v) the implementation of health care reform, (vi) the ability to attract and retain qualified management and other personnel, including affiliated physicians, nurses and medical support personnel, (vii) liabilities and other claims asserted against the Obligated Group, (viii) changes in accounting standards and practices, (ix) changes in general economic conditions, (x) future divestitures or acquisitions which may result in additional changes, (xi) changes in revenue mix and the ability to enter into and renew managed care provider arrangements on acceptable

terms, (xii) the availability and terms of capital to fund expansion plans of the Obligated Group and to provide for ongoing capital expenditure needs, (xiii) changes in business strategy or development plans, (xiv) delays in receiving payments, (xv) the ability to implement shared services and other initiatives and realize decreases in administrative, supply and infrastructure costs, (xvi) the outcome of pending and any future litigation, (xvii) the Obligated Group's continuing efforts to monitor, maintain and comply with appropriate laws, regulations, policies and procedures relating to their status as tax-exempt organizations as well as their ability to comply with the requirements of the Medicare and Medicaid programs, (xviii) the ability to achieve expected levels of patient volumes and control the costs of providing services, (xix) results of reviews of the Obligated Group's cost reports, and (xx) the Obligated Group's ability to comply with recently enacted legislation and/or regulations. As a consequence, current plans, anticipated actions and future financial position and results of operations may differ from those expressed in any forward looking statements made by or on behalf of the Obligated Group.

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks; uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The Obligated Group does not plan to issue any updates or revisions to those forward-looking statements if or when changes in its expectations, or events, conditions or circumstances on which such statements are based, occur.

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OFFICIAL STATEMENT

Relating to

\$150,000,000

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

**Revenue Bonds, Tufts Medicine Issue,
Series E (2024) (Federally Taxable)**

INTRODUCTION

Purpose of this Official Statement

This Official Statement, including the cover page and appendices hereto, sets forth certain information in connection with the issuance of the \$150,000,000 Revenue Bonds, Tufts Medicine Issue, Series E (2024) (Federally Taxable) (the “*Bonds*”), of the Massachusetts Development Finance Agency (the “*Issuer*”), a body corporate and politic and a public instrumentality of The Commonwealth of Massachusetts (the “*Commonwealth*”). The Issuer is authorized under Chapter 23G and, to the extent incorporated therein, Chapter 40D of the Massachusetts General Laws (said Chapters, collectively and as amended, the “*Act*”), and pursuant to a resolution of the Issuer adopted on June 13, 2024 to issue the Bonds. The Bonds are being issued under a Loan and Trust Agreement dated as of July 1, 2024 (the “*Agreement*”) among the Issuer, U.S. Bank Trust Company, National Association, as bond trustee (the “*Trustee*”), Tufts Medical Center, Inc. (“*TMC*”) and Tufts Medicine, Inc. (“*Tufts*”), solely in its capacity as Representative of the Obligated Group consisting of Home Care, Inc. (with its successors, “*Home Care*”), Tufts Medicine Care at Home Parent, Inc. (with its successors, “*TMCHP*”), Home Health VNA, Inc. (with its successors, “*HHVNA*”), MelroseWakefield Healthcare, Inc. (with its successors, “*MWHC*”), Tufts Medicine Care at Home, Inc. (with its successors, “*TMCH*”), The Lowell General Hospital (with its successors, “*LGH*”), TMC (together with Home Care, TMCHP, HHVNA, MWHC, TMCH and LGH, the “*Members*” and each a “*Member of the Obligated Group*” and, collectively, the “*Obligated Group*”). The definitions of certain items used and not otherwise defined herein are contained in **APPENDIX C-1** and **APPENDIX C-2** hereto.

Use of Proceeds

The proceeds of the Bonds will be used to (i) repay an outstanding line of credit from JPMorgan Chase Bank, N.A., an affiliate of the Purchaser, to the Obligated Group; (ii) finance certain working capital and capital project expenses of the Obligated Group; and (iii) pay certain costs of issuing the Bonds. See “**USE OF PROCEEDS**” herein.

Obligated Group

The Members of the Obligated Group are Massachusetts non-profit corporations that operate acute care hospitals and post-acute care companies and provide other health care services in Eastern Massachusetts, with campuses in Lowell, Melrose, Medford, and Boston, including two community hospital systems (LGH and MWHC) and one academic medical center (TMC). For additional information about the Obligated Group and the broader Tufts Medicine system (the “*System*”), see “**CERTAIN INFORMATION ABOUT THE OBLIGATED GROUP**” in **APPENDIX A** attached hereto and made a part hereof.

Security for the Bonds

Tufts has heretofore executed and delivered that certain Amended and Restated Master Trust Indenture dated as of February 1, 2019, as previously supplemented and amended (the “*Master Indenture*”),

among Tufts, solely in its capacity as Representative, the Members and U.S. Bank Trust Company, National Association, as master trustee (the “*Master Trustee*”). The Bonds will be secured in part by the Series 2024 Obligation (as hereinafter defined) issued under the Master Indenture. The Series 2024 Obligation will be secured by a pledge of the Gross Receivables (as hereinafter defined) of each Member of the Obligated Group and the Mortgages. See “**SOURCES OF PAYMENT AND SECURITY FOR THE BONDS**” herein.

Bondowner Risks

There are risks associated with holding the Bonds. See “**BONDOWNER RISKS**” for a discussion of certain of these risks.

Underlying Documents

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all of its terms and conditions. All statements herein are qualified in their entirety by reference to each such document. Copies of the Master Indenture and the Agreement are available for inspection at the designated corporate trust office of the Master Trustee and the Trustee.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

General

The Issuer, TMC, Tufts and the Trustee shall execute the Agreement, which provides that to the extent permitted by law, the payment of the principal of the Bonds, premium, if any, and interest on the Bonds is a general obligation of TMC and that the full faith and credit of TMC is pledged to its performance. The Agreement also provides, among other things, that TMC is obligated to make payments to the Trustee in an amount equal to principal payments of the Bonds, premium, if any, and interest on the Bonds, and certain other payments required by such Agreement. The Agreement shall remain in full force and effect until such time as all of the Bonds and the interest thereon have been fully paid or until adequate provision for such payments has been made.

Assignment and Pledge

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

Under the Agreement, the Issuer also assigns and pledges to the Trustee in trust for the benefit of the Bondowners upon the terms of the Agreement (i) all funds and investments held from time to time in the funds established under the Agreement and (ii) all of the Issuer’s right, title and interest in the Agreement, including enforcement rights and remedies but excluding certain rights of indemnification and to reimbursement of certain expenses as set forth in the Agreement. The assignment and pledge by the Issuer does not include (a) the rights of the Issuer pursuant to provisions for consent, concurrence, approval or other action by the Issuer, notice to the Issuer or the filing of reports, certificates or other documents with

the Issuer; (b) the right of the Issuer to certain payments or reimbursements as further set forth in the Agreement; or (c) the powers of the Issuer as stated in the Agreement to enforce the provisions of the Agreement. As additional security for its obligations to make payments to the Debt Service Fund, the Redemption Fund and for its other payment obligations under the Agreement, TMC grants to the Trustee a security interest in its interest in the moneys and other investments held from time to time in the funds established under the Agreement.

Special Obligations

The Bonds issued under the Agreement are special obligations of the Issuer, equally and ratably secured by and payable from a pledge of and lien on, to the extent provided by the Agreement, the moneys received with respect to the Bonds by the Trustee for the account of the Issuer pursuant to the Agreement, whether such moneys are received as Revenues paid or caused to be paid by the Obligated Group pursuant to the Agreement.

Security Under Master Indenture

The Obligated Group will issue its Obligation No. 12 in the original aggregate principal amount of the Bonds (the “*Series 2024 Obligation*”), to evidence and secure the Bonds, pursuant to the Supplemental Master Indenture for Obligation No. 12 dated as of July 1, 2024 between Tufts, as Representative of the Obligated Group, and the Master Trustee (the “*Supplemental Master Indenture*”).

The Bonds are secured by the Series 2024 Obligation, registered in the name of the Trustee and issued under the Supplemental Master Indenture. The Series 2024 Obligation is subject to the same payment and prepayment terms as the obligations of TMC with respect to the Bonds under the Agreement. The Series 2024 Obligation and the Supplemental Master Indenture provide that the Obligated Group shall receive credit, to the extent, in the manner and with the effect provided in the Supplemental Master Indenture, for payments of principal of, premium, if any, and interest on the Series 2024 Obligation in amounts equal to (i) the payments of principal of, premium, if any, and interest on the Bonds from sources other than principal of, premium, if any, and interest on the Series 2024 Obligation and (ii) the amount of Bonds purchased from sources other than the principal of, premium, if any, and interest payments on the Series 2024 Obligation and delivered to the Trustee for cancellation.

The Master Indenture provides that Obligations issued thereunder, including the Series 2024 Obligation, are joint and several obligations of each Member of the Obligated Group.

Gross Receivables. As provided in the Master Indenture, each Member of the Obligated Group has pledged and granted to the Master Trustee a security interest in all of its Gross Receivables (as defined in the Master Indenture) as security for its obligation to make payments under all Obligations issued under the Master Indenture, including the Series 2024 Obligation, subject to the right of any Member of the Obligated Group to grant a prior Lien (as defined in the Master Indenture) as permitted under the Master Indenture. Each Member of the Obligated Group represents and warrants in the Master Indenture and each additional Member of the Obligated Group shall represent and warrant upon its admission into the Obligated Group that the Lien granted on the Gross Receivables is and at all times will be a first priority Lien, subject only to certain Liens permitted by the Master Indenture. See “**DEFINITIONS OF CERTAIN TERMS IN THE MASTER INDENTURE AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE**” in **APPENDIX C-2** hereto.

The enforcement of the Lien on Gross Receivables may be subject to limitations imposed by the Bankruptcy Code and to the exercise of discretion by a court of equity and to other significant conditions and limitations including restrictions upon assignment of accounts receivable and the proceeds thereof

under the Medicare and Medicaid programs. See “**BONDOWNER RISKS – Enforceability of Lien on Gross Receivables**” herein. In addition, the obligation of one Member to make payments with respect to Obligations in respect of moneys used by another Member may be declared void, or such payments may be otherwise prohibited, in certain circumstances. See “**BONDOWNER RISKS – Enforceability of Master Indenture and Agreement**” herein.

Mortgages. To secure their obligation to make Required Payments under the Master Indenture and their other obligations, agreements and covenants to be performed and observed thereunder, liens on the Mortgaged Property described therein and below have been assigned to the Master Trustee, which Mortgages include a security interest in certain fixtures located thereon, for the equal and ratable benefit of the Holders from time to time of all Obligations issued under the Master Indenture, including but not limited to the Series 2024 Obligation. No title policy for the Mortgages have been obtained in connection with the Bonds. See “**BONDOWNER RISKS – Realization of Value of Mortgaged Property**” herein.

The Mortgaged Property consists of two condominium units (each a “*Unit*” and collectively, the “*Units*”) with each Unit encompassing one of the two principal adult inpatient buildings used by TMC, together with access rights and rights in certain common areas. The first building, known as the North Building and the Atrium, consists of approximately 299,963 square feet (including the roof and mechanical square footage) in an eight story building, plus a mezzanine, that is located on land owned by TMC. The second building, known as the Proger Building, consists of approximately 231,527 square feet (including the roof and mechanical square footage) in an eight story building, plus a mechanical penthouse, that is located on land that is owned by Tufts Shared Services, Inc. (“*TSS*”). TSS is a Massachusetts non-profit corporation controlled jointly by TMC and Tufts University. TSS has ground leased the land beneath the Proger Building to TMC for a period of 60 years, expiring in 2072. The Unit comprising the Proger Building is situated above the land subject to the ground lease. As a result, at the expiration of the ground lease in 2072, all rights to occupy the Proger Building will terminate. In addition, TSS has leased approximately 30,067 square feet of space immediately adjacent to the Proger Building and that is located within the building envelope of Tufts University’s Dental School to TMC (the “*Proger Extension*”). The Proger Extension contains TMC’s cardiac intensive care unit and a neurology unit and is not located above the ground leased portion of the Proger Building. Accordingly, neither the Units nor the Mortgaged Property includes the Proger Extension. See “**CERTAIN INFORMATION ABOUT THE OBLIGATED GROUP – Description of Major Facilities and Operations**” in APPENDIX A hereto for a description of the principal buildings owned by TMC. The Mortgaged Property does not include the outpatient or pediatric inpatient portions of the property owned by TMC or any property other than the adult inpatient facilities described above.

In addition to the Units, the condominium development (the “*Condominium*”) includes other units owned by TMC including the South Building (used primarily for outpatient services) and the Boston Dispensary Building (used primarily for physician offices and research). The buildings comprising the Condominium are interconnected and operated as a single facility. The Condominium also contains significant common elements and shared facilities reserved for use by the owners of all units in the Condominium. The common elements and shared facilities include, among other areas, (1) shared access areas and corridors, (2) loading dock access and processing, and (3) lobbies and admitting areas. Other property may be added to the Condominium from time to time in the sole discretion of TMC. The Mortgage is subordinate to the Master Deed and Bylaws which established the Condominium (the “*Condominium Documents*”), including any liens created or permitted by the Condominium Documents. Such liens include, among other things, liens securing amounts assessed to owners by the management board of the Condominium (the “*Managing Board*”) for costs incurred to move, alter or improve the common elements of the Condominium; to insure the common elements of the Condominium; to correct, terminate or remove acts or things which interfere with any unit owner’s use and enjoyment of its own unit or any common element or are otherwise contrary to or in violation of any provisions of the Condominium Documents or

any legal requirements; or to maintain, operate, repair or replace the common elements consistent with the standards and quality of a first-class hospital and medical care facility.

The Condominium Documents contain provisions which would require the cooperation of any new owner of the Units (including a new owner which purchases the Units following foreclosure) and TMC in the operation of the Condominium. For example, the Condominium Documents require that the entire Condominium, including the Mortgaged Property, be used and operated together to form a licensed acute care hospital facility and physicians' office space. Additionally, the shared facilities, as described above, including those located in the Mortgaged Property, may be considered common elements for the benefit of the owners of all the units of the Condominium, subject to certain exceptions, with rights of access and use available to the owners of all units of the Condominium. Management of the Condominium is governed by the Management Board elected by the owners of units of the Condominium, which, since additional property may be added to the Condominium at any time in the sole discretion of TMC, may be controlled by TMC. The approval of the Management Board would be required for all alterations of the Units, and the Management Board will control the use of all the common elements in the Condominium. These provisions may adversely affect the ability to sell the Mortgaged Property following foreclosure or the fair market value of the Mortgaged Property upon foreclosure.

The Mortgaged Property also includes the property generally known as 295 Varnum Avenue, in Lowell, an approximately 65 acre parcel which constitutes the primary inpatient hospital campus of LGH, and certain property located at 275 Varnum Avenue, in Lowell (described below). Other facilities of LGH, including but not limited to the Saints Campus located at One Hospital Drive, Lowell, and outpatient facilities of LGH located in Chelmsford, are not included in the Mortgaged Property. See **"CERTAIN INFORMATION ABOUT THE OBLIGATED GROUP – Description of Major Facilities and Operations"** in **APPENDIX A** hereto for a description of the facilities of LGH.

One building, a 25,150 square foot medical office building (the *"MOB"*) located on the Mortgaged Property at 275 Varnum Avenue is not owned by LGH; however, LGH and an affiliate, LGH Medical Building Services, Inc. (*"Medical Services"*), have an ownership interest in the land on which the MOB is located. The MOB contains 11 condominium units (generally consisting of office suites) owned by private physicians and Medical Services. LGH and Medical Services have mortgaged their interests in the land to the Master Trustee pursuant to a ground lease and Medical Services has mortgaged its interests in the two units it owns to the Master Trustee pursuant to a leasehold mortgage. The other units are not subject to the Mortgage.

Under certain circumstances, the Mortgaged Property may be substituted, released or subordinated in accordance with the terms of the Master Indenture. See **"DEFINITIONS OF CERTAIN TERMS IN THE MASTER INDENTURE AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Mortgages"** in **APPENDIX C-2** hereto and **"BONDOWNER RISKS – Realization of Value of Mortgaged Property"** herein.

Springing Mortgage Covenant. For so long, and only for so long, as Obligation No. 12 remains Outstanding, if either (i) each of the Ratings fall below "BB" (a *"Ratings Downgrade Event"*) or (ii) an Event of Default occurs under the Master Indenture, regardless of any applicable cure period (an *"Event of Default Event"*) and together with a Ratings Downgrade Event, and in each case, a *"Mortgage Filing Event"*), the Obligated Group shall, within 30 days thereof grant in favor of the Bond Trustee for the benefit of the Holders of Obligation No. 12 one or more Mortgages on real property of the Obligated Group other than the Mortgaged Property with an Agreed-Upon Value (as defined in the Supplemental Master Indenture) equal to 1.10 times the then-outstanding principal amount of Obligation No. 12 (the *"Required Value"*). Such Mortgages shall be solely for the benefit of the Holders of Obligation No. 12 for the purpose of further securing the Obligated Group's payment obligations thereunder. See **"SUMMARY OF CERTAIN**

PROVISIONS OF THE SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 12 – Additional Collateral Relating to Obligation No. 12” in APPENDIX C-3 hereto.

Financial Covenants

Debt Service Coverage Ratio. In the Master Indenture, the Obligated Group has made certain covenants with respect to the maintenance of the Debt Service Coverage Ratio. If, as of the end of any two consecutive Fiscal Years, the Debt Service Coverage Ratio is less than 1.00, then an Event of Default shall be deemed to have occurred under the Master Indenture. If the Debt Service Coverage Ratio is not at least equal to 1.10 as of the end of any Fiscal Year, the Obligated Group has covenanted to retain an Independent Consultant to make recommendations to increase such ratio for subsequent Fiscal Years to the levels required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest practicable level. Each Member of the Obligated Group agrees, to the extent permitted by law, to substantially follow the recommendations of the Independent Consultant or file with the Master Trustee its reasons for not following the recommendations. For a more complete description, see “**DEFINITIONS OF CERTAIN TERMS IN THE MASTER INDENTURE AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Debt Service Coverage**” in APPENDIX C-2 hereto.

Parity Obligations and Additional Indebtedness

General. The Master Indenture permits each Member of the Obligated Group to incur Indebtedness, including Indebtedness secured by a lien on such Member’s Gross Receivables and the Mortgages, on a parity with the Series 2024 Obligation given as security for the Bonds and Indebtedness in certain cases secured senior to the Bonds. The incurrence of additional Indebtedness, including parity Obligations, is subject to certain conditions, including compliance with the Master Indenture’s limits on Indebtedness. See “**DEFINITIONS OF CERTAIN TERMS IN THE MASTER INDENTURE AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Against Encumbrances,**” and “**– Limitation on Indebtedness**” in APPENDIX C-2 hereto, “**CERTAIN INFORMATION ABOUT THE OBLIGATED GROUP – FINANCIAL INFORMATION – Debt Structure and Capitalization**” in APPENDIX A hereto and “**DEBT SERVICE REQUIREMENTS**” herein.

The Obligated Group will issue the Series 2024 Obligation under the Supplemental Master Indenture to secure the Bonds in accordance with the Master Indenture. The Series 2024 Obligation is subject to the same payment and prepayment terms as the Obligated Group’s obligations with respect to the Bonds under the Agreement. The Supplemental Master Indenture and the Master Indenture provide that the Obligated Group shall receive credit, to the extent, in the manner and with the effect provided in the Supplemental Master Indenture, for payments of principal of, premium, if any, and interest on the Series 2024 Obligation in amounts equal to (i) amounts paid under the Agreement for the payment of principal of, premium, if any, and interest on the Bonds and (ii) Bonds purchased and delivered to the Trustee.

Outstanding and Additional Obligations. At the time of the issuance of the Bonds and the application of the proceeds thereof, the outstanding aggregate principal amount of the Obligations (including the Series 2024 Obligation) issued under the Master Indenture to secure revenue bonds issued for the benefit of the Obligated Group was \$907,995,370, as follows:

<u>Direct Note Obligation</u>	<u>Outstanding Principal Amount</u>	<u>Debt Secured</u>
Obligation No. 1	\$315,210,000	Issuer's Revenue Bonds, Wellforce Issue, Series A (2019)
Obligation No. 2	66,390,000	Issuer's Revenue Bonds, Wellforce Issue, Series B (2019) (Federally Taxable)
Obligation No. 4	71,869,000	Tufts Medical Center Taxable Bonds, Series 2013
Obligation No. 6	20,071,370	Issuer's Revenue Bond (Hallmark Health System, Inc. Project), Series 2015A
Obligation No. 8	61,005,000	Issuer's Revenue Bonds, Lowell General Hospital Issue, Series G (2013)
Obligation No. 9	170,135,000	Series 2020C Bonds
Obligation No. 10	53,315,000	Series 2020D Bonds
Obligation No. 12	150,000,000	the Bonds
Total	\$907,995,370	

Joint and Several Obligations; Members of the Obligated Group

The Master Indenture provides that any Obligation issued thereunder is a joint and several obligation of all Members of the Obligated Group. The Master Indenture contains provisions permitting the addition or withdrawal of Members under certain conditions. See “**DEFINITIONS OF CERTAIN TERMS IN THE MASTER INDENTURE AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Withdrawal From Obligated Group**” in APPENDIX C-2 hereto. The Master Indenture also contains provisions permitting the issuance of additional Obligations on a parity with existing Obligations issued by the Obligated Group, including the Series 2024 Obligation. See “– Parity Obligations and Additional Indebtedness” herein and “**DEFINITIONS OF CERTAIN TERMS IN THE MASTER INDENTURE AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE – Limitation on Indebtedness**” in APPENDIX C-2 hereto.

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

THE ISSUER

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

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

USE OF PROCEEDS

The proceeds of the Bonds will be used to (i) repay an outstanding line of credit from JPMorgan Chase Bank, N.A., an affiliate of the Purchaser, to the Obligated Group; (ii) finance certain working capital and capital project expenses of the Obligated Group; and (iii) pay certain costs of issuing the Bonds

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is hereby made to the Bonds and the Agreement, each in their entirety, for the detailed provisions of the Bonds. A summary of the Agreement is provided in “**DEFINITIONS OF CERTAIN TERMS IN THE LOAN AND TRUST AGREEMENT AND SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT**” in **APPENDIX C-2** hereto.

General

The Bonds will be issued in the aggregate principal amount of \$150,000,000 and mature on October 1, 2026. The Bonds will be dated their date of delivery and bear interest from such date at the rate per annum of 8.50%, payable semiannually on April 1 and October 1, commencing October 1, 2024. Interest shall be calculated on the basis of a 360 day year consisting of twelve 30 day months.

Subject to the provisions discussed under “**BOOK-ENTRY ONLY SYSTEM**” below, the Bonds are issuable as fully registered bonds without coupons in the minimum denomination of \$100,000 and any \$5,000 increment in excess thereof. The principal or redemption price of the Bonds will be payable at the designated corporate trust agency office of the Trustee, and interest on the Bonds will be paid by the Trustee to the registered owner as of the 15th day of the month preceding the date on which the interest is to be paid (the “*Record Date*”).

Redemption Provisions

Purchase in Lieu of Redemption. TMC may purchase some or all of the Bonds and credit them against the principal payment for such Bonds, at the principal amount by delivering them to the Trustee for cancellation at least sixty (60) days before the principal payment date. In addition, whenever Bonds are called for optional redemption, TMC may purchase some or all of the Bonds called for such redemption if it gives written notice, as appropriate, to the Trustee and the Issuer not later than the day before the redemption date that it wishes to purchase the principal amount of Bonds specified in the notice, at a purchase price equal to the redemption price. Any such purchase of Bonds by TMC shall not be deemed to be a payment or redemption of the Bonds or any portion thereof and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such Bonds.

Optional Redemption of Bonds. The Bonds are subject to redemption prior to maturity in whole or in part, on any business day on or after October 1, 2025, at the option of the Obligated Group Representative, upon written notice by the Obligated Group Representative to the Issuer and the Trustee, at 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Selection of the Bonds for Redemption. So long as DTC or its nominee is the Bondowner, if fewer than all of the Outstanding Bonds are called for redemption, the Bonds (or portions thereof) to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect and, if DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Bonds will be selected for

redemption, in accordance with the DTC procedures, by lot or in such other manner as in accordance with the applicable arrangements of DTC.

Notice of Redemption. When the Bonds are to be redeemed, the Trustee shall give notice in the name of the Issuer, which notice shall identify the Bonds to be redeemed, state the date fixed for redemption, state that the proposed redemption is conditioned on there being on deposit in the Redemption Fund on the redemption date sufficient money to pay the full redemption price of the Bonds to be redeemed, state any other conditions to the redemption and state that such Bonds will be redeemed at the corporate trust office of the Trustee. The notice shall further state that, subject to the conditionality of the notice, on such date there shall come due and payable upon each Bond to be redeemed, the redemption price thereof, together with interest accrued to the redemption date and that upon moneys therefor having been deposited with the Trustee from and after such date, interest thereon shall cease to accrue. The Trustee shall mail the redemption notice to the Bondowners not more than forty-five (45) days nor less than twenty (20) days prior to the date fixed for redemption. Failure to mail notice to a particular Bondowner, or any defect in the notice to such Bondowner, shall not affect the redemption of any other Bond.

Effect of Redemption. On the redemption date, the redemption price of each Bond to be redeemed will become due and payable; and from and after such date, notice having been properly given and amounts having been made available and set aside from such redemption in accordance with the provisions of the Agreement, notwithstanding that any Bonds called for redemption have not been surrendered, no further interest will accrue on any Bonds called for redemption.

Acceleration. In addition to the foregoing redemption provisions, the Trustee may, upon the occurrence of an Event of Default, as defined in the Agreement, by written notice to the Obligated Group Representative and the Issuer, declare immediately due and payable the principal amount of the Outstanding Bonds and the payments to be made by TMC therefor, and accrued interest on the foregoing, whereupon the same shall become immediately due and payable without any further action or notice. See **“DEFINITIONS OF CERTAIN TERMS IN THE LOAN AND TRUST AGREEMENT AND SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT – Events of Default,” “– Acceleration; Annulment of Acceleration”** and **“– Additional Remedies and Enforcement of Remedies”** in APPENDIX C-2 hereto.

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DEBT SERVICE REQUIREMENTS

The following table sets forth, for each year ending September 30, the amounts required to be made available in such year by the Obligated Group for payment of the principal of and estimated interest on its Outstanding Indebtedness (rounded to the nearest dollar) upon issuance of the Bonds and the application of the proceeds thereof.

Year Ending September 30	Principal on the Bonds	Interest on the Bonds	Debt Service on Existing Indenture Indebtedness ⁽¹⁾⁽²⁾	Total Debt Service on all Long-Term Indebtedness ⁽³⁾
2024	-	-	\$46,970,993	\$ 46,970,993
2025	-	\$ 9,208,333	53,868,746	63,077,079
2026	-	12,750,000	53,868,574	66,618,574
2027	\$150,000,000	6,375,000	53,865,099	210,240,099
2028	-	-	53,860,367	53,860,367
2029	-	-	53,858,312	53,858,312
2030	-	-	53,849,940	53,849,940
2031	-	-	53,849,805	53,849,805
2032	-	-	53,840,956	53,840,956
2033	-	-	53,841,812	53,841,812
2034	-	-	53,835,328	53,835,328
2035	-	-	53,830,987	53,830,987
2036	-	-	53,824,315	53,824,315
2037	-	-	53,818,178	53,818,178
2038	-	-	53,817,621	53,817,621
2039	-	-	53,811,281	53,811,281
2040	-	-	53,806,966	53,806,966
2041	-	-	53,803,645	53,803,645
2042	-	-	53,792,895	53,792,895
2043	-	-	53,789,425	53,789,425
2044	-	-	53,781,140	53,781,140
2045	-	-	53,775,902	53,775,902
2046	-	-	53,771,203	53,771,203
2047	-	-	53,762,083	53,762,083
2048	-	-	1,162,012	1,162,012
2049	-	-	1,161,888	1,161,888
2050	-	-	1,160,867	1,160,867
2051	-	-	1,163,936	1,163,936
2052	-	-	1,160,971	1,160,971
Total ⁽³⁾	\$150,000,000	\$28,333,333	\$1,290,705,249	\$1,469,038,582

⁽¹⁾ Debt Service calculated under the Master Indenture.

⁽²⁾ Assumes actual fixed coupons on existing indenture indebtedness, assumes 2.99% on Series 2015 direct placement and 3.25% on Series 2016 direct placement.

⁽³⁾ Totals may not foot due to rounding.

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of each series of the Bonds, in the principal amount of such series and maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial

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

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

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

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

The Issuer cannot give any assurances that Direct Participants or others will distribute payments of principal of and interest on the Bonds paid to DTC or its nominee, as the registered owner, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in a manner described in this document.

Beneficial Owners of the Bonds will not receive or have the right to receive physical delivery of such Bonds and will not be or be considered to be the registered owners thereof. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the holders or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds, except as otherwise expressly provided herein.

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

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

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

NONE OF THE ISSUER, THE OBLIGATED GROUP, THE TRUSTEE OR THE PURCHASER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVISION OF NOTICE TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

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

ESTIMATED SOURCES AND USES OF FUNDS

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

	<u>Total⁽¹⁾</u>
<u>Sources of Funds</u>	
Principal Amount of the Bonds	\$150,000,000
Total Sources of Funds ⁽¹⁾	\$150,000,000
<u>Uses of Funds</u>	
Deposit to Project Fund	\$147,739,336
Costs of Issuance*	2,260,664
Total Uses of Funds ⁽¹⁾	\$150,000,000

⁽¹⁾ Totals may not foot due to rounding.

* Includes Purchaser's Fee and Purchaser's Expenses, legal, consulting and printing fees and other associated bond issuance costs related to the Bonds.

BONDOWNER RISKS

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

General

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

The Obligated Group is subject to a wide variety of federal and state legislative actions and to regulatory actions and policy changes by numerous governmental agencies including those that administer Medicare and Medicaid, the Centers for Medicare & Medicaid Services (“CMS”) of the U.S. Department of Health and Human Services (“DHHS”) and the Massachusetts Executive Office of Health and Human Services (“EOHHS”), and an array of other federal, state and local government agencies, including the Massachusetts Department of Public Health (“DPH”). These agencies frequently adopt regulations and policies that alter the operations, revenues, expenses, and net income of the Obligated Group.

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

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

Additionally, the Commonwealth has acted in recent years to reduced or otherwise alter Medicaid payments. Future reductions as the result of tax revenue shortfalls or other fiscal pressures may further increase the gap between the cost of providing care to such Medicaid patients and the funds provided for this purpose under the Commonwealth’s Medicaid program (known as “MassHealth”).

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

COVID-19 or Other Pandemic or Public Health Emergency

A public health emergency, including a widespread outbreak of an infectious diseases, such as the novel coronavirus (“COVID-19”), Ebola, Zika, or H1N1, may put stress on the capacity of all or a part of the Obligated Group’s health care facilities, result in abnormally high demand for health care services, require that resources be diverted from one part of operations of the Obligated Group to another part, disrupt the supply chain for equipment and supplies necessary for the operation of the Obligated Group’s facilities, or impair the operation of part or all of the Obligated Group’s facilities. Public health emergencies can necessitate the cessation of outpatient treatment and elective procedures. In addition, unaffected individuals may decide to defer elective procedures or otherwise avoid medical treatment, resulting in reduced patient volumes and operating revenues at the Obligated Group’s outpatient facilities. The effect of any future

public health emergency or crisis on the Obligated Group's operations and finances could be material and cannot be predicted.

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

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

Enforceability of Lien on Gross Receivables

The Agreement provides that the Institution will make payments to the Trustee sufficient to pay the principal of and premium, if any, and interest on the Bonds as the same become due. The obligation of the Obligated Group to make such payments is secured by the Series 2024 Obligation issued under the Master Indenture, which itself is secured by, among other things, a security interest granted to the Master Trustee in the Gross Receivables of each Member of the Obligated Group. The lien on Gross Receivables may become subordinate to certain Permitted Liens under the Master Indenture. Gross Receivables paid by the Obligated Group to third parties in the ordinary course may no longer be subject to the lien of the Master Indenture.

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

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

Pursuant to the Massachusetts Uniform Commercial Code, a security interest in the proceeds of Gross Receivables may not continue to be perfected if such proceeds are not paid over to the Master Trustee by a Member of the Obligated Group under certain circumstances. If any required payment is not made when due, the Members of the Obligated Group must transfer or pay over immediately to the Master Trustee any Gross Receivables with respect to which the security interest remains perfected pursuant to law. Any Gross Receivables thereafter received shall upon receipt by a Member of the Obligated Group be transferred to the Master Trustee without such Gross Receivables being commingled with other funds, in the form received (with necessary endorsements) up to an amount equal to the amount of the missed payment.

The value of the security interest in the Gross Receivables could be diluted by the incurrence of Additional Indebtedness secured equally and ratably with the Bonds as to the security interest in Gross Receivables or by the incurrence of debt secured on a basis senior to the Bonds. See **“SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Parity Obligations and Additional Indebtedness”** herein.

Enforceability of Master Indenture and Agreement

Under Massachusetts law, a nonprofit corporation may guarantee the debt of another corporation only if such guaranty is in furtherance of the corporate purposes of such guarantor nonprofit corporation. In addition, it is possible that the security interest granted by a Member and the joint and several obligation of a Member to make payments due under Obligations, including the Series 2024 Obligation, relating to bonds issued for the benefit of another Member, may be declared void in an action brought by third-party creditors pursuant to the Massachusetts fraudulent conveyance statutes or may be avoided by a Member or a trustee in bankruptcy in the event of the bankruptcy of the Member from which payment is requested. An obligation may be voided under the federal Bankruptcy Code or under the Massachusetts fraudulent conveyance statute if (i) the obligation was incurred without receipt by the obligor of “fair consideration” or “reasonably equivalent value,” and (ii) the obligation renders the obligor “insolvent,” or becomes so as a result of the obligations incurred, as such terms are defined under the applicable statute. Interpretation by the courts of the tests of “insolvency,” “reasonably equivalent value” and “fair consideration” has resulted in a conflicting body of case law. For example, a Member’s joint and several obligation under the Master Indenture to make all payments thereunder, including payments in respect of funds used for the benefit of the other Members, may be held to be a “transfer” which makes such Member “insolvent” if its liabilities exceed its assets. Also, one of the Members may be deemed to have received less than “reasonably equivalent value” for such obligation because none or only a portion of the proceeds of the indebtedness are to be used to finance projects occupied or used by such Member. While the Members may benefit generally from the projects financed from the indebtedness for the other Members, the actual cash value of this benefit may be less than the joint and several obligation. The rights under the Massachusetts fraudulent conveyance statutes may be asserted for a period of up to four years from the incurring of the obligations or granting of security under the Agreement.

In addition, there exists common law authority and authority under state statutes for the ability of state courts to terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court’s own motion or pursuant to a petition of the state attorney general or such other persons who have interests different from those of the general public, pursuant to common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses. The enforceability of similar master indentures has been challenged in jurisdictions outside of Massachusetts. In the absence of clear legal precedent in this area, the extent to which the assets of any Member can be used to pay Obligations issued by others cannot be determined at this time.

Exercise of Remedies Under Master Indenture

“Events of Default” under the Master Indenture include the failure of the Obligated Group to make payments on any Obligation Outstanding under the Master Indenture (such as the Series 2024 Obligation) and may include nonpayment related defaults under documents such as the Agreement. The Master Indenture provides that upon an “Event of Default” thereunder, the Master Trustee may in its discretion, by notice in writing to Members of the Obligated Group, declare the principal of all (but not less than all) Obligations Outstanding thereunder to be due and payable immediately and may exercise other remedies thereunder. However, the Master Trustee is not required to declare amounts under the Master Indenture to

be due and payable immediately unless requested to do so by the holders of not less than 50% in aggregate principal amount of all Obligations then Outstanding under the Master Indenture. Consequently, upon the occurrence of an “Event of Default” under the Agreement with respect to the Bonds and an acceleration of the maturity of the Bonds, the Master Trustee is not required to accelerate the maturity of all Obligations Outstanding under the Master Indenture upon direction from the Trustee unless (i) the principal amount of the Bonds Outstanding is at least equal to 50% of the principal amount of all Obligations Outstanding under the Master Indenture, or (ii) the Trustee and all other holders of Obligations requesting such acceleration hold at least 50% of all Obligations Outstanding under the Master Indenture.

The Series 2024 Obligation is cross-defaulted and secured on a parity with all other Obligations under the Master Indenture. Further, an Event of Default under the Master Indenture constitutes an Event of Default under the Agreement. See **APPENDIX C-1 – “DEFINITIONS OF CERTAIN TERMS IN THE LOAN AND TRUST AGREEMENT AND SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT.”**

Considerations Relating to Additional Debt

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

Realization of Value of Mortgaged Property

The Mortgaged Property is not comprised of general-purpose buildings and would not generally be suitable for industrial or commercial use. Consequently, it would be difficult to find a buyer or lessee for the Mortgaged Property if it were necessary to foreclose on the Mortgaged Property. Thus, upon any default, it may not be possible to realize funds at least equal to the outstanding interest on and principal on the Bonds from a sale or lease of the Mortgaged Property. Furthermore, in order to operate the Mortgaged Property as health care facilities, a purchaser of the Mortgaged Property at a foreclosure sale would under present law have to obtain operating licenses from the applicable state regulatory agency, appropriate provider agreements from third party payors and a determination of need from DPH.

The lien of the Mortgages securing the Bonds have not been insured by title insurance policies.

In addition, under applicable environmental law, in the event of any past or future releases of pollutants or contaminants on or near the Mortgaged Property, a lien superior to the lien of the Mortgages could attach to the Mortgaged Property to secure the costs of removing or otherwise treating such pollutants or contaminants. Such a lien would adversely affect the Master Trustee's ability to realize value from the disposition of the Mortgaged Property upon foreclosure. Furthermore, in determining whether to exercise any foreclosure rights with respect to the Mortgaged Property, the Master Trustee may have to take into account the potential liability of any owner of the Mortgaged Property, including an owner by foreclosure, for clean-up costs with respect to such pollutants and contaminants.

The value of the Mortgaged Property to Bondowners could be diluted by the incurrence of additional Indebtedness secured equally and ratably with the Bonds as to the Mortgaged Property or by the incurrence of debt secured on a basis senior to the Bonds. See **“SOURCES OF PAYMENT AND SECURITY FOR THE BONDS — Parity Obligations and Additional Indebtedness”** herein.

Effect of Bankruptcy

If any Member of the Obligated Group files for protection under title 11 of the United States Code (the “*Bankruptcy Code*”), its revenues may not be subject to the security interests created under the Master

Trust Indenture. Property acquired after the date of filing of the bankruptcy, including newly created accounts receivable, will not be subject to the security interests created under the Master Trust Indenture. The Member's property, including accounts receivable and cash collateral, also could be used for the benefit of the Member or could be subject to additional liens granted by the Member to obtain additional financing. Such additional liens could be senior to or *pari passu* with the liens held by the Bond Trustee if, among other things, the Bankruptcy Court finds that "adequate protection" of the security interest in the property exists or is given.

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

In a proceeding under the Bankruptcy Code, if the indebtedness evidenced by the Bonds were to be deemed not fully secured, payments made in respect of the Bonds or other transfers of property, including the granting of liens to secure the Bonds, within 90 days prior to the date of a bankruptcy case could be avoided as preferential transfers absent the presence of one of the Bankruptcy Code defenses to avoidance. Payments made in respect of the Bonds or other transfers of property outside of the 90-day window may also be subject to challenge and clawback if the payments or transfers were made while the Member was insolvent and were made for less than reasonably equivalent value. To the extent avoided, the value of such payments or transfers could be recovered from the Bond Trustee or from subsequent transferees and claims in respect of the Bonds could be disallowed pending recovery of the value of such payments or transfers.

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

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

Additionally, if a Member commences a proceeding under the Bankruptcy Code, senior management would be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on the Member's operations. This diversion of attention could adversely affect the conduct of the Member's business, and, as a result, the Member's financial condition. In the event of a bankruptcy proceeding, the Member's employees could face distraction and uncertainty, and the Member may experience increased levels of employee attrition.

Further, following commencement of a proceeding under the Bankruptcy Code, the Member will need to obtain approval from the Bankruptcy Court in order to make certain payments on account of claims arising prior to the filing of the Member's chapter 11 petition. The Member may be unable to receive the required Bankruptcy Court authorization to pay claims held by critical counterparties.

In the event of a bankruptcy proceeding by a Member, the Member would be required to incur substantial costs for professional fees and other expenses associated with the administration of the bankruptcy proceeding, including potentially the cost of litigation.

In a bankruptcy proceeding transactions outside the ordinary course of business would be subject to the prior approval of the Bankruptcy Court, which may limit the Member's ability to respond timely to certain events or take advantage of opportunities. Further, in a bankruptcy proceeding the Member's ability to make payments on account of certain claims arising prior to the filing of the Member's petition would be subject to approval by the Bankruptcy Court. Thus, during a chapter 11 case commenced by a Member, the need for court approval of certain actions there may cause risks and uncertainties related to the Member's operations and ability to execute the Member's business strategy. These risks and uncertainties may include:

- The Member's ability to obtain Bankruptcy Court approval with respect to motions filed in the chapter 11 case from time to time;
- The Member's ability to comply with and operate under the requirements and constraints of the Bankruptcy Code and under any cash management, adequate protection, or other orders entered by the Bankruptcy Court from time to time;
- The Member's ability to engage in intercompany transactions and to fund operations from cash on hand or from financings and, in the event of such financings, the Member's ability to comply with the terms of such financings;
- The Member's ability to negotiate and consummate a chapter 11 plan;
- The Member's ability to develop, fund, and execute a business plan; and
- The Member's ability to continue as a going concern.

If the Member is unable to continue operations, the Member may be forced to commence a bankruptcy proceeding under chapter 7 of the Bankruptcy Code. Further, if the Member were to commence a bankruptcy proceeding under chapter 11 of the Bankruptcy Code but was then subsequently unable to continue operating or unable to negotiate a plan of reorganization that would allow the Member to continue as a going-concern, upon a showing of cause the Bankruptcy Court could convert the Member's chapter 11 case to a case under chapter 7 of the Bankruptcy Code. In the event of a chapter 7 case of a Member, a trustee would be appointed or elected to liquidate the Member's assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code.

Affordable Care Act and Health Care Reform Initiatives

The federal Patient Protection and Affordable Care Act, as amended by the federal Health Care and Education Reconciliation Act (the "*Affordable Care Act*" or the "*ACA*"), was enacted in 2010, with a primary goal of making health care insurance available to otherwise uninsured or underinsured consumers, including by premium subsidies for consumers who fall below certain income levels.

The ACA made far-reaching changes to various aspects of the health care system, including substantial adjustments to Medicare reimbursement, establishment of individual and employer mandates

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

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

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

- Annual inflation adjustments to Medicare payments have been reduced.
- Many state Medicaid programs have expanded to a broader population.
- Medicare has begun reducing payments to hospitals found to have an excess readmissions ratio for certain conditions.
- To reduce waste, fraud, and abuse in public programs, the ACA provides for provider enrollment screening, enhanced oversight periods for new providers and suppliers, enrollment moratoria in areas identified as being at elevated risk of fraud in all public programs, increased penalties for fraud and abuse violations, and increased funding for anti-fraud activities.
- Medicare payments to certain hospitals to cover conditions acquired during hospitalization have been reduced and federal payments to states for Medicaid services related to hospital-acquired conditions are prohibited.
- A value-based purchasing program has been established under the Medicare program. Under this program, hospital payments will increase or decrease depending on a hospital's performance vis- a-vis established quality measures.
- Medicaid Disproportionate Share Hospital allotments to each state have also been reduced, based on state-wide reduction in uninsured and uncompensated care.

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

The American Rescue Plan Act modified the ACA by increasing both the amount of premium subsidies available on the ACA insurance exchanges and the number of people to whom such subsidies are available, but only for taxable years beginning in 2021 and 2022. As noted above, while this may increase demand for health care and further reduce uncompensated care, reimbursement on behalf of any newly

insured individuals may not be adequate to cover costs. Further, the subsequent elimination of these temporary subsidy enhancements may create increased confusion for consumers and healthcare providers or changes to healthcare delivery patterns with unforeseen and unpredictable consequences for the Members of the Obligated Group.

Both the Biden Administration and Democrats in Congress have proposed further changes to the ACA, such as making permanent the enhanced subsidies discussed above. Management is unable to predict the effect of any such changes, particularly since their effects will depend on the details and implementation of any legislation.

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

The “No Surprises Act” was passed as part of the Consolidated Appropriations Act of 2021 on December 27, 2020, to address costly bills that patients may receive after unknowingly receiving out-of-network care. The No Surprises Act requires that health plans hold patients harmless from surprise bills, requiring individuals to pay only the in-network cost-sharing amount for out-of-network emergency care, ancillary services provided at in-network facilities by out-of-network providers, and out-of-network care provided at in-network facilities without a patient’s informed consent. The law provides for a 30-day negotiation period for providers and payers to settle out-of-network claims. If no agreement is reached after this period, either party may opt for a binding independent dispute resolution (“*IDR*”) process. CMS regulations and guidance implementing the IDR process has been subject to a significant amount of provider-initiated litigation. As a result, portions of those regulations and guidance materials have been vacated by a federal district court, causing CMS to, on several occasions, pause and resume IDR process operations, causing significant delay in the processing of claims. Additionally, arguments made by the plaintiffs in such litigation have included allegations that CMS’s regulations and guidance materials are favorable to payers. For these reasons, there can be no assurances that the Obligated Group will receive timely payments in connection with this process.

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

Federal and state actions affecting the health care delivery system, and the practical consequences of such actions, cannot be foreseen. In particular, any legal, legislative or executive action that delays

reduces federal health care program spending, increases the number of individuals without health insurance, reduces the number of people seeking health care, limits coverage for health care services or otherwise significantly alters the health care delivery system or insurance markets, could have a material adverse effect on the Obligated Group.

Challenges to the Affordable Care Act

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

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

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

Accountable Care Organizations

The ACA includes a number of provisions that encourage the creation of new health care delivery programs for Medicare beneficiaries, such as patient-centered medical homes that feature interdisciplinary professional teams to support primary care practices, and the Medicare Shared Savings Program, under which accountable care organizations ("ACOs") composed of groups of providers will be held accountable for the quality, cost and overall care of Medicare beneficiaries attributed to the ACO and will share in the cost savings they achieve for the Medicare program and, in some models, the losses that they incur to the Medicare program.

Massachusetts Health Care Reform; Chapter 224

In 2012, the Commonwealth enacted Chapter 224 of the Acts of 2012 ("*Chapter 224*") in an effort to reduce the rate of health cost growth while improving the quality and accessibility of health care in the Commonwealth. The law used delivery reform, incentives, targets, and increased public scrutiny to achieve these goals. It provided for the establishment of ACOs, creation of commissions and agencies that establish and monitor annual health care cost growth benchmarks and undertake health resource planning, the encouragement of alternative payment methodologies and delivery systems, including increased price transparency, investment in wellness and prevention, the expansion of the primary care workforce, and further support for health information technology. The agencies created by Chapter 224 include the Health Policy Commission ("*HPC*") and the Center for Health Information and Analysis ("*CHIA*"). In addition,

new responsibilities were assigned to DPH, the Division of Insurance (“DOI”) and a new Health Planning Council within EOHHS.

Chapter 224 established a statewide health care cost growth goal for the health care industry, tied to the growth in the Commonwealth’s overall economy. The HPC is able to require health care entities that exceed the benchmark to prepare and implement performance improvement plans identifying actions to be taken to address the cause of excessive cost growth. In the case of Medicaid and other public programs, Chapter 224 added specific requirements for how and how much to pay providers and required private health plans to reduce the use of fee-for-service payment mechanisms. Chapter 224 instituted a certification process, through DOI, for risk-bearing provider organizations, that is, organizations representing providers in negotiating payer contracts under which significant down-side risk is assumed. Certain Members of the Obligated Group are risk-bearing provider entities and have been so certified by DOI. Chapter 224 also instituted a review process for certain “material changes” involving insurers or providers to be undertaken by the HPC, to which the Obligated Group has been subject. See below under “**Affiliation, Merger, Acquisition and Divestiture.**”

Massachusetts Cost Control Initiatives

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

Potential Depletion of the Medicare Trust Fund

The Medicare program has two separate trust funds, the Hospital Insurance (“HI”) Trust Fund and the Supplementary Medical Insurance (“SMI”) Trust Fund. The HI Trust Fund, or Medicare Part A, helps to pay for hospital, home health, skilled nursing facility, and hospice care for the aged and disabled and is financed primarily by payroll taxes paid by workers and employers. The SMI Trust Fund consists of separate accounts for Medicare Part B, which helps pay for physician, outpatient hospital, home health, and other services for individuals who have voluntarily enrolled and for Medicare Part D, which provides subsidized access to drug insurance coverage on a voluntary basis for all beneficiaries, as well as premium and cost-sharing subsidies for low-income enrollees. Due in part to the aging population and declining birth rates (lowering the employment base and thus the level of funding for the Medicare program), the trustees of the HI and SMI Trust Funds (the “*Medicare Board of Trustees*”) currently project that the HI Trust Fund will be depleted in 2031 (as early as 2027 under high-cost assumptions) after which the HI Trust Fund will no longer be able to pay full benefits for beneficiaries. While funding of the SMI Trust Fund is not predicted by the Medicare Board of Trustees to be in jeopardy, any reduction in Medicare payments and depletion of the SMI Trust Fund would have a material adverse effect on the Obligated Group. Therefore, it is likely that statutory and regulatory attempts to contain increases in Medicare costs will continue in the future.

Children’s Health Insurance Program

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

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

Section 340B Drug Pricing Program

Hospitals that participate (as “covered entities”) in the prescription drug discount program established under Section 340B of the federal Public Health Service Act (the “340B Program”) are able to purchase certain outpatient prescription drugs for their patients at a reduced cost. In recent years, the 340B Program has been the target of several administrative efforts to reduce its scope and benefits. Effective January 1, 2018, CMS imposed large cuts on such discounts in the 340B Program. These cuts were challenged by the American Hospital Association, and, in June 2022, the U.S. Supreme Court ruled that CMS’s policy was unlawful. As a result of the Supreme Court’s decision, CMS finalized for calendar year 2023 and is finalizing for 2024 a payment rate of average sales price plus 6% for 340B Program drugs, consistent with CMS policy for drugs not acquired through the 340B Program. CMS has proposed an additional one-time lump sum payment for calendar years 2018-2022 for the approximately 1,600 affected hospitals. To meet the statutory requirement of budget neutrality, CMS also proposes to reduce future non-drug item and service payments by adjusting the OPPS conversion factor by a negative 0.5 percent beginning in 2025, estimating that it will take 16 years to accomplish the offset. Whether CMS will ultimately implement these proposed revisions cannot be predicted, nor can any potential impact on the Members of the Obligated Group.

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

Free Care and Uncompensated Care

The Obligated Group provides emergency and other care to all patients regardless of their ability to pay. The reimbursement for care provided does not, in all cases, cover the cost of providing services. The cost of providing that care is reflected in the statements of operations.

Massachusetts hospitals and free-standing community health centers are able to recover a portion of the costs of providing uncompensated care to eligible low income and uninsured patients from the Health Safety Net Trust Fund (“HSN”). Primary funding for the HSN is provided by hospitals and the insurance

industry, with some support from federal matching funds and payments from the Commonwealth. The annual process of setting the state budget determines the level and sources of funding for the HSN. Hospitals incur the full impact of any shortfall in funding through reduced HSN payments with limits on the level of payment reductions for certain hospitals.

Medicaid ACOs

Beginning in 2018, MassHealth began to shift away from a fee-for-service payment model to primarily an ACO model, with the goals of improving patient health and containing costs. Under the ACO model, provider-led organizations coordinate care and are rewarded for value; for improving total cost of care and outcomes, not volume. MassHealth expects that managed care organizations will work with ACO providers to improve care delivery and population health management. While there are several ACO models, all of them require participating health systems to assume some level of financial risk for the total medical expense associated with the care delivered to their MassHealth members. The assumption of this risk could result in either gains or losses for the ACO, as defined in an agreement between the ACO and MassHealth. Tufts Medicine Partnership ACO, LLC, an affiliate of Tufts Medicine, is an ACO that participates, with Wellsense Health health plan, in MassHealth's ACO model as an Accountable Care Partnership Plan. The Obligated Group cannot predict the impact that the Medicaid ACO program will have on the Obligated Group's business or results of operations.

Commercial Payers and Managed Care Programs

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

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

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

Beginning in January 2021, each hospital operating in the United States must publish prices that hospitals charge to insurers in a machine-readable format in a consumer-friendly format. Members of the Obligated Group have attempted to come into full compliance with these requirements. However, CMS

enforcement remains ongoing and in its early stages, so it is still uncertain how CMS will enforce and measure various technical requirements.

The Obligated Group's hospitals contract with all the major health plans in the region, including, but not limited to, Blue Cross and Blue Shield of Massachusetts, Harvard Pilgrim Health Care, and Tufts Health Plan. The consolidation in the region's insurance market may reduce or otherwise affect reimbursement and the terms thereof that Members of the Obligated Group are able to receive for services provided to commercially insured patients.

Rate Pressure from Insurers and Purchasers

Certain health care markets, including the Boston area market, are strongly affected by large health insurers and, in some cases, by major purchasers of health services. In those areas, health insurers may have significant influence over the rates, utilization and competition of hospitals and other health care providers. Rate pressure imposed by health insurers or other major purchasers, including managed care payors, may have a material adverse impact on health care providers, particularly if major purchasers put increasing pressure on payors to restrain rate increases. Business failures by health insurers also could have a material adverse impact on contracted hospitals and other health care providers in the form of payment shortfalls or delay, and continuing obligations to care for managed care patients without receiving payment. In addition, disputes with non-contracted payors may result in an inability to collect billed charges from these payors.

Settlements Related to Third Party Payers

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

Class Actions and Other Litigation.

Nonprofit hospitals and health systems have long been subject to a wide variety of litigation risks, including liability for care outcomes, employer liability, property and premises liability, and peer review litigation with physicians, among others. In recent years, consumer class action litigation has emerged as a potentially significant source of litigation liability for nonprofit hospitals and health systems. These class action suits have most recently focused on hospital billing and collections practices and breaches of privacy, and they may be used for a variety of currently unanticipated causes of action. Since the subject matter of class action suits may involve uninsured risks, and since such actions often involve alleged large classes of plaintiffs, they may have material adverse consequences on hospitals and health systems in the future.

Economic and Financial Market Risks

The Obligated Group derives a substantial portion of its excess of revenues over expenses from investment income and gifts. For a discussion of these investments, see **APPENDIX B – “AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TUFTS MEDICINE, INC. AND CONSOLIDATED SUBSIDIARIES FOR FISCAL YEARS ENDED SEPTEMBER 30, 2023 AND 2022, TOGETHER WITH SUPPLEMENTAL CONSOLIDATING INFORMATION.”** Any significant deterioration in the economy or in the securities markets generally or adverse changes in the discount rates used to value liabilities, in the valuations of the specific investments which the Obligated Group has made or in its ability to generate

investment gains or receive gifts would reduce its income and cash flow and, therefore, could impair its ability to finance its operating and capital needs and future growth. Further, government policy and regulations affecting interest rates, taxes, ERISA program requirements, trading and valuation and accounting, among others, may negatively affect the investments, liabilities, cash flow and gift receipts of the Obligated Group.

Nonprofit Healthcare Environment

The Obligated Group and substantially all of its affiliates are nonprofit entities, and most are exempt from federal income taxation as organizations described in Section 501(c)(3) of the Code. At the same time, the Obligated Group conducts complex business transactions and is a significant employer in its communities. There can often be a tension between the rules designed to regulate a wide range of nonprofit organizations and the day-to-day operations of a large and complex health care organization. The Code subjects unrelated business income of tax-exempt organizations to taxation.

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

Tax-Exempt Status

As a tax-exempt organization, no part of the net earnings of the Obligated Group may inure to the benefit of any private individual, and a violation may cause the organization to lose its tax-exempt status under Section 501(c)(3) of the Code. Accordingly, there are certain restrictions on the types of business arrangements that the Obligated Group may enter into without jeopardizing its tax-exempt status. The IRS has issued guidance in revenue rulings, private letter rulings and general counsel memoranda on some situations that give rise to private inurement, but there is no definitive body of law and no regulations or public advisory rulings that address many common arrangements between exempt health care providers and nonexempt individuals or entities. There can be no assurance concerning the outcome of an audit or other investigation given the lack of clear authority interpreting the range of activities undertaken by the Obligated Group.

The IRS has intensified its scrutiny of a broad variety of contractual relationships commonly entered into by tax-exempt hospitals with physicians and for-profit entities, such as recruitment arrangements, income guarantees and joint ventures. The IRS has issued detailed hospital audit guidelines and has commenced intensive audits of select health care providers to determine whether the activities of these providers are consistent with their continued tax-exempt status. The IRS has indicated that, in certain circumstances, violation of the fraud and abuse statutes could constitute grounds for revocation of a hospital’s tax-exempt status. Any suspension, limitation, or revocation of the tax-exempt status of the

Obligated Group or assessment of significant tax liability could have a material adverse effect on the Obligated Group and on the tax-exempt status of bonds issued for its benefit, such as the Bonds.

Intermediate sanctions provisions of the Code impose penalty excise taxes in lieu of (and in certain situations, in addition to) revocation of tax-exempt status where an exempt organization is found to have engaged in an “excess benefit transaction” with a “disqualified person,” meaning that organization insiders have received some type of unreasonable compensation or excessive economic benefit from the organization. The tax is imposed both on the disqualified person receiving such excess benefit and on any officer, director, trustee or other person having similar powers or responsibilities who participated in the transaction willfully or without reasonable cause knowing it would involve “excess benefit.”

From time to time, Congress has introduced legislation affecting the tax-exempt status of nonprofit organizations. See **“Nonprofit Healthcare Environment”** above. Any challenge to the tax-exempt status of any Member of the Obligated Group could have adverse consequences for the Obligated Group.

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

ACA Requirements for Tax-Exempt Status

As part of the ACA, Congress enacted Section 501(r) of the Code, which imposes additional requirements for hospitals and other designated health care organizations to be treated as tax-exempt under Code Section 501(c)(3). Under these rules, in order to maintain their tax-exempt status, hospitals must establish and publicize written financial assistance policies, conduct community health needs assessments at least once every three years and describe in their annual tax returns how they are addressing the needs identified in such assessments. Tax-exempt hospitals are also subject to limitations on their collection activities and the amounts they can charge for emergency or other medically necessary care for individuals eligible for financial assistance. Each of the Obligated Group’s hospitals is subject to these rules, and failure to comply can result in fines and the loss of a hospital’s tax-exempt status. There have been no challenges to the tax-exempt status of the Obligated Group hospitals, but there can be no assurance that a challenge will not occur in the future.

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

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

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

Competition

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

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

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

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

Regulation of the Health Care Industry

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

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

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

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

Determination of Need Requirements; Limits on Reduction of Essential Services

The Commonwealth maintains a Determination of Need (“DON”) program administered by DPH that requires healthcare facilities, including acute care hospitals, to obtain DON approval before (i) making a “substantial capital expenditure” in excess of a specified dollar threshold, (ii) making a substantial change in services defined, in part, as the initial provision, expansion or upgrade of a DON-required Service or procedure or medical equipment defined as DON-required Equipment (as DPH may designate from time to time), or (iii) adding, expanding, or converting to services which may be provided by a facility that is not an acute care hospital. DPH has designated computerized tomographer (“CT”), magnetic resonance imager (“MR”), and positron emission tomographer (“PET”) including PET/CT and PET/MRI as DON-Required Equipment, and air ambulance and megavoltage radiation therapy as DON-Required Services. Effective October 1, 2021, acute care hospitals must obtain DON approval before expending funds in excess of \$21.5 million on capital projects for inpatient services or in excess of \$35.0 million on capital projects for outpatient services. These amounts are adjusted annually for inflation.

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

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

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

Federal and State Fraud and Abuse Laws and Regulations

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

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

Anti-Kickback Law

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

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

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

False Claims Acts

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

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

Stark Law

The federal statute commonly known as the Stark Law prohibits a physician or an immediate family member of such physician from referring a Medicare or Medicaid patient for certain designated health services to an entity with which the referring person has a financial relationship. It also prohibits a hospital or other provider furnishing the designated services from billing the Medicare and Medicaid program for services performed pursuant to a prohibited referral. Unlike the AKS, neither knowledge nor intent is required to find a violation of the Stark Law. If certain substantive and technical requirements are not met, many ordinary business practices and economically desirable arrangements between hospitals and physicians will likely constitute “financial relationships” within the meaning of the Stark Law, thus triggering the prohibition on referrals and billing. Most providers of designated health services with physician relationships have some exposure to liability under the Stark Law.

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

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

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

Civil Monetary Penalties Law

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

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

OIG Compliance Guidance

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

Enforcement Activity

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

the outcome. Settlements, fines, prospective restrictions or other results of settlement agreements and negative publicity may have a materially adverse impact on a hospital's operations, financial condition and reputation.

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

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

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

Under HIPAA, DHHS has issued regulations to standardize and facilitate the electronic transfer of health care information to promote safe processing of health care payments, protection of patient medical records and other personal health information maintained by health care providers, regulation of health plans and health care clearinghouses, and confidentiality, integrity and availability of the electronic health information health care providers receive or create. HIPAA also requires that health care providers enter

into business associate agreements to assure that entities doing business on their behalf protect the privacy and security of patient information.

The HIPAA privacy and security regulations were strengthened under HITECH. HITECH expanded certain provisions and created new avenues of enforcement, including the ability of state attorneys general to bring actions. HITECH also made business associates directly liable for HIPAA security compliance and established breach notification obligations for providers in the event of a breach that creates a risk of harm to individuals. Violations of the privacy and security standards can result in civil monetary penalties up to approximately \$2.0 million per year, as of October 2023, and criminal penalties including fines and imprisonment. The Obligated Group believes that its operations and information systems comply with the HIPAA standardized electronic transfer, privacy and security regulations, although there can be no assurance that the Obligated Group will not be found to have violated these regulations in a particular instance.

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

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

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

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

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

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

or issues could lead to the inadvertent disclosure of protected health information or other confidential information, which could materially impact the operations, financial position and cash flows of the Obligated Group.

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

Health care providers are increasingly analyzing or partnering or contracting with others to analyze health care "Big Data," i.e., datasets of such volume or breadth that cannot be analyzed using ordinary database software tools. In particular, large hospitals may analyze health care Big Data for operational purposes such as to measure value-based performance. Hospitals may also enter into research collaborations with technology companies to analyze health care Big Data for research purposes. HIPAA provides pathways for the use and disclosure of individually identifiable health information held by covered entities for operational or research purposes. HIPAA covered entities and their business associates must comply with stringent privacy and security requirements which, if not met, can lead to significant exposure both with respect to the government and civil litigants. For example, to share individually identifiable health information with a research partner, a hospital may choose to de-identify such information. Failure to properly de-identify could result in significant financial exposure particularly due to the volume of patients affected. In 2022, the DHHS Office for Civil Rights, which enforces HIPAA, released guidance scrutinizing hospitals' use of online tracking tools on hospital websites for marketing purposes. Many hospitals now face increased regulatory scrutiny by DHHS and the Federal Trade Commission of hospitals' use of such online tracking tools and their relationships with the third-party vendors that supply these tools, who may have access to patients' protected health information in order to provide marketing and analytics services. Some hospitals also face class action lawsuits filed by patients, citing privacy and consumer protection violations. The Obligated Group may engage third-party vendors and may use or share health care Big Data for operational and research purposes and due to the complexity of HIPAA's requirements, non-compliance in this context in the future could result in a material adverse impact.

Regulation of Patient Transfer

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

Licensure and Accreditation

The Obligated Group hospitals are licensed by DPH and accredited by The Joint Commission. Tufts Medical Center, Inc. is accredited by the Accreditation Council for Graduate Medical Education for residencies and internships.

Renewal and continuation of the operating licenses, certifications and accreditations of the Obligated Group hospitals are based on inspections, surveys, investigations and other reviews, some of which may require or include affirmative action or response by the hospitals. These activities are conducted in the normal course of business of health facilities, both in connection with periodic renewals and in response to specific complaints, which may be made to governmental agencies, private agencies or the media by patients, ombudsmen or employees, among others.

Affiliation, Merger, Acquisition and Divestiture

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

Discussions with respect to affiliation, merger, acquisition, disposition or change of use, including those that may affect the Obligated Group or any of its affiliates, including its providers or its MCOs, are held from time to time, usually on a confidential basis. As a result, it is possible that the assets currently owned by the Obligated Group may change, subject to the provisions in the Master Indenture or the Bonds that apply to merger, sale, disposition or purchase of assets. Certain merger and acquisition transactions are subject to review under applicable antitrust laws. See “**Antitrust**” below.

Antitrust

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

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

Physician Medical Staff

The primary relationship between a hospital and physicians who practice at the hospital is through the hospital’s organized medical staff. Medical staff bylaws, rules and policies establish the criteria and procedures by which a physician may have his or her privileges or membership granted as well as curtailed, denied or revoked. Physicians who are denied medical staff membership or certain clinical privileges or who have such membership or privileges curtailed or revoked may file legal actions against hospitals and

medical staffs. Such actions may include a wide variety of claims, some of which could result in substantial uninsured damages to a hospital. In addition, failure of the hospital governing body to adequately credential and oversee the conduct of its medical staff may result in hospital liability to third parties.

Physician Supply

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

Action by Purchasers of Hospital Services and Consumers

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

Ballot Initiatives and Legislation: Nursing and Other Workforce Shortages; Operating Margins

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

Physician, Nursing and Staff Shortages.

In recent years, the health care industry has suffered from a scarcity of physician specialists and sub specialists, nursing personnel, respiratory therapists, pharmacists and other trained health care technicians. A current and significant nationwide nursing shortage is particularly affecting the health care sector and various studies have predicted that physician and nurse shortages will become more acute over time as practitioners retire and patient volumes exceed the growth in new practitioners. The COVID-19 pandemic contributed significantly to these trends, with practitioners, nursing staff and other personnel experiencing burnout and deciding to leave medicine, retire early, or take advantage of substantially increased wages being offered for contract labor. Many employers in a variety of sectors continue to struggle to fill available positions. These factors are expected to continue in the future, aggravating the general shortage and increasing the likelihood of hospital specific shortages. To the extent the Members of the Obligated Group are unable to maintain adequate staffing levels, utilization and, thus, financial performance may be adversely affected.

Derivative Products

The Obligated Group has used interest rate hedging arrangements in connection with certain prior obligations and certain anticipated future obligations. Such arrangements are used to manage exposure to interest rate volatility, but may expose the Obligated Group to additional risks. For example, although minimum credit ratings are required for counterparties, this does not eliminate the risk that a counterparty may fail to honor its obligations.

Swap agreements are subject to periodic “mark-to-market” valuations. A swap agreement may, at any time, have a positive or negative value to the Obligated Group. If the Obligated Group were to choose to terminate a swap agreement or if a swap agreement were terminated pursuant to an event of default or a termination event as described in the swap agreement, the Obligated Group could be required to pay a termination payment to the swap provider, and such payment could adversely affect the Obligated Group’s financial condition. Under the swap agreements, the party exposed to negative value may be required to post collateral securing its potential payment obligations.

Trading Market for the Bonds

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

Environmental Laws and Regulations

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

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

Professional Liability Claims and General Liability Insurance

In recent years, the number of professional and general liability suits and the dollar amounts of damage recoveries have increased in health care nationwide, resulting in substantial increases in malpractice insurance premiums, higher deductibles and generally less coverage. Professional liability and other actions alleging wrongful conduct and seeking punitive damages are often filed against health care providers. Insurance does not provide coverage for judgments for punitive damages.

Beginning in 2008, CMS refused to reimburse hospitals for medical costs arising from certain “never events,” which include specific preventable medical errors. Certain private insurers followed suit. DPH has also promulgated regulations concerning “serious reportable events.” The occurrence of “never events” or “serious reportable events” is more likely to be publicized and may negatively affect a hospital’s reputation, reducing future utilization and potentially increasing the possibility of liability claims.

Litigation also arises from the corporate and business activities of hospitals, from a hospital’s status as an employer, or as a result of medical staff or provider network peer review or the denial of medical staff or provider network privileges. As with professional liability, many of these risks are covered by insurance, but some are not. For example, some antitrust claims or business disputes are not covered by insurance or other sources and may, in whole or in part, be a liability of the Obligated Group if determined or settled adversely.

Professional malpractice litigation insurance assessments and premiums paid by the Obligated Group could increase. The Hospitals collectively self-insure for professional and general liability coverage through Tufts Medicine Indemnity Company, Ltd., Tufts Medicine’s captive insurance company. See **APPENDIX A** under the heading “**MISCELLANEOUS—Insurance Coverage.**”

Other Risk Factors

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

- Any increase in the quantity of un- or under-insured care provided that is mandated by law or required due to increased needs of the community in order to maintain the charitable status of the Obligated Group hospitals;
- Employee-related risks, including labor relations and collective bargaining efforts, strikes and other related work actions, wage and hour class actions and litigation, contract disputes, discrimination claims, personal tort actions, work-related injuries, exposure to hazardous materials, scarcity of qualified personnel and other risks that may flow from the relationships between employer and employee, including without limitation nurses, or between physicians, patients and employees;
- Costs of pension plans and benefit plans for employees, including the impact of interest rate movements on the requirements for funding for future liabilities;
- Increased unemployment or other adverse economic conditions in the service areas of the Obligated Group facilities that would increase the proportion of patients who are unable to meet fully their obligations for the cost of their care;
- Increases in cost and limitations in the availability of any insurance, such as fire, terrorism and/or business interruption, automobile and comprehensive general liability, medical professional liability, cyber security liability, and directors’ and officers’ liability, that the Obligated Group generally carries;
- Bankruptcy of an indemnity/commercial insurer, managed care plan or other payer;
- Damage to the condition or functionality of the Obligated Group’s physical facilities - on which the Obligated Group is highly dependent – including as a result of natural disasters, deliberate acts of destruction, and system failures; and
- The occurrence of a natural or man-made disaster that could damage the Obligated Group’s

facilities, interrupt utility service to the facilities, result in an abnormally high demand for health care services or otherwise impair the Obligated Group's operations and the generation of revenues from the facilities.

TAX MATTERS

Federal Tax Matters for the Bonds

The following discussion briefly summarizes the principal U.S. federal tax consequences of the acquisition, ownership, and disposition of the Bonds for holders who acquire any Bonds in the initial sale and hold such Bonds as "capital assets." It does not discuss all aspects of U.S. federal income taxation which may apply to a particular holder, nor does it discuss U.S. federal income tax provisions which may apply to particular categories of holders, such as partnerships, insurance companies, financial institutions, regulated investment companies, real estate investment trusts, employee benefit plans, tax-exempt organizations, dealers in securities or foreign currencies, persons holding Bonds as a position in a "hedge" or "straddle," an integrated conversion transaction, or holders whose functional currency is not the U.S. dollar. It is based upon provisions of existing law which are subject to change at any time, possibly with retroactive effect. No rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

Except as otherwise explicitly noted below, this summary addresses only "U.S. Holders", that is, individual citizens or residents of the United States, corporations or other business entities organized under the laws of the United States, any state, or the District of Columbia, estates with income subject to United States federal income tax, trusts subject to primary supervision by a United States court and for which United States persons control all substantial decisions, and certain other trusts that elect to be treated as United States persons. This discussion relates only to U.S. federal income taxes and not to any state, local or foreign taxes or U.S. federal taxes other than income taxes.

Interest on the Bonds that is "qualified stated interest" generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting). Generally, "qualified stated interest" means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate and includes the semi-annual interest payments as set forth on the cover hereof. U.S. Holders that use an accrual method of accounting for U.S. federal income tax purposes generally are required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. Accrual method U.S. Holders should consult their tax advisors regarding the potential applicability of this rule to their particular situation.

Interest on the Bonds includes any accrued original issue discount. Original issue discount with respect to a Bond is equal to the excess, if any, of the stated redemption price at maturity of a Bond over the initial price thereof, excluding underwriters and other intermediaries, at which price a substantial amount of all Bonds with the same maturity were sold, provided that such excess equals or exceeds a de minimis amount (generally $\frac{1}{4}\%$ of the stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity). The stated redemption price at maturity of a Bond is the sum of all scheduled amounts payable on the Bond (other than qualified stated interest). A U.S. Holder of a Bond with original issue discount must include the discount in income as ordinary interest for federal income tax purposes as it accrues in advance of receipt of the cash payments attributable to such income, regardless of the U.S. Holder's regular method of tax accounting. Original issue discount accrues based on a constant yield method over the term of a Bond and results in a corresponding increase in the holder's tax

basis in such Bond. Holders should consult their own tax advisors with respect to the computation of original issue discount during the period in which any such Bond is held.

An amount equal to the excess, if any, of the purchase price of a Bond over the principal amount payable at maturity generally constitutes amortizable bond premium. A holder of a Bond may elect to amortize such premium during the term of such Bond by claiming an offset to interest otherwise required to be included in income during any taxable year by the amortizable amount of such premium for the taxable year. Such amortization will result in a corresponding reduction of the holder's tax basis in such Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the holder at the beginning of the first taxable year to which the election applies and to all taxable debt instruments acquired on or after such date and may be revoked only with the consent of the IRS. Holders of Bonds purchased at a premium should consult their own tax advisors with respect to the determination and treatment of amortizable bond premium.

Unless a non-recognition provision of the Internal Revenue Code of 1986, as amended (the "*Code*") applies, upon the sale, exchange, redemption, or other disposition (including a legal defeasance) of a Bond, a U.S. Holder will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts representing accrued but unpaid interest) and such holder's adjusted tax basis in such Bond. Such gain or loss generally will be long-term capital gain or loss if the Bond was held for more than one year. If the U.S. Holder is an individual, long-term gains will be subject to reduced rates of taxation. The deductibility of losses is subject to limitations.

A non-U.S. Holder of Bonds whose income from such Bonds is effectively connected with the conduct of a U.S. trade or business generally will be taxed as if the holder were a U.S. Holder. Otherwise: (i) a non-U.S. Holder who is an individual or corporation (or an entity treated as a corporation for federal income tax purposes) holding Bonds on its own behalf (other than a bank which acquires the Bonds in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business) generally will not be subject to federal income taxes on payments of principal, premium, interest or original issue discount on a Bond, as long as the non-U.S. Holder makes an appropriate filing with a U.S. withholding agent; and (ii) a non-U.S. Holder will not be subject to federal income taxes on any amount which constitutes capital gain upon retirement or disposition of a Bond unless such non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and such gain is derived from sources within the United States.

A Bond held by an individual Non-U.S. Holder who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that at the time of such individual's death, payments of interest with respect to the Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information as to interest on or proceeds from the sale or other disposition of Bonds is required to be reported by payors to the IRS and to recipients. In addition, backup withholding may apply unless the holder of a Bond provides to a withholding agent its taxpayer identification number and certain other information or certification of foreign or other exempt status. Any amount withheld under the backup withholding rules is allowable as a refund or credit against the holder's actual U.S. federal income tax liability.

Certain non-corporate U.S. Holders will be subject to a 3.8% tax, in addition to regular tax on income and gains, on some or all of their "net investment income," which generally will include interest on the Bonds and any net gain recognized upon a disposition of a Bond. U.S. Holders should consult their tax advisors regarding the applicability of this tax.

The Foreign Account Tax Compliance Act (“*FATCA*”) generally imposes a 30% withholding tax on interest payments and gross proceeds from the sale of interest-bearing obligations for payments made after the relevant effective date to (i) certain foreign financial institutions that fail to certify their FATCA compliance and (ii) non-financial foreign entities if certain disclosure requirements related to direct and indirect United States shareholders and/or United States accountholders are not satisfied. Under FATCA, applicable Treasury Regulations and related administrative guidance, U.S. withholding at a rate of 30% will generally be required on interest payments in respect of the Taxable Bonds where such payments are made to persons described in the immediately preceding sentence. While FATCA withholding would also have applied to payments of gross proceeds from the sale or other disposition of Taxable Bonds on or after January 1, 2019, proposed Treasury Regulations from December 13, 2018 eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

With respect to payments made to a “foreign financial institution” either as a beneficial owner or as an intermediary, the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a “*FATCA Agreement*”) or (ii) is required by and complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an “*IGA*”), in either case to, among other things, collect and provide to the United States or other relevant tax authorities certain information regarding U.S. account holders of such institution. With respect to payment made to a foreign entity that is not a financial institution (as a beneficial owner), the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such entity provides to the withholding agent a certification that such entity does not have any “substantial” U.S. owner (generally, any specified U.S. person that owns, directly or indirectly, more than a specified percentage of such entity) or identifies its “substantial” U.S. owners.

FATCA withholding will generally apply regardless of whether the payment would otherwise be exempt from U.S. nonresident withholding tax (e.g., under the portfolio interest exemption or as capital gain). A foreign entity may generally claim an exemption from FATCA withholding, if an exemption is available, by properly filling out and giving to the person making payments to it IRS Form W 8BEN E. Taxable Bondholders should consult their tax advisors regarding the application and impact of FATCA.

Bond counsel is not rendering an opinion as to the foregoing federal tax consequences of ownership of the Bonds. Bondholders should seek guidance from an independent tax advisor relating to the tax consequences of purchasing or holding Bonds based on their particular circumstances.

State Tax Matters for the Bonds

In the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., bond counsel to the Issuer (“*Bond Counsel*”), under existing law, interest on the Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to the other Massachusetts tax consequences arising with respect to the Bonds. Prospective purchasers should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, under the laws of any state other than The Commonwealth of Massachusetts.

Opinion of Bond Counsel

On the date of delivery of the Bonds the Purchaser will be furnished with the opinion of Bond Counsel substantially in the form included in **“PROPOSED FORM OF BOND COUNSEL OPINION”** in **APPENDIX D** hereto.

CONTINUING DISCLOSURE

No financial or operating data concerning the Issuer is material to any decision to hold or sell the Bonds and the Issuer will not provide any such information. The Obligated Group and the Dissemination Agent (as defined in the Continuing Disclosure Agreement described below) have undertaken all responsibilities for any continuing disclosure to Bondowners as described below, and the Issuer shall have no liability to the Bondowners or any other person with respect to such disclosures.

The Obligated Group has covenanted for the benefit of the Bondowners to provide certain information and operating data relating to the Obligated Group, following the end of each of its fiscal years (the *“Annual Report”*) and following the end of each fiscal quarter (the *“Quarterly Statements”*), and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by or on behalf of the Obligated Group within 150 days after each fiscal year end, and the Quarterly Statements will be filed by or on behalf of the Obligated Group within 60 days after each of the first three fiscal quarters and within 75 days after the fourth quarter. Annual Reports, Quarterly Statements and event notices will be filed by or on behalf of the Obligated Group with the Municipal Securities Rulemaking Board (the **“MSRB”**) in an electronic form specified by the MSRB. The specific nature of the information to be contained in the Annual Report and Quarterly Statements or the event notices is contained in **“FORM OF CONTINUING DISCLOSURE AGREEMENT”** in **APPENDIX E** hereto.

The Obligated Group failed to timely post a line of credit with JPMorgan Chase Bank, N.A. that constituted a financial obligation; such line of credit, as amended to date, has since been posted on the MSRB’s Electronical Municipal Market Access (EMMA) system.

LEGALITY OF THE BONDS FOR INVESTMENT AND DEPOSIT

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

COMMONWEALTH NOT LIABLE ON THE BONDS

The Bonds are not general obligations of the Issuer and shall not be deemed to constitute a debt or liability of the Commonwealth or any political subdivision thereof, or a pledge of the faith and credit of the Issuer or the Commonwealth or any such political subdivision, but shall be payable solely from and to the extent of the payments made by the Obligated Group pursuant to the Agreement and any other funds held under the Agreement for such purpose. Neither the faith and credit of the Issuer or the Commonwealth nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Act does not in any way create a so-called moral obligation

of the Commonwealth or of any political subdivision thereof to pay debt service in the event of default by the Obligated Group. The Issuer has no taxing power under the Act.

RATINGS

S&P Global Ratings (“*S&P*”) has assigned the rating of “BBB-” with a “negative outlook” to the Bonds, and Fitch Ratings (“*Fitch*”) has assigned the rating of “BBB-” with a “stable outlook” to the Bonds. The ratings reflect only the views of the rating agencies and any desired explanation of the significance of the ratings may be obtained from the respective rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The above ratings are not recommendations to buy, sell or own the Bonds, and there is no assurance such ratings will continue for any period of time or that such ratings will not be revised or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

PURCHASE

The Bonds are being purchased by J.P. Morgan Securities LLC (the “*Purchaser*”), pursuant to a purchase contract to be entered into among the Issuer, the Obligated Group Representative, on behalf of the Members, and the Purchaser. The Purchaser agrees to purchase the Bonds at a price of \$149,241,048.60 (which is equal to the par amount of the Bonds less a Purchaser’s Fee and Purchaser’s Expenses of \$758,951.40). The purchase contract provides that the Purchaser requires the Obligated Group to indemnify the Purchaser and the Issuer and certain other parties against losses, claims, damages, and liabilities arising out of any incorrect statements or information, including the omission of material facts, contained in this Official Statement pertaining to the Obligated Group and other specified matters.

CERTAIN RELATIONSHIPS AND CONFLICTS OF INTEREST

The Purchaser and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Purchaser and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Obligated Group for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Purchaser and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer or Obligated Group.

JPMorgan Chase Bank, N.A., an affiliate of JPMS, provided credit to the Obligated Group in the form of a commercial loan, which commercial loan will be repaid with a substantial portion of the proceeds of the Bonds that is substantially in excess of 5% of the proceeds of the Bonds.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Bonds by the Issuer are subject to the approval of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel to the Issuer, whose opinion approving the validity of the Bonds will be delivered with the Bonds. A copy of the proposed form of the opinion of Bond Counsel is attached hereto as **APPENDIX D** hereto.

Certain legal matters will be passed on for the Obligated Group by its counsel, Ropes & Gray LLP, Boston, Massachusetts. Certain legal matters will be passed on for the Purchaser by its counsel, Katten Muchin Rosenman LLP, New York, New York.

LITIGATION

There is no litigation pending against the Issuer or, to the knowledge of the officers of the Issuer, threatened against the Issuer seeking to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting the existence or the powers of the Issuer relating to the issuance of the Bonds. See **“CERTAIN INFORMATION ABOUT THE OBLIGATED GROUP”** in **APPENDIX A** hereto with respect to any material litigation affecting the Obligated Group.

MISCELLANEOUS

The references to the Act, the Agreement, the Master Indenture, the Series 2024 Obligation, the Supplemental Master Indenture, and the Continuing Disclosure Agreement are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to the Act, the Agreement, the Master Indenture, the Series 2024 Obligation, the Supplemental Master Indenture and the Continuing Disclosure Agreement for full and complete statements of such provisions. The agreement of the Issuer with the Bondowners is fully set forth in the Agreement, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the Bondowners. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the offices of the Trustee in Boston, Massachusetts.

Information relating to DTC and the book-entry system described herein under the heading **“BOOK-ENTRY ONLY SYSTEM”** is based on information provided by DTC and is believed to be reliable, but none of the Issuer, the Purchaser or the Obligated Group makes any representations or warranties whatsoever with respect to such information.

APPENDIX A – “CERTAIN INFORMATION ABOUT THE OBLIGATED GROUP” contains certain information relating to Tufts and the Obligated Group. **APPENDIX B** contains the Audited Consolidated Financial Statements of Tufts Medicine, Inc. and Consolidated Subsidiaries for Fiscal Years Ended September 30, 2023 and 2022, together with Supplemental Consolidating Information. Such consolidated financial statements have been audited by Deloitte & Touche LLP, independent auditor, as stated in their report appearing herein. While the financial information contained in such appendices is believed to be reliable, the Issuer and the Purchaser make no representations or warranties whatsoever with respect to the information contained therein and the Issuer and Purchaser have relied upon such information.

The Obligated Group has reviewed this Official Statement describing Tufts and the Obligated Group, Use of Proceeds, Sources of Payment and Security for the Bonds, Debt Service Requirements, the Bonds, Estimated Sources and Uses of Funds, Bondowner Risks, Continuing Disclosure (as it relates to the Obligated Group), Ratings, and Litigation (as it relates to the Obligated Group), and has furnished **APPENDIX A – “CERTAIN INFORMATION ABOUT THE OBLIGATED GROUP”** and **APPENDIX B – “AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TUFTS MEDICINE, INC. AND CONSOLIDATED SUBSIDIARIES FOR FISCAL YEARS ENDED SEPTEMBER 30, 2023 AND 2022, TOGETHER WITH SUPPLEMENTAL CONSOLIDATING INFORMATION,”** and has approved all such information for use with this Official Statement. At the closing, the Obligated Group will certify that such portions of this Official Statement do not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading.

APPENDIX C-1 – “DEFINITIONS OF CERTAIN TERMS IN THE LOAN AND TRUST AGREEMENT AND SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT” and the proposed form of legal opinion contained in **APPENDIX D – “PROPOSED FORM OF BOND COUNSEL OPINION”** have been prepared by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel to the Issuer.

APPENDIX C-2 – “DEFINITIONS OF CERTAIN TERMS IN THE MASTER INDENTURE AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE” and **APPENDIX C-3 – “SUMMARY OF CERTAIN PROVISIONS OF THE SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 12”** have been prepared by Ropes & Gray LLP, as counsel to the Obligated Group.

APPENDIX E – “FORM OF CONTINUING DISCLOSURE AGREEMENT” has been prepared by Katten Muchin Rosenman LLP, New York, New York, as counsel to the Purchaser.

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

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

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APPENDIX A

CERTAIN INFORMATION ABOUT THE OBLIGATED GROUP

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APPENDIX A TUFTS MEDICINE

The information provided in this Appendix A was provided by Tufts Medicine, Inc. and is subject to the forward-looking statement disclaimer included in the forepart of this Official Statement.

As used in this Appendix A and unless otherwise indicated by the context, all capitalized terms used herein and not otherwise defined have the respective meanings set forth in the forepart of the Official Statement. Unless otherwise indicated, (i) all references to years used herein refer to the fiscal year ended September 30, (ii) the source of data is records of the Obligated Group, and (iii) all municipalities are located in Massachusetts.

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SYSTEM OVERVIEW

Tufts Medicine, Inc. (the “Corporation”) is a Massachusetts nonprofit corporation that oversees a regional health care delivery system (the “System” or “Tufts Medicine”). The Corporation is the representative of the Obligated Group consisting of The Lowell General Hospital (“LGH”), MelroseWakefield Healthcare, Inc. (“MWHC”), Tufts Medical Center, Inc. (“Tufts MC”), Home Care, Inc. (“Home Care”), Tufts Medicine Care at Home Parent, Inc. (“TMCAH Parent”), Home Health VNA, Inc. (“HHVNA”), and Tufts Medicine Care at Home, Inc. (“TMCAH”) (collectively, the “Obligated Group” or “Members of the Obligated Group”). The Corporation is the ultimate parent entity of the System but is not an Obligated Group Member; therefore, the Corporation is not obligated to make payments on the Bonds, and none of its assets are pledged to secure the Bonds.

The Members of the Obligated Group are each Massachusetts nonprofit corporations that are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and are members of the System (see “SYSTEM MEMBERS – Organizational Chart”). The Members of the Obligated Group operate acute care hospitals and post-acute care companies and provide other health care services in Eastern Massachusetts, with campuses in Lowell, Melrose, Medford, and Boston, including two community hospital systems, LGH and MWHC, and one academic medical center (“AMC”), Tufts MC. As of September 30, 2023, the Obligated Group had 1,030 licensed beds and bassinets, total operating revenues of \$2.2 billion, and an excess of revenues over expenses of \$131 million. The System additionally includes other related entities (see “SYSTEM MEMBERS – Tufts Medicine Affiliated and Related Organizations (Not Members of the Obligated Group)”). On a combined basis, the System generated total consolidated revenues of \$2.6 billion and an excess of revenues over expenses of \$1.6 million for the fiscal year ended September 30, 2023. The Members of the Obligated Group comprised approximately 82.9% of the total operating revenues and 83.2% of the total assets of the System for the fiscal year end September 30, 2023.

The System had the following attributes as of September 30, 2023 (unless otherwise indicated):

- 2,147 affiliated physicians
- 13,000 employees
- 2 community hospitals (4 hospital campuses)
- 1 academic medical center
- 6 home health care organizations
- A clinically integrated network provider organization
- 1,030 licensed beds and bassinets
- 400,000 lives under value-based care contracts
- One of the highest AMC case mix indexes in Massachusetts
- 45,000 inpatient discharges and 13,000 observation cases.
- 1,400,000 outpatient visits
- 258,000 emergency room and urgent care visits
- 140,000 home care visits
- Two Magnet® Hospitals (LGH and Tufts MC)

Background

Tufts Medicine (formerly Wellforce, Inc.) was formed in 2014 by its founding members, Circle Health, Inc. (the parent of LGH and its affiliates) and Tufts Medical Center Parent, Inc. (the parent of Tufts MC and its affiliates), to develop a high-quality, physician-led health care system that could provide care at lower cost than other systems in Eastern Massachusetts and to pursue the shared philosophy to achieve Tufts Medicine’s “Quadruple Aim”: improving the health of the population, improving patient experience, effectively managing medical costs, and increasing physicians’ professional satisfaction.

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A key aspect of this philosophy is creating a distributed academic model, by which academic physician specialists from Tufts MC partner with community practices and outpatient programs to bring academic specialists from downtown Boston to treat patients in their communities across Eastern Massachusetts and Southern New Hampshire. For adult patients, Tufts MC has satellite cancer centers in Stoneham and Framingham, and Tufts Medical Center Physicians Organization, Inc. (“TMCPO”) specialists—including neurosurgeons, vascular surgeons, thoracic surgeons, gynecology/oncology surgeons, cardiologists, and pulmonologists—consult with patients in community clinics and perform surgeries in community hospitals to support the Tufts Medicine mission of keeping care local. Management believes that providing patients with convenient options for advanced care in their communities helps keep care local whenever possible but also facilitates efficient transfers to Tufts MC when more complex care is needed.

Tufts Medicine works with a broad array of physician groups, including small and large medical groups, affiliated independent physician associations and employed providers, and seeks to provide a consistent patient-centered provider model across all provider participants. This patient care model is focused on:

- Providing the same model of care to all patients regardless of payment or reimbursement mode;
- Applying the principles of evidence-based care and active utilization management to reduce variation and create consistency within the System;
- Providing integrated, patient-centered care at the right time, right place, and right intensity; and
- Using risk-based financial arrangements with third-party payors to focus resources on patient needs while lowering total medical expenses.

Tufts Medicine is committed to participating in and developing innovative health care models that improve patient care while lowering costs. Management is working to actively understand and address the social determinants of health while providing “whole person” health care, including the integration of primary care and behavioral health. Alignment and transitions of care are important components of the Tufts Medicine patient care model and are used to help patients navigate across the continuum of care. Tufts Medicine believes working closely with community partners and other health care providers—including post-acute care providers—is essential for delivery of high-quality, value-based, and efficient health care.

Overview of Tufts Medicine Hospital Organizations

A summary of the Tufts Medicine hospital affiliates (the “Hospitals”) is set forth below:

Lowell General Hospital, founded in 1891, is the third-largest community hospital in Massachusetts. LGH has two primary acute care campuses located in Lowell, with a total of 428 licensed beds and bassinets. In addition, LGH has ambulatory centers—including urgent care centers—spread across its primary and secondary service areas to provide convenient access to area residents. LGH offers a full range of medical and surgical services for patients, from newborns to seniors.

MelroseWakefield Healthcare has two hospital campuses with 232 licensed beds and bassinets: MelroseWakefield Hospital, which was founded in 1893 and is located in Melrose, and Lawrence Memorial Hospital, which was founded in 1924 and is located in Medford. The Medford campus has a freestanding ambulatory surgery center through a joint venture with another area provider. MWHC also has multiple outpatient satellites providing services including physical therapy, imaging, lab services, and wellness education. MWHC has two urgent care locations in its service area and employed community physicians providing primary and specialty care in the community.

Tufts Medical Center was established in 1796 and is one of the oldest permanent medical facilities in the country. Located in downtown Boston, Tufts MC is the principal teaching hospital of Tufts

University School of Medicine (“TUSM”). Tufts MC also serves as a community hospital for the Boston neighborhoods of Chinatown, South Boston, South End, and Dorchester. Tufts MC has 416 licensed beds and bassinets. Tufts MC received approximately \$50 million in research funding in 2023, offers a medical education program with almost 500 fellows and residents, and has a staff of approximately 6,500 employees and 600 employed physicians.

Tufts Medicine Physician Organizations

Prior to 2022, Tufts Medicine’s physician organizations consisted of two clinically integrated networks: New England Quality Care Alliance and the LGH physician hospital organization. With the formation of Tufts Medicine Integrated Network, Inc. (“TMIN”) in 2022, more than 2,000 physicians, including 350 primary care physicians were organized under a single clinically integrated network. TMIN covers a broad service area throughout Eastern Massachusetts. TMIN has more than a decade of experience in managing risk, participating in value-based contracts, and managing the health of populations, and has built infrastructures to support these activities.

In addition to affiliated private practices, TMIN includes employed physicians at Hallmark Health Medical Associates, Inc. (“HHMA”), TMCPO and Circle Health Physicians, Inc. (“CHP”). HHMA is a multi-specialty community physician practice serving the MWHC service area. CHP is a multi-specialty community physician practice serving the LGH service area. TMCPO is a multi-specialty academic faculty practice plan at Tufts MC.

Tufts Medicine Post-Acute Care Services

Tufts Medicine continues to expand its post-acute home care and hospice services to support the patient-centric model of care along the continuum. Tufts Medicine’s home-care-related entities, described in more detail below, are organized under TMCAH Parent.

TMCAH Parent and its three nonprofit affiliated agencies—Home Care, HHVNA, and TMCAH—are each a Member of the Obligated Group and serve more than 100 cities and towns in the Merrimack Valley, Northeastern Massachusetts, Southern New Hampshire, and Southern Maine.

Research Capabilities and Grant Funding History at Tufts Medical Center

In 2023, Tufts MC received approximately \$50 million in external research grants and contracts funding.

The federal government is the largest source of sponsored project funding, providing approximately 70% of the total research expenditures at Tufts MC. The National Institutes of Health (“NIH”) is Tufts MC’s largest funding agency. In 2023, Tufts MC received \$35 million in direct research funds from NIH and other federal sources. Industry funds account for approximately 17% of Tufts MC’s research portfolio, and the remaining funding comes from other sources, primarily nonprofit foundations.

The Tufts MC research enterprise consists of federal and industry-sponsored research projects such as:

Tufts Clinical and Translational Science Institute (“CTSI”): Established in August 2008 as part of a national consortium, the CTSI’s goal is to transform how clinical and translational research is conducted throughout the country. The CTSI works closely with 39 partner institutions, including all the schools of Tufts University, its affiliated hospitals across Massachusetts and Maine, participating universities, community organizations, and nonprofit and for-profit organizations. In 2023, the program received its third five-year award worth over \$100 million. Of all Tufts University partner institutions, Tufts MC is the largest funding beneficiary, receiving a majority of available funds.

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The Institute for Clinical Research and Health Policy (“ICRHPS”): Offers a distinctive environment to conduct, collaborate on and train in clinical, health services and health policy research. The ICRHPS has generated new approaches spanning biomedical and clinical sciences, behavioral and social sciences, community-engaged research, public health studies and health policy research.

Tufts MC has conducted extensive work in the field of Comparative Effectiveness Research (“CER”). CER is designed to inform health care decisions by providing evidence on the effectiveness, benefits, and harms of different treatment options. The evidence is generated from research studies that compare drugs, medical devices, tests, surgeries, or ways to deliver health care. Tufts MC CER programs investigate the genetic, social, behavioral, and biologic factors that can influence patient outcomes and health care decisions. Results from these studies influence and create national health policy and drive better and more cost-effective clinical care.

Tufts MC’s basic research program applies advanced molecular methods to understanding mechanisms important in human biology and disease. The ultimate goal of the Tufts MC’s researchers’ work is to translate basic findings into new clinical strategies for diagnosis and therapy. Clinical research at Tufts MC occurs in every major adult clinical discipline.

Academics and Graduate Medical Education

Tufts MC serves as the principal teaching hospital for TUSM. Tufts MC hosts core clerkships for TUSM medical students in all specialties (medicine, surgery, psychiatry, obstetrics/gynecology (“OB/GYN”), and pediatrics) as well as elective rotations. In addition, nearly all of Tufts MC’s Chiefs of Service also serve as Chairpersons of their respective departments at TUSM, which facilitates access to educational opportunities in clinical care and research. All physicians employed at Tufts MC hold academic teaching appointments at TUSM, and the educational activities at Tufts MC include the teaching of house staff, medical students, physician assistant students, and the conducting of postgraduate courses for practicing physicians.

Tufts MC has a graduate medical education (“GME”) program covering Accreditation Council for Graduate Medical Education (“ACGME”) accredited and non-accredited residency and fellowship specialties. The GME program spans all of the core departments and many fellowships in highly specialized areas of training.

TUSM clinical clerkships and the residency/fellowship programs are engaged in clinical training at Tufts Medicine community hospitals, in addition to clinical collaboration with numerous hospitals and physician practices throughout Eastern Massachusetts.

NEITHER TUSM NOR TUFTS UNIVERSITY IS OBLIGATED WITH RESPECT TO THE BONDS, AND NONE OF THEIR REVENUE OR ASSETS IS PLEDGED TO SECURE THE BONDS.

Accolades, Awards and Accreditations

Tufts Medicine has earned widespread recognition for clinical, research and teaching excellence. Examples include:

- Hospital Consumer Assessment of Healthcare Providers and System Survey (patient rating on a five-star scale), Centers for Medicare and Medicaid Services (“CMS”) - 2023
- *Tufts MC – Four Stars*

- *LGH and MWHC – Three Stars*
- Magnet Hospital Recognition, American Nurses Credentialing Center – Tufts MC and LGH
- Newsweek’s 2024 World’s Best Hospitals list (#41 in the United States) – *Tufts MC*
- Healthgrade’s America’s 100 Best Hospitals.
 - *America's 100 Best Coronary Intervention™ (2023) – LGH*
 - *America's 100 Best Pulmonary Care™ (2023) – Tufts MC*
 - *America's 100 Best Hospitals Award™ (2022) – MWHC*
- Healthgrades Outstanding Patient Experience Award™ (2023, 2022) – *Tufts MC*
- Healthgrades Gastrointestinal Care Excellence Award™ (2024, 2023) – *Tufts MC*
- Healthgrades Pulmonary Care Excellence Award™ (2024, 2022) – *Tufts MC*
- High Performing Hospitals, *US News & World Report* (2022-2023)
 - *Kidney Failure, Heart Failure and COPD – MWHC*
 - *Transcatheter Aortic Valve Replacement (TVAR) – Tufts MC*
- Anticoagulation Center of Excellence – *MWHC*
- Blue Distinction Specialty Care Program, Blue Cross Blue Shield
 - *Bariatric Surgery, Adult Kidney and Adult Heart Transplant – Tufts MC*
 - *Spine Surgery and Knee and Hip Replacement – LGH and Tufts MC*
 - *Maternity Care – LGH*

SYSTEM MEMBERS

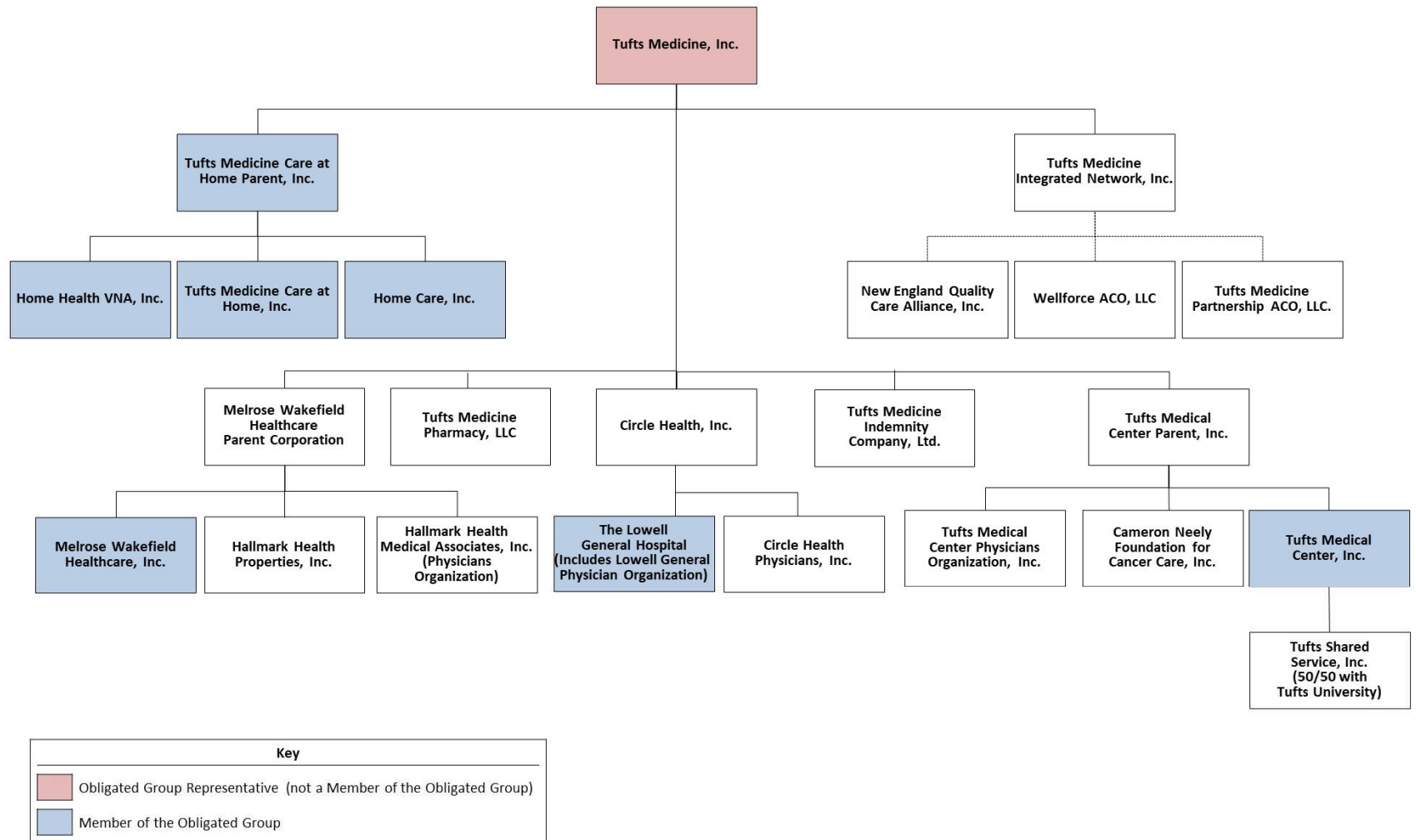
Obligated Group Members

An organizational chart showing select, principal Tufts Medicine affiliates, including the current members of the Tufts Medicine Obligated Group, is set forth on the following page.

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APPENDIX A

Organizational Chart



Tufts Medicine Affiliated and Related Organizations (Not Members of the Obligated Group)

The Corporation also controls various other organizations, either directly or indirectly, that are not Members of the Obligated Group (collectively, the “Non-Obligated Affiliates”). Material Non-Obligated Affiliates include the following entities:

Tufts Medicine Indemnity Company, Ltd. (“TMEDIC”) f/k/a Wellforce Indemnity Company, Ltd. – TMEDIC is a for-profit Cayman Islands captive insurance company that provides professional and general liability, excess general liability and medical professional liability.

The Cameron M. Neely Foundation for Cancer Care, Inc. (the “Neely Foundation”) – The Neely Foundation is a nonprofit entity that helps cancer patients and their families during and after cancer treatments.

Tufts Medicine Integrated Network, Inc. (“TMIN”) – TMIN is a nonprofit network of approximately 1,800 community and academic physicians in Massachusetts dedicated to providing comprehensive, high quality, and affordable care.

Wellforce ACO, LLC (“Wellforce ACO”) – Wellforce ACO is a nonprofit ACO formed to improve the health of patients, to enhance the patient’s experience of care, and to reduce the per capita cost of care, through integrated care coordination, shared savings, and quality incentives. TMIN is the sole corporate member of the Wellforce ACO.

New England Long-Term Care, Inc. (“NELTC”) – NELTC is a nonprofit entity that operates an 80-bed nursing home specializing in the care of children who are severely mentally and/or physically disabled.

Tufts Medical Center Physicians Organization, Inc. – TMCPO is a nonprofit entity and the sole corporate member of approximately 20 nonprofit physician practices. These faculty practices provide patient care, teaching, and administrative services to Tufts MC.

Tufts Shared Services, Inc. (“TSS”) – TSS is a nonprofit entity that is controlled 50% by Tufts MC and 50% by Tufts University. TSS operates certain facilities services supporting the campuses of both Tufts MC and Tufts University, including parking garages, a physical plant, and print shop. TSS also leases certain real estate to Tufts MC. See “DESCRIPTION OF MAJOR FACILITIES AND OPERATIONS.”

Circle Health Physicians, Inc. – CHP is a nonprofit entity and is the sole member of multiple physician practices.

Circle Home, Inc. (“Circle Home”) – Circle Home, a nonprofit corporation, is a community-based home health care and hospice agency providing home health care to people of all ages throughout Greater Lowell, Greater Lawrence, and Southern New Hampshire.

Hallmark Health Medical Associates, Inc. – HHMA is a nonprofit entity and includes multiple physician practices.

Tufts Medicine Partnership ACO, LLC (the “Tufts Medicine Partnership ACO”) is an accountable care organization (“ACO”) formed for the purpose of entering into agreements with managed care organizations to participate collectively in the MassHealth ACO program. Tufts Medicine Partnership ACO, in partnership with health insurer Wellsense Health, covers began participating in the Massachusetts market in March 2018 and manages more than 50,000 lives throughout Eastern Massachusetts.

Tufts Medicine Pharmacy, LLC is a specialty pharmacy primarily serving the patients and employee of Tufts Medicine entities.

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NONE OF THE NON-OBLIGATED AFFILIATES ARE MEMBERS OF THE OBLIGATED GROUP. THE NON-OBLIGATED AFFILIATES ARE NOT OBLIGATED TO MAKE PAYMENTS ON THE BONDS AND NONE OF THEIR ASSETS ARE PLEDGED TO SECURE THE BONDS.

DESCRIPTION OF MAJOR FACILITIES AND OPERATIONS

The Hospitals own facilities totaling approximately 3.5 million square feet.

Tufts MC-owned facilities consist of approximately 1.5 million square feet of real estate. This includes one building, the Proger Building (“Proger”), located on land subject to a long-term ground lease from TSS, which is jointly controlled by Tufts MC and Tufts University. The ground lease for Proger expires in 2072. Approximately 30,000 square feet of space in the Dental School Building that is immediately adjacent to Proger is commonly referred to as part of Proger but is not owned by Tufts MC and is not part of the Mortgaged Property (the “Proger Extension”). The Proger Extension is used primarily for Tufts MC’s cardiac ICU and a neurology unit. Certain property on Tufts MC’s main campus, including Proger, is included in the Mortgaged Property.

LGH owns facilities totaling approximately 925,000 square feet. Certain property at LGH’s main campus, located at 295 Varnum Avenue in Lowell, is included in the Mortgaged Property.

MWHC owns facilities totaling approximately 1 million square feet. None of the property owned by MWHC is mortgaged.

TMCAH Parent, TMCAH, Home Care and HHVNA owns facilities totaling approximately 32,000 square feet.

The following tables provide a description of certain principal facilities for each Hospital, including the location, primary use, ownership, age and approximate square footage for each. For a description of the Mortgaged Property, see “Security under Amended and Restated Master Trust Indenture – Mortgages” in the forepart of this Official Statement. Buildings that are part of mortgaged property are identified with an asterisk. Buildings that may become subject to a mortgage for the benefit of the beneficial holders of the Series 2024 Obligation (as defined in the forepart of this Official Statement) following the occurrence of certain conditions precedent (as described in more detail in Appendix C-3 of this Official Statement) are identified with a pound sign.

Melrose Wakefield Facility/Location	Year of Construction (Latest Renovation)	Approximate Gross Square Feet	Primary Use
585 Lebanon Street, Melrose	1988 (most recent addition)	288,000	Inpatient beds
170 Governors Avenue, Medford	1987 (most recent addition)	238,000	Inpatient beds
100 Hospital Road, Malden	1951 (vacant)	300,000	Vacant Former Hospital, Being Converted to New Behavioral Health Center via JV with Acadia Healthcare
Other owned facilities/locations	—	178,000	—
Total Campuses and Satellites		1,004,000	

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Lowell General Hospital Facility/Location	Year of Construction (Latest Renovation)	Approximate Gross Square Feet	Primary Use
Main Campus 295 Varnum Avenue, Lowell*	2012	818,000	Surgery, General Services, Emergency and Trauma Center, Medical / Surgical Inpatient Beds, Labor and Delivery, Outpatient Services
Saints Campus One Hospital Drive, Lowell	1991	314,000	Medical/Surgical Beds, Emergency Room, Imaging Services, Operating Rooms, ICU, Outpatient Services
Other owned facilities/locations	—	92,000	—
Total Campuses and Satellites		1,224,000	

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APPENDIX A

Tufts MC Facility/Location	Year of Construction (Latest Renovation)	Approximate Gross Square Feet	Primary Use
Boston Dispensary [#]	1883 (1998)	44,000	Administration and Medical Offices, Research, Support Services
Ziskind [#]	1924 (2004)	101,000	Administration and Medical Offices, Research, Animal Labs, Ambulatory Clinics, Support Services
Holmes [#]	1925 (1998)	17,000	Administration, Ambulatory Clinic, Leased Space (Food Service), Support Services
37 Bennet [#]	1929 (1998)	14,000	Research, Administration, Support Services
Center Building [#]	1930 (2018)	50,000	Administration, Support Services
Pratt [#]	1948 (2018)	67,000	Inpatient Care Units, Administration, Medical Offices, Family Support Services, Support Services
Farnsworth [#]	1948 (2018)	100,000	Administration and Medical Offices, Research, Inpatient Care Unit, Family Support Services, Labs, Clinics, Assembly
Rehabilitation [#]	1956 (2018)	58,000	Administration, Clinics, Day Care, Research, Support Services
Proger [*]	1975 (2018)	208,000	Inpatient Care Units, Clinics, Diagnostic and Interventional Services, Administration and Medical Offices, Research, Food Service, Support Services
Floating [#]	1982 (2018)	302,000	Inpatient Care Units, Clinics, Diagnostic and Interventional Services, Surgical Services, Administration and Medical
North and Atrium [*]	1994 (2018)	272,000	Inpatient Care Units, Ambulatory Surgery, Emergency Care Unit, Retail, Administration and Medical Offices, Food Service, Assembly, Support Services
South [#]	1994 (2018)	165,000	Ambulatory Care Services, Medical Offices, Clinics, Administration, Ambulatory Surgical Recovery Unit, Support Services
35 Kneeland [#]	1925 (2018)	114,000	Ambulatory Clinics, Radiology, Rented Retail Space, Research, Research Administration, Support Services
Total Campuses and Satellites		1,512,000	

* Indicates mortgaged properties

Indicates properties that may become subject to a mortgage for the benefit of the beneficial holders of the Series 2024 Obligation.

GOVERNANCE AND MANAGEMENT

Governing Body of Tufts Medicine

The Corporation is the direct or indirect sole member of the Members of the Obligated Group and the Non-Obligated Affiliates (collectively, the “System Affiliates”) each of which maintains their own governing

body. Certain powers have been reserved or otherwise delegated by the System Affiliates to the Board of Trustees of the Corporation as described in more detail below.

The Corporation Board of Trustees comprises 18 members:

- Up to eight (8) members who have no role in any subsidiary board, including the Chair of the Board of the Corporation;
- Four (4) physician Trustees;
- Chair of the Board of Trustees of LGH, ex officio with vote;
- Chair of the Board of Trustees of TMCAH Parent, ex officio with vote;
- Chair of the Board of Trustees of Tufts MC, ex officio, with vote;
- Chair of the Board of Trustees of MWHC, ex officio with vote
- The President of Tufts University, ex officio with vote, for so long as Tufts MC is the principal teaching hospital of TUSM, If Tufts MC or another Corporation subsidiary or affiliate is not the principal teaching hospital of TUSM, this seat transitions to another independent member; and
- President and CEO of the Corporation, ex officio with vote.

Reporting Relationship of System Affiliate Presidents

The Presidents of the System Affiliates report directly to the COO of the Corporation for most matters, and report to the Board of Trustees of the applicable System Affiliate for certain System Affiliate Board responsibilities. The President and CEO of the Corporation has the ultimate authority (in consultation with the Corporation Board of Trustees and the applicable System Affiliate's Board of Directors or Trustees) to hire and terminate the President and CEOs of the System Affiliates.

Reserved Powers of Corporation Board of Trustees.

The Corporation Board of Trustees manages, controls and is responsible for oversight of the affairs and property of the Corporation and may exercise on behalf of the Corporation all lawful powers, rights and privileges of the Corporation under Chapter 180 and any other applicable law and under the bylaws of the System Affiliates. The Corporation Board of Trustees, in its discretion, may from time to time establish committees and define or limit the powers and duties thereof, and thereafter may disband the same. The Corporation Board of Trustees may delegate its powers, or a portion thereof, to committees that either consist solely of trustees or give voting power only to trustees on any such committee, except that the Corporation Board of Trustees may not delegate certain powers or actions under Massachusetts law that require action by the full Corporation Board of Trustees, which include, without limitation, the power to:

- Change the location of the principal office of the Corporation;
- Adopt, amend or repeal its Bylaws;
- Change the number of Trustees;
- Appoint, elect, suspend or remove Trustees or Officers;
- Authorize a sale, lease, exchange or other disposition of all or substantially all of the assets of the Corporation;
- Authorize a merger of the Corporation;
- Authorize the dissolution of the Corporation; and

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- Approve or disapprove Trustees or Directors, as applicable, nominated by each System Affiliate for service on such System Affiliate's respective Boards of Trustees or Board of Directors, provided that, in the event of a proposed disapproval of a nominee of a System affiliate, the Corporation shall provide to the System Affiliate the rationale for such proposed disapproval and afford an opportunity for a representative or representatives of such System Affiliate, who may be any Trustee or Director other than the Chair of the Board of such System Affiliate, to discuss such rationale with the Corporation's Board of Trustees.

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Members of the Corporation Board of Trustees

The currently serving members of the Corporation Board of Trustees, their classification, the expiration dates of their terms, and their principal business affiliation are as follows:

First	Last	Classification	Term	Principal Business Affiliation
Raymond	Anstiss, Jr.	Independent Trustee	2027	Partner, Anstiss & Company Public Accountants
Cynthia	Barginere, RN	Independent Trustee	2027	SVP and President, Adult Services, University of California San Francisco Health
Firdaus	Bhathena	Independent Trustee	2025	General Manager, Healthcare, FIS Fintech
Gary	Campbell	Chair	2025	CEO, Gilbert Campbell Real Estate
Patricia	Campbell	Vice Chair	2025	Chancellor, University of Rowanda
Michele	Crage, MD	Physician Trustee	Ex officio	Nephrologist, Woburn Nephrology Associates
David	Criss, MD	Physician Trustee	2026	Internal Medicine, MelroseWakefield Hospital
Michael	Dandorph	Tufts Medicine CEO/President	Ex officio	President/CEO, Tufts Medicine
Kara	Doyle	TMCAH Parent Designated Trustee	Ex officio	Jean D'Arc Credit Union
Damian	Folch, MD	Physician Trustee	2025	Internal Medicine, Damian Folch, MD Family Medicine
Brian	Kavoogian	Tufts MC Designated Trustee	Ex officio	Managing Partner, National Development
Sunil	Kumar, PhD	Tufts University President & CEO	Ex officio	President/CEO, Tufts University
Philip	Lembo	MWHC Designated Trustee	Ex officio	Strategic Advisor, Energy Capital Ventures
Naomi	Prendergast	LGH Designated Trustee	Ex officio	VP of Business Development and Community Relations, Carmelite System
Jeffrey	Shames	Independent Trustee	2027	Senior Strategy Advisor, Rockefeller Capital Management
Clarissa	Yang, MD	Physician Trustee	2025	Dermatologist-in-Chief, Chair of Dermatology, Tufts Medical Center

From time to time, Tufts Medicine has retained the services of or entered into business transactions with firms, corporations, and organizations of which members of the Corporation Board of Trustees are officers, partners, or principals. Management believes that all such transactions are on terms no less favorable than could be obtained from other parties.

Executive Administration

Summary biographical information for key members of executive management of Tufts Medicine is set forth below. Ages of executive management are calculated as of July 1, 2024.

Michael J. Dandorph, age 56, is President and CEO of Tufts Medicine. Mr. Dandorph joined Tufts Medicine in January 2020, bringing with him three decades of service to academic health systems to the role. Mr. Dandorph is responsible for overall management and oversight of the System.

Prior to joining Tufts Medicine, Mr. Dandorph led Rush University System for Health through a period of substantial growth and quality improvement, culminating in Rush University Medical Center being ranked

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on the *U.S. News & World Report* Best Hospitals Honor Roll and ranked first in the nation among 95 academic medical centers for quality and safety performance by Vizient's University Health Consortium. Prior to Rush, Mr. Dandorph served in leadership roles at Penn Medicine/University of Pennsylvania Health System, including more than 10 years as Senior VP and Chief Strategy Officer.

Mr. Dandorph earned his master's degree from the Sloan Program in Health Administration at Cornell University. He serves on the Boards of the Massachusetts Health and Hospital Association, the Vizient University Health System and CEO Executive Board, and the Association of American Medical Colleges Council of Teaching Hospitals.

Andrew DeVoe, age 57, is Executive Vice President, Treasurer and Chief Financial Officer of Tufts Medicine, Inc. Mr. DeVoe joined Tufts Medicine in February 2024, bringing more than 25 years of finance leadership and executive management leadership experience to the role. He oversees the development of long-term financial strategies to ensure Tufts Medicine's continued growth.

Mr. DeVoe has extensive experience leading large health system financial operations with a focus on driving innovative strategies and developing growth, integration, and financial stability. Prior to joining Tufts Medicine, Mr. DeVoe served as Executive Vice President and Chief Financial Officer of TriHealth, a clinically integrated health system in Cincinnati with 12,000 employees, six hospitals (two tertiary, two community, one specialty surgical and one acute rehab), 15 major ambulatory sites, Cincinnati's largest multi-specialty group, home health and hospice, as well as fitness centers and occupational health. During his tenure as Chief Financial Officer, TriHealth earned one of the industry's highest credit ratings. Prior to TriHealth, Mr. DeVoe served as Senior Vice President and Chief Financial Officer for Aria Health System in Philadelphia and held the same role at the University of Pennsylvania Health System, where he spearheaded a significant financial turnaround. Throughout his career, Mr. DeVoe has received numerous awards for his for-profit and non-profit work including being recognized as "Outstanding CFO" four times and being named as one of city of Philadelphia's Top 40 Employees Under the age of 40. Mr. DeVoe is a graduate of Belmont University in Nashville, Tennessee where he earned a Bachelor of Business Administration degree.

Phil Okala, age 55, is Executive Vice President and Chief Operating Officer of Tufts Medicine. Mr. Okala is responsible for the execution of key strategic and operating priorities. He oversees operations at the Hospitals as well as at TMCAH Parent. Mr. Okala joined Tufts Medicine in July 2023 from City of Hope in California, a national institute for designated comprehensive cancer care. As system President, he oversaw its portfolio of clinical care and research entities, including City of Hope Los Angeles County, City of Hope Orange County, the Translational Genomics Research Institute, the Beckman Research Institute, the NCI Designated Cancer Center, the Irell & Manella Graduate School of Biological Sciences, and the recently acquired Cancer Treatment Centers of America. He also maintained executive oversight of City of Hope's medical foundation, and its clinical and research operations.

Prior to his position at City of Hope, Mr. Okala worked for five years as the Chief Operating Officer at the University of Pennsylvania Health System, which represents six acute care hospitals/health systems and a post-acute care venture, Penn Medicine at Home, and encompasses 43,000 employees, 8,900 credentialed physicians, and approximately \$9 billion in annual revenue. He has previously held leadership roles at Penn Medicine, the Geisinger Health System, Roswell Park Cancer Institute, MD Anderson Cancer Center, and the Michael E. DeBakey VA Medical Center. Mr. Okala is a Fellow in the American College of Healthcare Executives (FACHE), a Fellow with Healthcare Financial Management Association, and serves on the board of the Holy Child School at Rosemont.

Zachary Redmond, Esq., age 46, is Executive Vice President, Secretary and Chief Legal Officer of Tufts Medicine. Mr. Redmond joined Tufts Medicine in 2013 as Associate General Counsel at Tufts MC. He subsequently was promoted to positions of greater responsibility culminating in his role as Senior Vice President, Secretary, and General Counsel of Tufts MC prior to his appointment as Chief Legal Officer in

January 2023. Mr. Redmond has represented the numerous System Affiliates in a wide variety of transactions, corporate governance and litigation matters. Prior to his positions at Tufts Medicine, Mr. Redmond was Senior Deputy General Counsel for the Massachusetts Office of Housing and Economic Development. He also worked as Senior Deputy Counsel for Fresno County, CA. Mr. Redmond earned his law degree from University of California, Hastings College of the Law.

Sabrina Granville, age 52, is Executive Vice President and Chief Human Resources Officer of Tufts Medicine. Ms. Granville leads the development of the System's culture, employee experience, and a comprehensive Human Resources strategy by working to foster innovative programs for talent management and development, human resources technology and service delivery, and human resources policies and program.

Ms. Granville came to Tufts Medicine through Circle Health-LGH, where she served as Senior Vice President and Chief Human Resources Officer, leading all strategic human resources initiatives including employee engagement, introduction of wellness programs, and improved HRIS integration and performance management. Under her leadership, Circle Health-LGH was recognized as a Best Place to Work and Healthiest Employer by the *Boston Business Journal*. Ms. Granville has led Human Resources system integration efforts for several Boston-based health systems including Beth Israel Deaconess Medical Center and Caritas Christi Health Care (now Steward Health). She has served on various community boards including Moore Center Board of Trustees, Human Resources Committee Chair, and Executive Team member for the American Heart Walk. She is an active member of the Boys and Girls Club Special Event Committee and most recently Girls, Inc. She is also a member of several professional organizations, including the Society for Human Resource Management and the New England Human Resources Association. Ms. Granville earned a bachelor of arts in business administration with minors in psychology and economics from Gordon College and a master's of business administration degree from the University of Massachusetts.

Helen W. Boucher, MD, FACP, FIDSA, age 59, is Chief Academic Officer, Tufts Medicine, and Dean and Professor of Medicine, Tufts University School of Medicine. An active Infectious Diseases physician, she was previously Chief of the Division of Geographic Medicine and Infectious Diseases at Tufts MC, and Director of the Stuart B. Levy Center for Integrated Management of Antimicrobial Resistance.

Dr. Boucher's clinical interests include infections in immunocompromised patients and *S. aureus* infections. Her research interests focus on *S. aureus* and the development of new anti-infective agents. She is the Chair of the National Institutes of Health Antibacterial Resistance Leadership Group Innovations Working Group and serves on the Executive and Steering Committees. Dr. Boucher is the author or coauthor of numerous abstracts, chapters, and peer-reviewed articles, which have been published in such journals as *The New England Journal of Medicine*, *Antimicrobial Agents and Chemotherapy*, *Clinical Infectious Diseases*, and *The Annals of Internal Medicine*. She is Associate Editor of *Antimicrobial Agents and Chemotherapy*, and Editor of the Sanford Guide to Antimicrobial Therapy, and Infectious Diseases Clinics of North America. In 2015, Dr. Boucher was appointed a voting member of the Presidential Advisory Council on Combating Antibiotic Resistant Bacteria (PACCARB), and elected Treasurer of the Infectious Diseases Society of America (IDSA). She was awarded the IDSA Society Citation Award in October 2015 and the Maxwell Finland Award in 2022. Dr. Boucher serves as Chair of the Board of Trustees of the College of Holy Cross and as Chair of the Board of Trustees of the Physicians of Tufts Medical Center. Dr. Boucher received a bachelor of arts from the College of the Holy Cross and a doctor of medicine from the University of Texas.

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PATIENT SERVICES AND MEDICAL STAFF

Patient Services

Tufts Medicine provides a wide range of general and specialty medical services for the residents of Eastern Massachusetts and bordering states. Some highlights of key medical services and programs offered by the Hospitals are described below.

Lowell General Hospital

LGH's key patient services include the Heart and Vascular Center, Center for Weight Management and Bariatric Surgery, cancer care, general surgery (including robotic surgery), maternity, pediatrics, orthopedics, and urgent care.

Heart and Vascular Center

The Heart and Vascular Center at LGH offers comprehensive cardiac care, including cardiac catheterization, vascular surgery, interventional cardiac and vascular diagnostics, electrophysiology studies, ablations, pacemaker defibrillators/automatic implantable cardioverter-defibrillator placement, and advanced treatment options using hemodynamic support devices for cardiogenic shock. LGH offers a comprehensive and nationally certified cardiac rehabilitation program to help patients recover following heart surgery.

Center for Weight Management and Bariatric Surgery

LGH's Center for Weight Management provides a comprehensive approach including surgical and medically managed weight management offerings to improve the quality of health and wellness for patients. The team has performed more than 5,100 successful surgeries since 2007.

Cancer Care

The Cancer Center at LGH includes hematology, medical oncology, radiation oncology, thoracic oncology surgery, and a women's wellness center featuring a new breast cancer risk assessment program and gynecologic oncology services. The Cancer Center offers clinical trials through study groups and site-specific multidisciplinary clinics for many disease sites. The Cancer Center collaborates with Tufts MC and other tertiary facilities so that patients can receive the care they need without having to leave the community.

Robotic Surgery

LGH has invested in technology to support its minimally invasive surgery program. This includes the da Vinci® robotic surgical system, the BrainLab computed technology ("CT") imaging system for otolaryngology ("ENT") and neurosurgery, and an advanced anesthesiology system that integrates drug delivery, monitoring, and reporting for patient safety.

Surgeons at LGH perform many types of minimally invasive surgery. Robotic-assisted surgery is performed with the help of robotics, microsurgical instruments and three-dimensional visualization, often for procedures such as prostate removal, hysterectomy, or kidney surgery.

The Birthplace

The Birthplace offers maternal fetal medicine specialists (perinatologists) available for diagnostic testing and consultation for high-risk pregnancies. With a Level IIB Neonatal Special Care Nursery, it also offers 24/7 neonatology coverage for those infants that require a higher level of care.

Orthopedics

LGH orthopedic surgeons and specialized clinical teams provide a full array of minimally invasive procedures for bone, muscle and total joint replacement surgery. Orthopedic surgical procedures are performed at the hospital's main campus as well as at the Surgery Center at Lowell General Chelmsford Campus.

Urgent Care

LGH has patient care centers located in Billerica, Dracut, Tewksbury and Westford which support the urgent care centers run by CHP. Urgent care patients are treated by physicians and providers specializing in emergency medicine and primary care, with access to specialists and follow-up care at LGH.

*MelroseWakefield Healthcare*Heart and Vascular Care

The MelroseWakefield Cardiovascular Center brings together cardiologists, vascular surgeons, interventional radiologists, emergency medicine physicians, and others to provide convenient access to patients with heart health needs. MWHC provides emergency angioplasty and stenting, electrophysiology for arrhythmia, a medically supervised cardiac rehabilitation program, and access to clinical trials through its clinical affiliation with Tufts MC.

Surgical Services

MWHC surgical services provides a wide range of minimally invasive procedures, as well as specialized care for both general and specialty surgery in the community. In collaboration with Tufts MC, MWHC also provides local access to advanced services for brain and spine surgery, thoracic surgery, and gynecology-oncology procedures. MelroseWakefield Hospital is a community teaching hospital for TUSM surgical residents.

Neurosciences

MWHC neurosciences include community neurology services and physician practices, with expertise in epilepsy and headache/migraine treatment. Working collaboratively with Tufts MC, MWHC provides comprehensive neurosurgery services in surgical and non-surgical treatment for a range of disorders and injuries, including for spine, neck, and brain, keeping more services in the community. When highly specialized care is needed, the same providers can care for those patients at Tufts MC.

Maternal Newborn Services

MWHC welcomes nearly 1,000 babies each year into the community, supporting mother, baby, and family with comprehensive care, including Level II special care nursery services through its clinical affiliation with Tufts MC.

Orthopedics and Sports Medicine

MWHC provides comprehensive orthopedic and sports medicine treatment for a range of musculoskeletal needs. The range of treatment options includes minimally invasive interventions, such as laparoscopic surgery and injections, to full joint replacement.

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Community Radiology and Imaging Services

MWHC provides access to diagnostic services including bone densitometry, CT scan, interventional radiology, magnetic resonance imaging (MRI) scan, 3D mammography, nuclear medicine, positron emissions tomography (PET) scan, ultrasound, and X-ray.

Emergency and Urgent Care Services

MWHC provides emergency medicine services in the community with a full emergency department at MelroseWakefield Hospital and a satellite emergency facility at Lawrence Memorial Hospital of Medford. MWHC also offers urgent care in two communities, Reading and Medford, both of which are staffed by emergency medicine-trained providers and have access to emergency department physicians, either onsite or via teleconferencing.

GI and Digestive Health

MWHC provides comprehensive gastrointestinal services for the full range of digestive disorders and liver disease from acid reflux, celiac disease and colitis to colon cancer, pancreatic disease, and acute liver disease. MWHC puts emphasis on colon cancer prevention and screening through community education and the establishment of its stress-free colon cancer prevention program.

Cancer Care and Breast Health Services

In collaboration with Tufts MC Cancer Center, MWHC provides complete cancer care in the community. MWHC's surgeons, radiation oncologists, pathologists, oncologists/hematologists, nutritionists, primary care physicians, oncology nurses, and social workers collaborate to deliver comprehensive care, which includes access to clinical trials; advanced oral oncolytics; a dedicated pharmacy; genetic risk assessments; infusion therapy, including chemotherapy and immunotherapy; on-site laboratory; radiation therapy; and social support network.

The MWHC Breast Health Center provides dedicated services for breast health and breast cancer treatment, bringing together a team of providers, including onsite board-certified oncologists, board-certified breast surgeons, board-certified radiologists specializing in breast imaging, certified mammographers and ultrasonographers, genetic counselors, nurse navigators, physical therapists certified in lymphedema management, and social workers.

Behavioral Health

Tufts Medicine finalized a joint venture with Acadia Healthcare to build a brand new 144 bed behavioral health facility on land that was occupied by previously closed Malden Hospital. Slated to open in fall 2025, the hospital will be a center of excellence serving patients of all ages. For decades, MelroseWakefield Hospital and Lawrence Memorial Hospital have been known and highly respected for the inpatient behavioral healthcare services that they provide in their respective communities. The proposed new hospital will offer the latest in inpatient behavioral healthcare and intensive outpatient programs. The new hospital will also serve as a teaching hospital for psychiatry and other behavioral health professionals, training students and residents from the Tufts University School of Medicine. This will address the shortage of clinical behavioral healthcare professionals and beds in the Commonwealth of Massachusetts.

Tufts Medical Center

Services are provided at Tufts MC's main campus in Boston's Chinatown neighborhood as well as at affiliated hospitals, physician practices, and outpatient facilities across Eastern Massachusetts as part of Tufts Medicine's distributed AMC approach to providing care in the community.

The following is a brief description of ten of Tufts MC's key service lines:

Cardiovascular Center

The Cardiovascular Center regularly treats cardiac patients from across the country and around the globe. In calendar year 2023 Tufts MC had performed 61 heart transplants the most heart transplants of any hospital in New England, breaking the record set by Tufts Medicine just a few years earlier. The Department of Cardiology and the Cardiovascular Center offer services to patients suffering from heart conditions such as heart disease and hypertrophic cardiomyopathy. Tufts MC has been designated a "Blue Distinction Center for Cardiac Care" by Blue Cross Blue Shield of Massachusetts for its integrated cardiac programs in cardiology, cardiac surgery, vascular surgery, interventional radiology, and anesthesiology.

Cancer

The Cancer Center offers some of the most advanced cancer treatments in New England. Comfort and convenience for patients and families is enhanced by the Neely Foundation, which provides a bed-and-breakfast located within Tufts MC that acts as a home away from home for patients and families. Tufts MC offers Boston's only Adolescent and Young Adult Cancer Program for patients aged 18-39, as well as a Gamma Knife Center, which specializes in treating brain tumors non-surgically, serving patients from Massachusetts and the bordering states of Maine, New Hampshire, and Vermont. Key clinical services include: breast health including oncoplastic surgery, colon and rectal cancer, gynecology oncology, head and neck cancer, liver tumors, lung tumors, and the peritoneal surface malignancy program.

Medicine

The Department of Medicine offers a wide range of diagnostic and treatment services for adults. Key subspecialty divisions include: allergy, cardiology, endocrinology, gastroenterology, geographic medicine and infectious disease, hematology/oncology, internal medicine, nephrology, nutrition, palliative care, pulmonary critical care and sleep medicine, and rheumatology.

Neurosciences

Neurosciences at Tufts MC consists of the Neurology and Neurosurgery Departments. The Neurology Department offers comprehensive evaluation, consultation and management of diseases of the central and peripheral nervous systems and the neuromuscular system. The Neurology Department offers care at clinics west of Boston, in Framingham and Wellesley. Key specialized expertise exists in the following areas: chronic pain; epilepsy; headache & facial pain; Parkinson's disease and other movement disorders; Multiple Sclerosis; neurocritical care; neurodegenerative disorders; neuromuscular; and stroke.

The Neurosurgery Department is focused on providing high quality, minimally invasive, comprehensive care in all areas of neurosurgery: spine surgery; cerebrovascular including aneurysms, arteriovenous malformations ("AVMs"), and complex stroke; skull base tumors; malignant brain tumors; epilepsy surgery; and pediatric neurosurgery. In addition to being located at Tufts MC's main Boston campus, the Neurosurgery Department also offers services at MelroseWakefield Hospital. The Neurosurgery Department's Neuro-intensive Care Unit serves patients with the most complex neurological conditions and neurosurgical procedures.

Orthopedics

The Department of Orthopedics includes specialists who treat various joint, bone, and muscle problems. A team of orthopedic trauma surgeons provides care for those who suffer from a bone fracture or break. The Sports Medicine and Shoulder Program specializes in care for athletes and physically active patients. The Joint Replacement Program uses advanced surgical and non-surgical techniques to eliminate or relieve hip and knee pain, including revisions for more complex patients. Specialized hand and upper extremity

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orthopedic surgeons treat patients with hand and upper extremity problems from congenital malformations to conditions caused by trauma and overuse.

Psychiatry

Tufts MC's team of psychiatrists provides the full spectrum of mental health care. Specialized programs in attention deficit hyperactivity disorder, mood disorders, and behavioral health, among others, are offered to patients.

Pediatrics

The Newborn Medicine Department offers services for newborns that are born prematurely, face complications or are critically ill. The Neonatal Intensive Care Unit ("NICU") is a Level 3 nursery for newborns that need complex care. The Center for Children with Special Needs provides services for children with a wide variety of developmental and behavioral difficulties.

Surgery

Tufts MC surgeons provide procedures in all areas, including neurosurgery, plastic surgery, trauma surgery, transplant surgery, surgical oncology, and colorectal surgery. These surgeons collaborate with specialists in all areas. Subspecialty departments within the surgery service line include: bariatric surgery, otolaryngology, surgical critical care, surgical oncology, transplant surgery, trauma surgery, and urology.

Trauma Services

Tufts MC is certified as a Level 1 trauma center for pediatrics and adults. The trauma surgeons include highly specialized orthopedic, vascular, neuro and facial surgeons. The trauma team routinely treats injuries stemming from car accidents and falls, illnesses requiring immediate intervention, and major crises such as the Boston Marathon bombings. A trauma surgeon is in-house at all times. A trauma registry helps these surgeons review past cases and develop best practices.

Women's Services (Maternity, OB/GYN, Pelvic Floor)

OB/GYN providers at Tufts MC provide women with a full range of services surrounding pregnancy and childbirth, urogynecology and pelvic reconstruction, general gynecology, and gynecology oncology. The Tufts MC maternal fetal medicine specialists see high-risk patients in their communities at eight affiliate sites across Eastern Massachusetts. The comprehensive family planning program provides services such as contraceptive management and sterilization. The Center for Pelvic Health treats pelvic floor disorders such as urinary or fecal incontinence, pelvic organ prolapse, and constipation.

Tufts Medicine Care at Home Parent (formerly Home Health Foundation)

TMCAH Parent offers a broad array of in-home care to community members of eastern Massachusetts, southern New Hampshire and southern Maine. Home Health provides in-home skilled nursing and rehab services, while Hospice Care provides end of life and bereavement services that enhance the quality of care for patients with advanced illness.

Rehabilitation/Orthopedic Services

Rehabilitation/Orthopedic Services are provided by registered therapists and are available to meet specific therapy needs of patients with orthopedic, neurologic, cardiac and other conditions to restore skills needed for daily living and improve quality of life. Services include (but are not limited to) occupational therapy,

physical therapy, speech therapy, high technology therapies for improving upper body movement and Home Accessibility Consultation and Planning.

Hospice Care

Merrimack Valley Hospice provides comfort care and palliative services to patients facing life-limiting illnesses. Whether patients are at home, in a hospital, a long-term care facility, an assisted living facility, or at High Pointe House, our expert staff offer physical, spiritual and emotional care specific to those nearing the end of life. Bereavement support and counseling are also offered to families and loved ones.

Hospice care is provided by a multi-disciplinary team consisting of board-certified hospice and palliative care physicians and nurse practitioners, nurses, therapists, counselors, chaplains, hospice aides, and volunteers. Together, they provide the highest quality of care with compassion and commitment to patients and families.

High Pointe House, the palliative care residence of Merrimack Valley Hospice

High Pointe House, the hospice and palliative care residence of Merrimack Valley Hospice, is located in Haverhill, Massachusetts. It is a licensed, acute care hospice residence that provides a home-like alternative to hospitalization for patients in need of specialized end-of-life care. High Pointe House is available to patients 7 days a week, 24 hours a day, providing increased access to palliative and hospice care for patients and families when care at home is no longer viable.

Support Services

Commonwealth Nursing Services (“CNS”) is the private home care agency for Home Health Foundation. CNS offers dependable and affordable in-home solutions to enhance recovery, ensure safety, and increase independence. CNS’s dedicated paraprofessional staff provides a variety of personal care and support services to help individuals of all ages remain in their own home and community. CNS will bring private duty services to people with chronic or acute health conditions who need help in their own homes. Directed by a registered nurse, our staff includes nurses, certified home health aides and homemakers. They are appropriately licensed or certified and chosen carefully for their knowledge, skill, and compassion. Our clients, or their family members, pay for these services and decide on the number of hours and days of service. This help is generally not covered by health insurance but may be covered under a long-term care insurance or public benefit programs.

Medical Staff

As of June, 2024, there were 2,147 physicians on the active medical staff at the Hospitals, including approximately 1,149 employed by organizations affiliated with Tufts Medicine (TMCPO, CHP, and HHMA). 1,937 (90.2%) of physicians on the active medical staff are Board certified. Most physician services provided at Tufts MC, including patient care, teaching, and related administrative services, are provided by employees of the physician group practices affiliates with or controlled group by TMCPO. Pursuant to contractual agreements with Tufts MC, the group practices reimburse Tufts MC for office and administrative space, office equipment, and non-clinical support personnel; Tufts MC, in turn, reimburses physicians for services provided to Tufts MC. The Chair of each medical staff department of Tufts MC also serves as Chair of the respective department of TUSM.

The following table provides a profile of the medical staff at the Hospitals by physician specialty and average age as of June, 2024.

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Specialty	# of Physicians	Average Age
Anesthesiology	109	49
Cardiology	69	49
Emergency Medicine	74	48
Medicine and Medical Subspecialties	760	49
Obstetrics & Gynecology	67	48
Oncology and Subspecialties	16	55
Orthopedics	27	53
Pathology & Laboratory Medicine	33	55
Pediatrics	319	48
Psychiatry	112	51
Radiology	217	51
Research	44	54
Surgery and Subspecialties	300	49
Total	2,147	50

Source: Tufts Medicine records

The Hospitals have a broad base of admitting physicians. The top 30 physicians (excluding hospitalists) at LGH, MWHC and Tufts MC account for 25%, 32% and 28%, respectively of each of the Hospital's 2023 total discharges (excluding newborns). The specialties represented in the top 30 physicians include OB/GYN, orthopedics, cardiology, surgery, medicine, neurosurgery, psychiatry, vascular surgery, psychiatry, and urology. Combined, the top 30 physicians at each Hospital accounted for 28% of the total Tufts Medicine discharges (excluding newborns) in 2023. The average age of these top admitting physicians was 50.

Employees

As of May 31, 2024, Tufts Medicine employed approximately 10,015 full time equivalents ("FTEs"). Of these total FTE employees, approximately 2,237 are Registered Nurses ("RNs"). Tufts Medicine's employees are covered by a variety of benefits, including health and dental insurance, life insurance, and personal time off.

Tufts Medicine Employment Statistics

(as of May 31, 2024)

Total FTEs**	10,015
Total RN FTEs	2,237
Average RN Vacancy Rates* (Current)	4.04%
Average RN Turnover Rates (Annualized)	Voluntary Turnover: 9.2% Total Turnover: 10.5%

*Vacancy rate is calculated using this formula: $\# \text{ RN FTE open} / (\# \text{ current RN FTE} + \# \text{ RN FTE Open})$

** FTE count includes all staff, physicians/APCs, residents, and interns employed by Tufts Medicine

The Massachusetts Nursing Association ("MNA") represents all non-supervisory registered nurses at Tufts MC. The MNA nurses at Tufts MC are currently under a collective bargaining agreement that expires at the end of calendar year 2024. Tufts MC will begin negotiations for a new collective bargaining agreement with the MNA in the fall of calendar year 2024, to be effective as of calendar year 2025. Consistent with the two most recent MNA collective bargaining agreement negotiations, management anticipates

negotiations to focus on terms related to compensation and staffing. Management does not anticipate any material issues reaching agreement with the MNA.

1199SEIU United Healthcare Workers East represents certain technical positions at MWHC main campus, including but not limited to Care Technicians, Imaging Technicians, Respiratory Therapists, Surgical Technicians, CathLab Technicians, and Mental Health Specialists, among others. This collective bargaining agreement has an original term of November 16, 2020 through July 31, 2022, as amended by Memorandum of Agreement most recently dated October 13, 2023. A replacement collective bargaining agreement is currently in a final stage of negotiation for a term through December 31, 2025.

None of the licensed nursing staff at MWHC's hospitals are represented by a union. Management is not aware of any union organization activities among the nursing staff at MWHC.

None of the licensed nursing staff at LGH's hospitals are represented by a union. Management is not aware of any union organization activities among the nursing staff at LGH.

There are no collective bargaining units at TMCAH Parent and, to management's knowledge, there has been no union organizing activity.

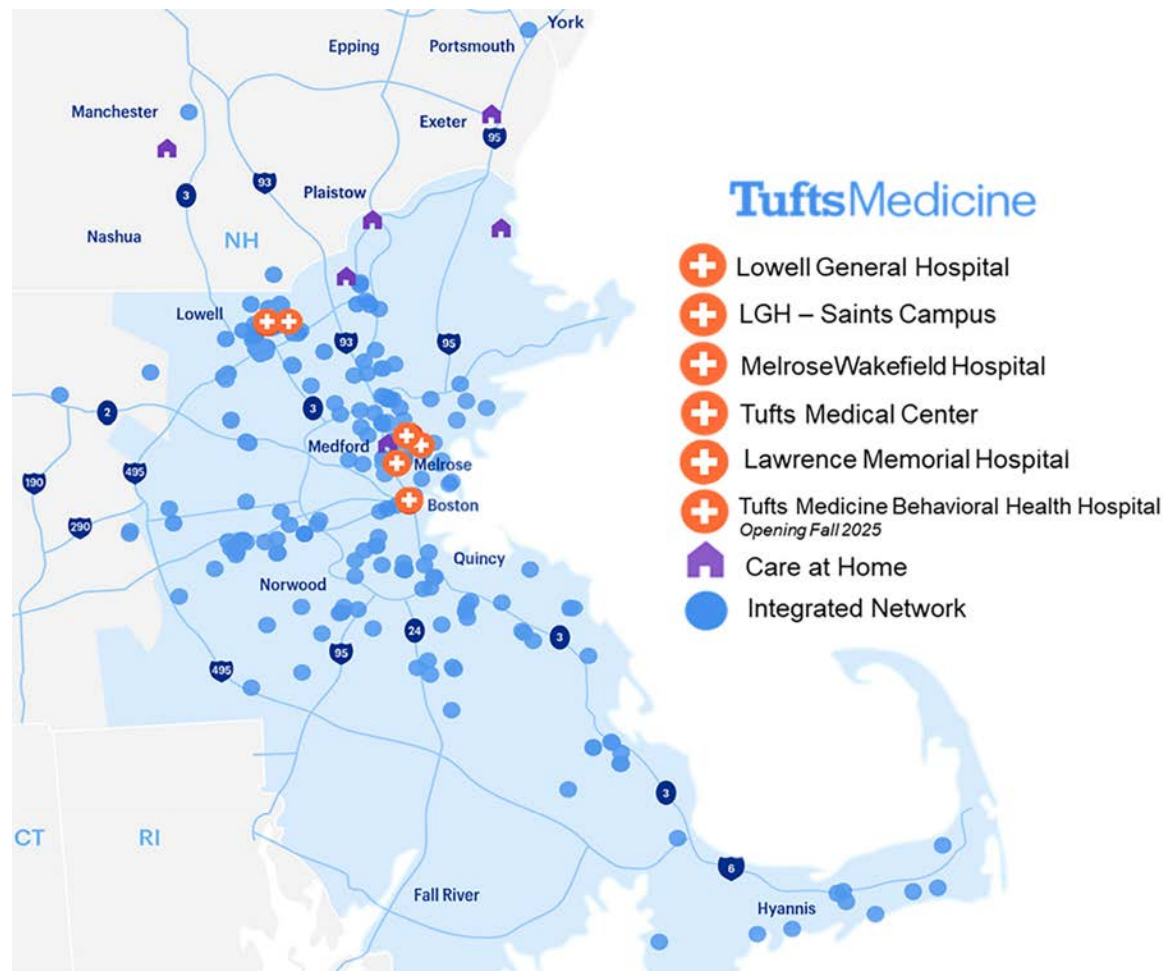
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APPENDIX A

SERVICE AREA, MARKET SHARE AND DEMOGRAPHICS

Service Area

Tufts Medicine defines its total service area (“TSA”) as extending across Eastern Massachusetts. In addition, Tufts Medicine provides services to patients in the geographic area just over the New Hampshire border. In 2022, 5.4 million residents lived in the TSA, which comprises a majority of the Massachusetts population.



Acute Care Competitors and Inpatient Market Share

Below is a list of the top competitor health systems in Tufts Medicine’s service area. The most recent inpatient data received by the Obligated Group from the Massachusetts Center for Health Information and Analysis (“CHIA”) is for calendar year 2022. No statewide data are maintained that incorporate market share for total outpatient services. In its TSA, Tufts Medicine, as a system, captured 7.55% inpatient market share in calendar year 2022 (based on percentage of total discharges).

The following chart provides inpatient discharge volumes and market share for hospital systems and non-system hospitals with more than 2% market share.

**Eastern Massachusetts Market – Hospital Systems
and Non-system Hospitals with > 2% Market Share**

	Total Inpatient Discharges			Market Share		
	2020	2021	2022	2020	2021	2022
Mass General Brigham	124,199	125,711	124,394	23.13%	23.78%	23.91%
Beth Israel Lahey Health	126,310	127,591	123,579	23.53%	24.13%	23.76%
Steward Health Care	53,344	56,749	53,390	9.94%	10.73%	10.26%
Tufts Medicine	40,862	41,025	39,276	7.61%	7.76%	7.55%
South Shore Hospital*	28,529	29,962	29,403	5.31%	5.67%	5.65%
Southcoast Health	33,036	30,793	29,256	6.15%	5.82%	5.62%
Boston Medical Center*	23,190	23,327	22,781	4.32%	4.41%	4.38%
Cape Cod Healthcare*	15,248	16,014	16,189	2.84%	3.03%	3.11%
Brockton Hospital*	11,398	11,530	11,371	2.12%	2.18%	2.19%
All other hospitals	80,799	65,965	70,520	15.05%	12.48%	13.56%
Total	536,915	528,667	520,159	100%	100%	100%

Source: CHIA

* Indicates non-system hospital or single-hospital system.

Tufts MC defines Eastern Massachusetts as its TSA and captured 2.83% inpatient market share in calendar year 2022. Due to its broad geographic reach as an AMC, Tufts MC categorizes its TSA into five geographic regions rather than categorizing it into Primary Service Area (“PSA”) and Secondary Service Area (“SSA”). Tufts Medicine’s community hospitals serve smaller geographic regions within Eastern Massachusetts. LGH is the largest provider within its PSA, which includes the city of Lowell and eight surrounding towns, with a 53.7% inpatient capture rate. MWHC is also the largest provider within its PSA, which includes the towns of Melrose, Medford, Wakefield, Malden, and Saugus, with 25.24% inpatient market share.

Steward Health Care System LLC and 166 affiliated debtors and debtors in possession (collectively “Steward Health Care”) filed for chapter 11 bankruptcy protection in May 2024 in order to effectuate a sale of substantially all of Steward Health Care’s assets, including, among others, the nine hospitals Steward Health Care operates in Tufts Medicine’s TSA. As of July 1, 2024, Steward Health Care’s chapter 11 cases and sale process for its Massachusetts hospitals remains ongoing. Tufts Medicine cannot predict the outcome of such proceedings—including whether and by whom Steward Health Care’s hospitals will be acquired—or its impact on the operations or financial results of Tufts Medicine.

Tufts Medicine Employer Ranking in Service Area

According to public data from the Massachusetts Executive Office of Labor and Workforce Development, Tufts MC is one of the top ten largest employers in Boston by employee volume. The Boston market is dominated primarily by health care organizations and colleges. MWHC is one of the two largest employers in the combined Medford-Melrose-Wakefield-Malden-Saugus area. LGH is one of the top three largest employers in Lowell and the Greater Lowell area.

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RECENT FINANCIAL PERFORMANCE, STRATEGY AND INITIATIVES

Background

The System operates in a challenging and rapidly changing health care environment. As result of nationwide and Massachusetts-specific pressures facing hospitals and health systems (see BONDOWNER RISKS in the forepart of this Official Statement), the System experienced financial challenges for the two fiscal years ending September 30, 2022 and 2023 resulting in losses from operations of \$399 million and \$171 million, respectively. These results were primarily driven by significant increases over the two-year period in purchased services, salaries and supplies and other, with \$188 million (75% increase as compared with 2021), \$172 million (16% increase as compared with 2021) and \$65 million (11% increased as compared with 2021) increases over that period, respectively. The increases in purchased services were primarily driven by the need for contract labor that reached a monthly high of \$20.1 million in March 2022 and implementation cost of a new electronic health record (“EHR”) for the System, which went live on April 1, 2022. Salaries increased over these periods due to the need to maintain competitive salaries for clinical staff, and supply costs increased primarily as a result of inflation on medical and surgical supplies over the period. Though operating revenues increased over the two-year period by \$316 million (14%), \$225 million of the increase was a result of one-time funding received from the Federal Emergency Management Agency (“FEMA”), funds from the American Rescue Plan Act of 2021 (“ARPA”) and grants from the Commonwealth of Massachusetts.

Additionally, during 2022 and 2023, the Members of the Obligated Group liquidated long-term unrestricted investments to cover the losses, which resulted in the Obligated Group’s Days Cash on Hand (“DCOH”) declining from 186 for 2021 to 71 for 2023.

In 2022, COVID-19 was a major contributing factor to the System’s financial challenges, including staffing shortages and The Commonwealth of Massachusetts’ requirement that acute care hospitals curtail non-urgent procedures from November 23, 2021 to February 28, 2022. As a result, the Hospitals experienced a material decrease in volume and revenue, and a material increase in costs, which in turn contributed to the Obligated Group failing to maintain a debt service coverage ratio (“DSCR”) of at least 1.10x in 2022.

The Master Trust Indenture requires that the Obligated Group retain an Independent Consultant if the DSCR falls below 1.10 in any Fiscal Year. Accordingly, and in compliance with the Master Trust Indenture, the Obligated Group retained Alvarez and Marsal (“A&M”) to make recommendations to increase Income Available for Debt Service in 2023. A&M personnel worked with management to: (i) develop a financial and liquidity forecasting model; and (ii) support the leadership team in clarifying plans, quantifying impacts, and monitoring the progress of implemented initiatives.

The Tufts Medicine management team, supported by A&M, developed a detailed set of initiatives and action plans in each of the following categories:

Revenue Cycle Management: Improvement and optimization across a range of performance indicators including charge capture, denials management and clinical documentation improvement. Included a complete refresh of the management team and operating structure to drive improvement initiatives.

Expense Reduction: Rationalization of labor and non-labor expenses across corporate, hospitals, and physician group. Reductions included headcount, contract labor, contract services, professional fees, and other vendor spend.

Profitable Growth Strategies: Optimization of payor rate increases, capacity and throughput management including length of state improvement, operating room efficiency improvement, and outpatient surgical growth.

Additional Actions: Maximization of access to appropriate relief funding including ARPA and FEMA funding, and monetization of non-core assets, including sale of Tufts Medicine's outreach laboratory business.

In May 2023, A&M completed their review and issued a report, which was filed with the Master Trustee in compliance with the Master Trust Indenture. In 2023, losses experienced by the Obligated Group compared to 2022 were reduced, which management attributes in part to the strategies developed as a result of the A&M engagement. The Obligated Group achieved a 3.77x DSCR in 2023.

Current Fiscal Year and Turnaround Plan Development

For the three months ended December 31, 2023, the System reported a loss of \$6.5 million and the Obligated Group reported an operating gain of \$29.3 million. However, excluding \$65.3 million of one-time items recorded in this period, such as FEMA funds and a 340B settlement, the results would have been operating losses of approximately \$71.8 million and \$36.0 million for the System and the Obligated Group, respectively.

As a result of these continued operating losses, Tufts Medicine engaged A&M to assist in the development of a turnaround plan (the "Turnaround Plan"). A&M began this engagement in December 2023 and immediately started to develop the Turnaround Plan and evaluate all areas that had the potential to contribute to improved quality of earnings. As part of the Turnaround Plan, Tufts Medicine set a goal of achieving a positive earnings before interest, depreciation and amortization ("EBIDA") run rate by the end of 2024 and a positive operating margin run rate by the end of 2025 for the System.

The Turnaround Plan was constructed with the following attributes:

Approach. A&M and Tufts Medicine management evaluated all material budgeted initiatives for 2024, as well as those planned for future years or suggested by leadership and recommended by the prior A&M advisory group in 2023. The Turnaround Plan then prioritized key initiatives with highest probability and size of impact in the short-term.

Initiatives. As discussed in more detail below, the initiatives developed by A&M and Tufts Medicine were designed to cover many facets of Tufts Medicine's operations. Areas covered by Turnaround Plan initiatives include: workforce, physician productivity, revenue cycle management, specialty pharmacy, supply chain and purchased services, risk-based contracting, private and government payor contracting, and hospital volume and capacity management.

Timeline. Initiatives in all of the areas described above are currently in process. In addition, Tufts Medicine and A&M continue to develop additional initiatives to include in the Turnaround Plan. Tufts Medicine's goal is to have all Turnaround Plan initiatives identified and validated in 2024. In addition to any savings realized from the Turnaround Plan in 2024, Tufts Medicine plans to incorporate projected savings from the Turnaround Plan in its budget for 2025.

Cadence of Meetings and Deliverables. Initially, as the development of the Turnaround Plan commenced, Tufts Medicine management and A&M met with a special committee of the Corporation's Board of Trustees (the "Special Committee") twice weekly with report-outs on progress (generally and specific to each initiative), including weekly leading indicators, thirteen week and monthly cash flow, and monthly income statement. Since May of 2024, meetings with the Special Committee are held weekly. The Special Committee is also provided with detailed monthly reports regarding the turnaround, along with management-prepared financial statements.

Accountability. In addition to the Special Committee, leaders within the Tufts Medicine management are assigned to every initiative and report directly to the Tufts Medicine CEO on

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progress. Tufts Medicine management also works with the A&M team to vet initiatives for potential impact and available measures of accountability.

Turnaround Plan Initiatives

As noted above, the Turnaround Plan covers initiatives in several areas of Tufts Medicine's operations. The initiatives highlighted below are those Tufts Medicine has prioritized based on guidance received from the Special Committee and A&M. Tufts Medicine management believes these initiatives have the opportunity to provide between \$190 million and \$550 million in improvements to the System's operating margin by the end of 2025.

Workforce. The System has implemented several initiatives related to its workforce, including:

- *Reduction in Contract Labor.* The System has worked to reduce its usage of contract labor and build an employed workforce sufficient to meet its operational needs. Any expiring contract labor agreements for any of the Hospitals are not being renewed. As a result, contract labor expenses have decreased. In April 2024, the System has its lowest contract labor expense since before the COVID-19 pandemic at \$5 million, decreased from the May 2022 high of \$20 million and the 2023 average of \$10 million per month.
- *Position Control Review.* The System completed a full position control. As a result, the System has centralized its position approval and contract labor agreement approval processes with Tufts Medicine-level personnel, rather than permitting individual hospital or other System entity's management to make these decisions, permitting more System-wide oversight and control.
- *Reduction in Force.* The System recently completed a reduction in force, primarily of non-clinical personnel, which eliminated 174 positions and as of May 17, 2024, has resulted in approximately \$3.5 million of monthly savings.

Physician Groups. To improve physician productivity, the System has implemented programs, including improvements to clinical workflows, enhanced scheduling activities and updating provider compensation plans to include incentives relating to physician's individual productivity. These programs have resulted in an increase in physician productivity from the 31st percentile as of September 30, 2023 to the 50th percentile as of May 31, 2024, as compared to benchmarks established by Vizient's Clinical Practice Solutions Center.

Revenue Cycle Management. The System has taken several steps to improve revenue cycle management.

- *Outsourcing of Accounting Operations.* In early 2024, the System outsourced the entire cash posting operation to PricewaterhouseCoopers to improve cash posting, as well as for improvement in claims follow-up and matters related to bad debt and denials from commercial, state and federal payors.
- *Huron Engagement.* In March 2024, the System engaged Huron to improve revenue cycle management in the following areas: (1) targeted cash acceleration (e.g., clean-up of aged accounts receivables, reduction of billing backlogs, and denial mitigation efforts); (2) operating model improvement (e.g., roll-out of staff performance standards to accelerate performance against defined metrics); and (3) increased access to services (e.g., standardization of patient access workflows to decrease lead times and open slots).

Specialty Pharmacy. With respect to specialty pharmacy, the System is focused on improving the integration of its pharmacy services for drugs being administered and provided to patients.

Alignment of the pharmacy service with Tufts Medicine's clinics provides opportunity for quality and patient satisfaction improvements, as well as financial improvements.

Supply Chain and Purchased Services. The System continues to focus on opportunities with Premier, the System's new outsourced supply chain partner as of October 1, 2023. The System also continues to reduce other third party purchased services unless deemed beneficial to the System overall.

Risk-Based Contracting. In 2022, the System organized employed and community physicians into a single clinically integrated network known as the Tufts Medicine Integrated Network, which contracts with payors. Since that time, the System has continued initiatives to integrate this function. The reorganization into a single network has allowed the System to better leverage its participation in risk-based and other value-based contracting models. The System anticipates that broader participation in such contracts may improve its financial results.

Private and Governmental Payor Contracting. The System is working with The Commonwealth of Massachusetts and the federal government to advocate for additional increases in reimbursement rates for Medicaid and Medicare patients, given that the System's gross payor mix is approximately 70% government pay. For commercial payors, the System has leveraged its system organization to negotiate new system-level rate increases with several commercial payors. Previously, many commercial payor contracts were negotiated at the individual hospital and physician organization level.

Hospital Volume and Capacity Management. The System is focused on both (1) reducing average length of stay within its hospitals to ensure capacity for all patients requiring inpatient admissions and (2) expanding its operations and capabilities with respect to services with the greatest potential for a positive impact on operating margin. Since the end of 2023, the System has reduced average length of stay by 7% through initiatives including: (i) daily staff rounding focused on patient communication and discharge planning rounding; (ii) defined escalation pathways for discharge barriers (*e.g.*, process to address delays in radiology or lab); and (iii) modeling of avoidable delays with solution planning. The System has also improved patient access and expanded clinic volume through improved provider productivity (as discussed above).

The Turnaround Plan and execution thereof is based on the current plans and expectations of Tufts Medicine and is subject to a number of known and unknown uncertainties and risks that could significantly affect current plans and expectations and Tufts Medicine's future financial position and results of operations. As a consequence, current plans, anticipated actions and the future financial position and results of operations of Tufts Medicine may differ from those expressed in any projection or forward-looking statements made by or on behalf of Tufts Medicine and investors are cautioned not to rely on such forward-looking statements when evaluating the information presented in this Official Statement.

Preliminary Results

Preliminary results of the Turnaround Plan have demonstrated progress and the table below shows what the System has realized through May 2024 related initiatives targeted as part of this plan.

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Turnaround Plan Preliminary Results (in thousands)

Group	Next Steps	Realized Savings through Fiscal Year-to-Date (May 2024)
Workforce Management	Maintain recent changes and realize yield on reduction in force	\$ 21,000
Payer/Government Contracting	Complete 2025 negotiations	12,000
Revenue Cycle	Continue to implement improvements with support from PricewaterhouseCoopers and Huron	3,000
Supply Chain / Purchased Services	Identify and implement on additional pricing and utilization opportunities with Premier	5,000
Hospital Volume and Capacity Management	Expand action plans to continue to improve throughput and grow hospital volume	25,000
Professional Group Growth and Access	Set productivity and provider staffing goals and expand access	8,000
Total Impact Through May 2024		\$74,000

Tufts Medicine continues to execute on the Turnaround Plan. However, as with all future performance, there can be no assurances that Turnaround Plan, will be successful in reducing or eliminating Tufts Medicine’s operating losses, or that Tufts Medicine will continue as a going concern.

Contingency Planning

As it continues to execute the Turnaround Plan, Tufts Medicine is undertaking a broad-based evaluation of potential strategic and legal alternatives available to the Obligated Group to continue to fulfill its charitable mission and operate as a going concern. Given the current challenging financial environment of many health systems, including the System, Tufts Medicine has engaged certain advisors, as needed, to educate and advise its Board of Trustees and leadership on a number of matters. As a result, and in addition to A&M, Tufts Medicine has engaged investment bank Houlihan Lokey, strategic consulting firm Kaufman Hall, and legal counsel Ropes & Gray LLP to advise and educate the Corporation’s Board of Trustees on potential strategic and legal alternatives available to the Obligated Group, including, but not limited to, potential strategic opportunities, facility, service line or programmatic improvements, reductions or closures, and the ability to seek protection under state or federal insolvency laws. See “BONDOWNER RISKS—Effect of Bankruptcy,” “—Rate Pressure from Insurers and Purchasers,” “—Economic and Financial Market Risks,” “—Competition,” “—Determination of Need Requirements; Limits on Reduction of Essential Services,” “—Affiliation, Merger, Acquisition and Divestiture,” and “—Physician, Nursing and Staff Shortages” in the forepart of this Official Statement for additional discussion of the challenges and risks facing health systems in the Commonwealth and nationally.

As of the date hereof, Tufts Medicine is focused on executing on its Turnaround Plan and has not entered into any letters of intent, memoranda of understanding, or similar agreement regarding any material

strategic transactions. Tufts Medicine may consider such transactions in the future if there is a perceived strategic or operational benefit for Tufts Medicine.

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UTILIZATION

Summary Utilization and Operating Statistics

The following table lists Tufts Medicine's key utilization statistics for the past three fiscal years and the seven-month periods ended April 30, 2023 and 2024.

	<u>Fiscal Year Ended September 30,</u>			<u>Seven-Month Period Ended April 30,</u>	
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>
Total licensed beds/bassinets	1,099	1,099	1,030	1,030	1,076
Total available beds /bassinets	962	990	979	975	987
Percent occupancy – licensed beds	64%	67%	74%	76%	73%
Percent occupancy – available beds	73%	74%	78%	80%	80%
Patient Days by specialty:					
Medical/surgical	179,716	192,418	206,883	122,394	126,486
Behavioral health/psychiatric	21,935	23,044	15,807	8,779	9,760
Obstetrics	13,315	13,456	14,532	8,181	8,514
Sick neonates	12,623	11,316	11,716	6,899	7,627
Well baby nursery	7,911	7,744	8,300	4,588	5,161
Total Patient Days	235,500	247,978	257,238	150,841	157,578
Discharges by specialty:					
Medical/surgical	34,706	33,853	34,899	19,906	22,285
Behavioral health/psychiatric	1,730	1,440	1,531	793	1,022
Obstetrics	4,122	4,117	4,295	2,356	2,643
Sick neonates	689	706	761	457	437
Well baby nursery	3,333	3,241	3,490	1,908	2,162
Total Inpatient Discharges	44,580	43,357	44,976	25,420	28,549
Average Length of Stay by specialty:					
Medical/surgical	5.18	5.68	5.93	6.15	5.68
Behavioral health/psychiatric	12.68	16.00	10.32	11.07	9.58
Obstetrics	3.23	3.27	3.38	3.47	3.22
Sick neonates	18.32	16.03	15.40	15.10	17.45
Well baby nursery	2.37	2.39	2.38	2.40	2.39
Total Average Length of Stay	5.28	5.72	5.72	5.93	5.52
Observation Patient Days	20,661	18,965	21,835	14,121	10,008
Observation Discharges	12,918	10,821	13,289	7,589	6,824
Total Bedded Patient Days	256,161	266,943	279,073	164,962	167,586
Total Bedded Discharges	57,498	54,178	58,265	33,009	35,373
Average Daily Census	702	731	765	778	790
Newborn deliveries	3,741	3,728	3,883	2,146	2,394
Inpatient surgical cases	9,116	8,721	9,068	5,096	5,382
Outpatient surgical cases	21,963	20,667	20,826	11,853	12,778
Total Surgical cases	31,079	29,388	29,894	16,949	18,160
Total ED visits	155,199	166,180	171,986	98,701	103,541
Urgent care visits	70,426	84,901	85,951	50,888	58,353
Total Outpatient visits	1,269,650	1,117,292	1,401,702	808,889	621,215
VNA/Home Care visits	185,446	144,160	141,074	84,472	82,309
Total FTEs	8,370	8,473	8,416	8,416	8,147

Since the formation of Tufts Medicine, the Hospitals, both individually and in the aggregate, have improved the case mix index (“CMI”) of hospitalized patients. The CMI is an indicator of the acuity level of inpatients treated in a hospital. The CMI increase at the community hospitals reflects that there are more “higher-acuity,” complex patients being managed locally rather than being transferred to Boston for care, which is a high priority of the System. Additionally, the CMI at Tufts MC over each of the past three years is among the one of the highest in the Commonwealth of Massachusetts.

The following table shows the CMI for the past three fiscal years and the six-month period ended April 30, 2023 and 2024 for Tufts Medicine and each of the Hospitals for all inpatients (excluding normal newborns) and for Medicare inpatients, specifically.

Case Mix Index⁽¹⁾

	<u>Fiscal Year Ended September 30,</u>			<u>Seven-Month Period Ended April 30,</u>	
Medicare Patients	2021	2022	2023	2023	2024
LGH	1.54	1.54	1.54	1.55	1.57
MWHC	1.49	1.43	1.40	1.42	1.38
Tufts MC	2.39	2.39	2.43	2.37	2.30
Tufts Medicine System ⁽²⁾	1.81	1.79	1.79	1.78	1.76
All Patients/Payers	2021	2022	2023	2023	2024
LGH	1.47	1.48	1.48	1.42	1.51
MWHC	1.41	1.40	1.39	1.33	1.35
Tufts MC	2.17	2.14	2.21	2.11	2.17
Tufts Medicine System	1.74	1.72	1.75	1.66	1.74

⁽¹⁾ Excludes MSDRG 795 (normal newborns).

⁽²⁾ Each of the Hospitals reports its annual Medicare CMI based on the arithmetic average of its monthly Medicare CMI determined as of a fixed day each month. The Tufts Medicine aggregate Medicare CMI has been recalculated for the periods shown based on trailing information received after the monthly determination dates to reflect final classification of cases by Medicare or its fiscal intermediaries. Accordingly, the Tufts Medicine aggregate Medicare CMI does not match the weighted mathematical average of the indices for the Members of the Obligated Group.

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FINANCIAL INFORMATION

Summary of Consolidated Statements of Revenues and Expenses and Consolidated Balance Sheets

The following Summary of the Consolidated Statements of Revenues and Expenses and Consolidated Balance Sheets for the Obligated Group prepared by management are derived from the financial records of the Obligated Group. The Consolidated Statements of Revenues and Expenses and Consolidated Balance Sheets as of and for the years ended September 30, 2021, 2022 and 2023 and seven-month periods ending April 30, 2023 and 2024 are presented for the Obligated Group. Appendix B to this Official Statement sets forth the consolidated balance sheets of the Corporation as of September 30, 2023 and 2022 and the related consolidated statements of revenues and expenses, changes in net assets and cash flows for the year then ended September 30, 2023 and 2022, together with the Independent Auditors' Reports, Deloitte & Touche LLP.

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Summary of Consolidated Statements of Revenues and Expenses
Tufts Medicine Obligated Group
(\$ in thousands)

	Year Ended September 30,			Seven-Month Period Ended April 30,	
	2021	2022	2023	2023	2024
<u>Operating revenues:</u>					
Net patient service revenue—net of provision for uncollectible accounts	\$1,565,169	\$1,518,887	\$1,668,879	\$926,753	\$1,026,213
Other operating revenue	238,502	228,403	255,490	147,430	147,300
Grant revenue	83,242	113,965	219,081	106,668	85,484
Net assets released from restrictions	3,229	4,181	7,203	4,345	2,422
<u>Total operating revenue</u>	<u>\$1,890,142</u>	<u>\$1,865,436</u>	<u>\$2,150,653</u>	<u>\$1,185,196</u>	<u>\$1,261,419</u>
<u>Operating expenses:</u>					
Salaries and wages	\$726,309	\$810,098	\$855,064	\$494,618	\$516,105
Employee benefits	162,801	178,300	193,647	111,990	113,691
Supplies and other expenses	311,221	502,427	444,873	327,958	347,237
Purchased Services	544,491	577,258	574,976	261,477	246,923
Depreciation and amortization	61,576	78,394	80,512	47,234	45,787
Interest	34,162	32,035	37,273	19,728	22,318
<u>Total operating expenses</u>	<u>\$1,840,560</u>	<u>\$2,178,512</u>	<u>\$2,186,345</u>	<u>\$1,263,005</u>	<u>\$1,292,061</u>
<u>Income (loss) from operations</u>	<u>\$49,582</u>	<u>(\$313,076)</u>	<u>(\$35,692)</u>	<u>(\$77,809)</u>	<u>(\$30,642)</u>
<u>Non-operating revenue and expenses:</u>					
Investment income	\$9,070	\$6,311	\$4,036	\$2,360	\$5,860
Realized and unrealized gain (loss) on investments	131,866	(121,009)	37,687	20,438	19,119
Unrestricted gifts—net of expenses	7,394	(6,542)	(10,025)	(6,137)	(3,741)
Loss on extinguishment of debt					
Other components of net periodic pension costs	(8,109)	4,046	(4,728)	1,761	1,532
Other	9,850		139,511		2,600
<u>Total nonoperating revenue and expenses</u>	<u>\$150,071</u>	<u>(117,194)</u>	<u>\$166,481</u>	<u>\$18,422</u>	<u>\$25,370</u>
<u>Excess (deficiency) of revenue and expenses</u>	<u>\$199,653</u>	<u>(\$430,270)</u>	<u>\$130,789</u>	<u>(\$59,387)</u>	<u>(\$5,272)</u>

Source: Information is derived from Corporation records.

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Summary of Consolidated Balance Sheets Tufts Medicine Obligated Group (\$ in thousands)

	2021	September 30, 2022	2023	April 30, 2024
<u>Assets</u>				
<u>Current assets:</u>				
Cash and cash equivalents	\$50,585	\$31,300	\$111,810	\$25,345
Short-term investments				48,000
Restricted Cash			15,700	15,700
Patient accounts receivable	201,540	269,651	276,343	270,196
Prepaid expenses and other current assets	22,428	18,707	15,131	25,640
Other receivables—net	63,373	58,480	48,069	56,442
Current portion of assets limited as to use	13,933	12,842	16,650	6,217
Supplies	26,345	26,864	25,563	29,058
Estimated third-party payor settlements—current (asset)	9,627	3,017	8,620	25,345
Due from affiliates	148,003	104,640	144,640	166,666
<u>Total current assets</u>	<u>\$535,834</u>	<u>\$525,501</u>	<u>\$662,526</u>	<u>\$668,609</u>
<u>Estimated third-party payor settlements (asset)</u>	<u>\$3,588</u>	<u>\$7,884</u>	<u>\$14,470</u>	<u>\$20,453</u>
<u>Investments</u>	<u>\$855,294</u>	<u>\$404,168</u>	<u>\$295,846</u>	<u>\$174,443</u>
<u>Assets limited as to use—noncurrent portion:</u>				
Held by trustees under bond indenture agreements	\$214,677	\$69,608	\$45,075	\$21,216
Deferred compensation and other	10,857	8,639	4,717	3,768
Funds held for self-insurance liability				
Donor-restricted assets	49,466	42,464	48,434	52,350
<u>Total assets limited as to use—noncurrent portion</u>	<u>\$275,000</u>	<u>\$120,711</u>	<u>\$98,226</u>	<u>\$77,334</u>
<u>Property and equipment—net</u>	<u>\$550,116</u>	<u>\$701,714</u>	<u>\$710,453</u>	<u>\$702,656</u>
<u>Right of use assets</u>	<u>\$90,194</u>	<u>\$74,497</u>	<u>\$58,936</u>	<u>\$49,834</u>
<u>Investments in unconsolidated affiliates</u>	<u>\$17,943</u>	<u>\$18,535</u>	<u>\$19,891</u>	<u>\$17,253</u>
<u>Other assets—net</u>	<u>\$42,811</u>	<u>\$36,184</u>	<u>\$32,296</u>	<u>\$31,993</u>
<u>Total</u>	<u>\$2,370,780</u>	<u>\$1,889,194</u>	<u>\$1,892,644</u>	<u>\$1,742,575</u>
<u>Liabilities and net assets</u>				
<u>Current liabilities:</u>				
Accounts payable and accrued liabilities	\$213,587	\$229,079	\$222,459	\$211,468
Self-insurance reserves—current	17,121	13,162	12,479	12,603
Estimated third-party payor settlements—current (liability)	18,185	10,121	10,365	1,560
Lines of credit	154,453	81,500	81,500	64,000
Current portion of finance lease obligations	6,320	2,189	3,152	1,804
Current portion of lease liability	17,011	17,598	17,639	17,370
Current portion of long-term debt	18,004	18,489	18,998	19,336
Due to affiliates	7,786	111,412	202,392	97,016
Other current liabilities		18,722		
<u>Total current liabilities</u>	<u>\$452,467</u>	<u>\$502,272</u>	<u>\$568,984</u>	<u>\$425,157</u>
<u>Other liabilities:</u>				
Finance lease obligations—net of current portion	\$4,402	\$9,759	\$9,243	\$8,208
Lease liability—net of current portion	85,408	68,043	50,951	41,051
Long-term debt—net of current portion	821,794	802,302	782,268	773,729
Estimated third-party payor settlements (liability)	22,499	20,562	11,328	12,299
Self-insurance reserves—net of current portion	22,852	13,497	11,335	10,185
Accrued pension liability	49,341	52,046	39,340	36,343
Other long-term liabilities	40,022	37,713	36,195	34,692
<u>Total liabilities</u>	<u>\$1,498,785</u>	<u>\$1,506,194</u>	<u>\$1,509,644</u>	<u>\$1,341,664</u>
<u>Net assets:</u>				
Net assets without donor restrictions	\$822,194	\$340,431	\$334,968	\$348,556
Net assets with donor restrictions	49,801	42,569	48,032	52,355
<u>Total net assets</u>	<u>\$871,995</u>	<u>\$383,000</u>	<u>\$383,000</u>	<u>\$400,911</u>
<u>Total</u>	<u>\$2,370,780</u>	<u>\$1,889,194</u>	<u>\$1,892,644</u>	<u>\$1,742,575</u>

Source: Information is derived from Corporation records.

Management's Discussion of Recent Financial Performance

Seven-month period ending April 30, 2024 Compared to April 30, 2023

Total operating revenue increased \$76.2 million for the first seven months of 2024 as compared to 2023 or by 6% while expenses increased by 2%. During the same period, net patient service revenue increased by \$99.5 million from \$926.8 million to \$1.026 billion or by 11%. Grant revenue decreased during the same period by \$21.2 million due to the timing of FEMA reimbursements for Tufts Medicine's COVID-19 related expenses. The operating expenses increases in salaries and wages and supplies and were offset by decreases in purchased services. Salaries and wages increased from \$494.6 million to \$516.1 million or \$21.5 million or by 4% due to annual raises and other differentials paid to offset contract labor. Supplies increased from \$328.0 million to \$347.2 million or \$19.3 million or by 6% which was aligned with volume with medical surgical supplies and drug expenses. Purchased services have decreased by \$14.5 million from \$261.5 million to \$246.9 million or by 6% primarily due to a decrease in contract labor. As discussed in more detail in "RECENT FINANCIAL PERFORMANCE, STRATEGY AND INITIATIVES—Turnaround Plan Initiatives," the Systems initiatives with respect to its workforce and revenue cycle management have shown progress in improving these areas.

Fiscal Year 2023 Compared to Fiscal Year 2022

From 2022 to 2023, the Obligated Group's total operating revenue increased from \$1.9 billion to \$2.2 billion or by 15% while total operating expenses remained relatively flat, increasing from \$2.18 billion to \$2.19 billion or by 0.4%. Net patient service revenue increased by \$150 million or by 10% due to growth in both inpatient and outpatient volume strategies. Grant revenue increased significantly from \$114 million to \$219 million due to COVID-19 related expenditure reimbursements. Operating expenses remained relatively flat; increases in salaries and wages for annual raises were offset by initiatives to reduce supply expenses.

Fiscal Year 2022 Compared to Fiscal Year 2021

From 2021 to 2022, the Obligated Group's total operating revenue decreased from \$1.89 billion to \$1.87 billion or \$24.7 million or by 1%. Net Patient Service Revenue of \$1.6 million decreased to \$1.5 million or by 3%. This decrease in Net Patient Service Revenue was offset largely by Grant Revenue which increased from \$83.2 million to \$113.9 million or by 37%. Tufts Medicine received Provider Relief Funding, FEMA and ARPA funding. The Obligated Group's operating expenses increased from \$1.841 billion to \$2.179 billion or by \$338 million. Specifically, purchased services increased from \$311.2 million to \$502.4 million or by 61%. Salaries and wages during this period also increased significantly from \$726.3 million to \$810.1 million or by 12%. The significant increase in expenses can be attributed to the investment in EPIC for the implementation in April 2022. The remaining significant factor driving expenses was due to COVID-19 related expenses due to the pandemic. Tufts Medicine incurred significant costs for supplies, equipment and facility modifications and labor expenses due to COVID-19 surges. Depreciation and amortization expense increased from \$61.6 million to \$78.4 million or by 27% due to six months of Epic capitalization.

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Liquidity

The following table sets forth the unrestricted cash and liquidity position of the Obligated Group for 2021 through 2023.

Days Cash on Hand
Tufts Medicine Obligated Group
(\$ in thousands)

	Fiscal Year Ended September 30,		
	2021	2022	2023
Total Unrestricted Cash and Investments ⁽¹⁾	\$905,879	\$435,468	\$407,656
Average daily operating expense ⁽²⁾	4,874	5,754	5,769
Days Cash on Hand ⁽³⁾	186	76	71
Unrestricted Cash and Investments to Debt			
Total Unrestricted Cash and Investments ⁽¹⁾	\$905,879	\$435,468	\$407,656
Total Debt Outstanding ⁽⁴⁾	952,939	999,880	963,751
Total Unrestricted Cash and Investments to Debt	95%	44%	42%

⁽¹⁾ Unrestricted cash and investments are reduced by restrictions for certain temporarily restricted assets.

⁽²⁾ Total operating expenses (excluding depreciation and amortization expense) for the period divided by the number of calendar days in the period.

⁽³⁾ Total unrestricted cash and investments divided by average daily operating expense.

⁽⁴⁾ Excludes capital leases.

Debt Service Coverage

The following table sets forth, for the fiscal years ended September 30, 2021, 2022 and 2023, the net income of the Obligated Group available to pay debt service on its long-term indebtedness, and the extent to which, using the assumptions set forth in the Master Trust Indenture, such net income would have covered the historical maximum annual debt service requirements, and the extent to which such net income would have covered pro forma maximum annual debt service requirements on the long-term indebtedness of the Obligated Group outstanding after the issuance of the Bonds.

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**Pro Forma Coverage of Maximum Annual Debt Service
Tufts Medicine Obligated Group
(\$ in thousands)**

	Fiscal Year Ended September 30,			
	2021	2022	2023	2023 Pro Forma ⁽¹⁾
Excess of revenues over expenses	\$199,653	(\$430,270)	\$130,789	\$130,789
Interest expense	34,162	32,035	37,273	37,273
Depreciation and amortization	61,576	78,394	80,512	80,512
Unrealized gains and losses	(405)	149,413	(53,214)	(53,214)
Severance	-	-	8,545	8,545
Loss on extinguishment of debt	-	-	-	-
(Gain)/Loss on sale of PPE	(9,850)	-	-	-
Income available for Debt Service	\$285,136	(\$170,428)	\$203,905	\$203,905
Maximum Annual Debt Service ⁽²⁾	\$46,091	\$46,091	\$46,091	\$55,030
Debt Service Coverage Ratio (x)	6.19	(3.70)	4.42	3.71

⁽¹⁾ Assumes the issuance of the Bond.

⁽²⁾ Calculated in accordance with the Master Trust Indenture utilizing assumption that all outstanding indebtedness is amortized over 30 years.

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APPENDIX A

Debt Structure and Capitalization

The following chart shows the Long-Term Indebtedness of the Obligated Group outstanding as of September 30, 2023:

Outstanding Long-Term Indebtedness Tufts Medicine Obligated Group (\$ in thousands)⁽¹⁾⁽²⁾

Series	Amount Outstanding	Debt Type	Coupon Type	Maturity	Renewal Date
Tufts Medical Center Taxable Bonds, Series 2013	\$ 74,398	Public - Taxable	Fixed	2038	N/A
Agency's Revenue Bonds, Lowell General Hospital Issue, Series G (2013)	61,005	Public	Fixed	2044	N/A
Agency's Revenue Bond (Hallmark Health System, Inc. Project), Series 2015A	21,351	Private	Fixed	2025	2025
Agency's Revenue Bond (Hallmark Health Properties, Inc. Project), Series 2016A ⁽³⁾	13,943	Private	Fixed	2046	2026
Agency's Revenue Bonds, Tufts Medicine Issue, Series A (2019)	322,535	Public	Fixed	2044	N/A
Agency's Revenue Bonds, Tufts Medicine Issue, Series B (2019) (Federally Taxable)	69,530	Public-Taxable	Fixed	2041	N/A
Agency's Revenue Bonds, Tufts Medicine Issue, Series C (2020)	173,940	Public	Fixed	2046	N/A
Agency's Revenue Bonds, Tufts Medicine Issue, Series D (2020) (Federally Taxable)	53,315	Public-Taxable	Fixed	2046	N/A
Total	\$ 790,017				

⁽¹⁾ Excludes capital leases. The Obligated Group has no outstanding derivative instruments.

⁽²⁾ Does not include lines of credit and other short-term indebtedness. As of April 30, 2024, the Obligated Group maintained a short-term, variable rate line of credit with JPMorgan Chase Bank, N.A. with \$75 million in capacity. As of the date of this Official Statement, the line of credit was fully drawn. The Obligated Group will use the proceeds of the Bonds to repay this line of credit. For more information, see "Use of Proceeds" and "Estimated Sources and Uses of Funds" in the forepart of this Official Statement.

⁽³⁾ Guaranteed by each Member of the Obligated Group on an unsecured basis; not a Parity Obligation under the Master Trust Indenture.

The following table sets forth the debt to capitalization of the Obligated Group as of the year ended September 30, 2023.

**Pro Forma Debt to Capitalization
Tufts Medicine Obligated Group
(\$ in thousands)**

	Fiscal Year Ended September 30, 2023	Pro Forma Fiscal Year Ended September 30, 2023 ⁽²⁾
Total Debt Outstanding ⁽¹⁾	\$963,751	\$1,113,751
Less Current Portion of Long-Term Indebtedness	121,289	121,289
Total Long-Term Indebtedness	842,462	992,462
 Total Net Assets without Donor Restriction	 \$334,968	 \$334,968
Total Capitalization	1,177,430	1,327,430
Long-Term Indebtedness to Capitalization	72%	75%

(1) Includes all Long-Term Indebtedness currently outstanding.

(2) Assumes the issuance of the Bonds.

SUPPLEMENTAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Revenues and Expenses and Consolidated Balance Sheets

The following Summary of the Consolidated Statements of Revenues and Expenses and Consolidated Balance Sheets for the System prepared by management are derived from the financial records of the System. The Consolidated Statements of Revenues and Expenses as of the seven-month periods ending April 30, 2023 and 2024 and Consolidated Balance Sheets as of the seven-month periods ending April 30, 2024 are presented for the System. Appendix B to this Official Statement sets forth the consolidated balance sheets of the System as of September 30, 2023 and 2022 and the related consolidated statements of revenues and expenses, changes in net assets and cash flows for the year then ended September 30, 2023 and 2022, together with the Independent Auditors' Reports, Deloitte & Touche LLP for the System.

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APPENDIX A

Summary of Consolidated Statements of Revenues and Expenses Tufts Medicine Inc. (\$ in thousands)

	Seven-Month Period Ended April 30,	
	2023	2024
<u>Operating revenues:</u>		
Net patient service revenue—net of provision for uncollectible accounts	\$1,101,134	1,216,576
Other operating revenue	236,133	244,432
Grant revenue	106,873	85,487
Net assets released from restrictions	4,369	2,481
<u>Total operating revenue</u>	<u>\$1,448,509</u>	<u>\$1,548,976</u>
<u>Operating expenses:</u>		
Salaries and wages	\$730,532	\$759,489
Employee benefits	152,340	155,491
Supplies and other expenses	240,797	275,901
Purchased Services	382,687	403,545
Depreciation and amortization	50,277	48,424
Interest	20,605	23,632
<u>Total operating expenses</u>	<u>\$1,577,238</u>	<u>\$1,666,482</u>
<u>Income (loss) from operations</u>	(128,729)	(117,506)
<u>Non-operating revenue and expenses:</u>		
Investment income	\$2,598	\$7,479
Realized and unrealized gain (loss) on investments	24,172	24,516
Unrestricted gifts—net of expenses	(5,940)	(3,563)
Loss on extinguishment of debt	-	-
Other components of net periodic pension costs	1,680	1,428
Other	-	2,602
<u>Total nonoperating revenue and expenses</u>	<u>\$22,510</u>	<u>\$32,462</u>
<u>Excess (deficiency) of revenue and expenses</u>	<u>(\$106,219)</u>	<u>(\$85,044)</u>

Source: Information is derived from Corporation records.

Summary of Consolidated Balance Sheets
Tufts Medicine System
(\$ in thousands)

	April 30, 2024
<u>Assets</u>	
<u>Current assets:</u>	
Cash and cash equivalents	\$79,817
Short-term investments	100,112
Restricted Cash	15,700
Patient accounts receivable	308,753
Prepaid expenses and other current assets	29,401
Other receivables—net	130,607
Current portion of assets limited as to use	6,217
Supplies	34,324
Estimated third-party payor settlements—current (asset)	24,866
<u>Total current assets</u>	<u>\$729,797</u>
 Estimated third-party payor settlements (asset)	 <u>\$20,453</u>
 <u>Investments</u>	 <u>\$257,289</u>
 <u>Assets limited as to use—noncurrent portion:</u>	
Held by trustees under bond indenture agreements	\$21,216
Deferred compensation and other	9,326
Funds held for self-insurance liability	95,510
Donor-restricted assets	52,636
<u>Total assets limited as to use—noncurrent portion</u>	<u>\$178,688</u>
 <u>Property and equipment—net</u>	 <u>\$762,285</u>
 <u>Right of use assets</u>	 <u>\$80,785</u>
 <u>Investments in unconsolidated affiliates</u>	 <u>\$38,568</u>
 <u>Other assets—net</u>	 <u>\$34,893</u>
 <u>Total</u>	 <u><u>\$2,102,758</u></u>
 <u>Liabilities and net assets</u>	
<u>Current liabilities:</u>	
Accounts payable and accrued liabilities	\$517,685
Self-insurance reserves—current	13,738
Estimated third-party payor settlements—current (liability)	1,560
Lines of credit	75,071
Current portion of finance lease obligations	1,804
Current portion of lease liability	23,283
Current portion of long-term debt	20,302
<u>Total current liabilities</u>	<u>\$653,443</u>
 <u>Other liabilities:</u>	
Finance lease obligations—net of current portion	\$8,207
Lease liability—net of current portion	68,256
Long-term debt—net of current portion	796,377
Estimated third-party payor settlements (liability)	11,820
Self-insurance reserves—net of current portion	100,077
Accrued pension liability	37,751
Other long-term liabilities	62,083
<u>Total liabilities</u>	<u>\$1,738,014</u>
 <u>Net assets:</u>	
Net assets without donor restrictions	\$311,984
Net assets with donor restrictions	52,760
<u>Total net assets</u>	<u>\$364,744</u>
 <u>Total</u>	 <u><u>\$2,102,758</u></u>

Source: Information is derived from Corporation records.

APPENDIX A

INVESTMENT MANAGEMENT

In early January 2019, the Corporation Board of Trustees approved the creation of a centralized Investment Committee of the Corporation Board of Trustees. During calendar year 2019 and early 2020, the new committee was created and fiduciary responsibilities and oversight of the investments to the centralized Investment Committee at Tufts Medicine, Inc. The centralized Investment Committee has been delegated responsibility to review, monitor and has oversee investments for all System Affiliates. The committee is comprised of seven members, five of which are independent outside members and two of which are ex-officio members (the Tufts Medicine President and CEO and the Chairperson of the Corporation Board of Trustees). The Committee meets at least quarterly to review investment portfolios for the System's corporate and pension assets.

INFORMATION TECHNOLOGY

In 2019, Tufts Medicine embarked on a strategic planning process to harmonize information technology across the System. The process included the engagement of key physician leadership and other stakeholders across all the various disciplines, and the selection of a unified EHR vendor was selected. The new EHR was complete and went live in April of 2022 providing a single EHR for the entire System. Additionally in May 2023, the System implemented a single human resource, payroll and workforce management software.

CYBERSECURITY

Tufts Medicine's information security program, overseen by Tufts Medicine's Chief Information Security Officer, is administered using defined security polices and standards (including an incident response process) and includes the following security measures: firewalls, an intrusion prevention system, a security information and event management system, a managed detection and response service, as well as application whitelisting protocols and encryption of sensitive information. Additionally, Tufts Medicine manages external access to Tufts Medicine's systems by requiring the use of multi-factor authentication.

Tufts Medicine purchases cyber/network service and privacy liability coverage. This coverage includes third-party liability, business interruption and cyber extortion coverage.

COMMUNITY INVESTMENTS AND UNCOMPENSATED CARE

The Hospitals provide for the delivery of care to the indigent and uninsured population within their service areas in various ways. The Hospitals make payments into the Health Safety Net Fund operated by the Commonwealth for the benefit of the indigent and uninsured (see "SOURCES OF PATIENT SERVICE REVENUE – Free Care and Uncompensated Care" below). The Hospitals also provide services that are ultimately not paid for by patients and that are then recorded as bad debts. The total of the gross obligation to the HSN Fund and the amount of bad debts is reported as uncompensated care expense. The consolidated net total of the uncompensated care expense of the Hospitals was \$23.42 million as reported in their 2023 Community Benefit Reports to the Office of the Massachusetts Attorney General. The Hospitals also provide care without charge or at rates lower than their established rates to patients who meet certain criteria under its charity care policies. The cost of providing this care is included in operating expenses.

The Hospitals work in collaboration with residents of their service areas and with community-based organizations to identify the health care needs of the community and to develop strategies to improve the health status of community members. The Hospitals' community benefits programs are focused particularly on underserved populations, and are designed to ensure that the Hospitals are welcoming and culturally competent organizations for all patients and employees.

The Hospitals provide annual reports describing their community benefit activities to the Office of the Attorney General in Massachusetts. The reports summarize progress made during the past year as well as objectives and initiatives for the upcoming year. The most recent reports, for 2023, indicate that the Hospitals provided approximately \$41.7 million in community benefit dollars.

The following table summarizes the Obligated Group's investments in community benefits and charitable care contributions in 2023 (the most recent year for which data were available).

Community Benefits Programs and Uncompensated Care
Tufts Medicine Obligated Group
(\$ in millions)⁽¹⁾

Community Benefits Programs	
Direct Expenses	\$15.02
Associated Expenses	\$1.33
Determination of Need Expenses	\$0.00
Employee Volunteerism	\$0.13
Other Leveraged Resources	\$1.58
Total Community Benefits Programs	\$18.06
Net Charity Program	
HSN Fund Assessment	\$17.07
HSN Fund Denied Claims	\$1.32
Free/Discount Care	\$5.03
Total Net Charity Care	\$23.42
Corporate Sponsorships	\$0.21
Total Expenditures	\$41.69

Source: 2023 Community Benefit Reports.

- ⁽¹⁾ As defined by the Attorney General's Community Benefits Guidelines for nonprofit hospitals, which include services contributed by third parties for the express purpose of supporting their community benefit programs.

MISCELLANEOUS

Fundraising

Tufts Medicine received \$21.6 million in combined philanthropic support in cash and pledges in 2023.

LGH raised \$2.7 million in 2023. LGH's philanthropy programs include annual giving initiatives and special events including the Lowell General Hospital Ball for Community Initiatives, the LGH Golf Challenge and TeamWalk for Cancer Care.

MWHC raised \$1.0 million in 2023. MWHC's philanthropy program includes annual giving initiatives, planned giving, special events and donor stewardship efforts.

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Tufts MC raised \$17.2 million in cash and pledges in 2023 to support research, capital and clinical programs. Major sources of support are major donors and board members, corporate partners, private and public foundations, patients, and other community members. Their community events fundraising program, including participation in the Boston Marathon, raised more than \$415,000 for patient programs.

Insurance Coverage

The Members of the Obligated Group collectively carry Property, Directors and Officers, Fiduciary Liability, Employment Practices Liability, Hired and Non-owned Aviation and Helipad Liability, Crime, Kidnap and Ransom, Network Security and Privacy Liability, Pollution, Clinical Trials Liability, Business Travel Accident, and Automobile Liability and Auto Physical Damage coverage through various third-party insurance companies.

The Obligated Group Members carry \$1 billion in property insurance limits to include coverage for comprehensive real & personal property for buildings and contents on a replacement cost basis. The property program includes coverage for business interruption and is issued on an all-risk form. The property program provides aggregate limits of \$250 million each for flood and earthquake. The Members of the Obligated Group, Tufts MC Parent, MelroseWakefield Healthcare Parent and Circle Health collectively self-insure for the first \$500,000 of workers' compensation and employers' liability coverage and carry excess coverage beyond this retention. TMCAH purchases third party workers' compensation coverage for itself and its subsidiaries' employees and staff.

The Obligated Group Members, Tufts MC Parent, MelroseWakefield Healthcare Parent, and Circle Health collectively self-insure for hospital professional liability ("HPL") and general liability coverage ("GL") through Tufts Medicine Indemnity Company, Ltd., ("TMEDIC"), Tufts Medicine's wholly-owned captive insurance company domiciled in Grand Cayman. TMEDIC was formed on October 1, 2017 and holds actuarially determined reserves that are calculated at a 70% confidence level and based upon occupied bed equivalent exposure units and the actual loss history of its members. The TMEDIC program indemnifies the first \$5 million of every HPL loss and the first \$2 million of a GL loss.

Through an integrated excess policy, TMEDIC also provides two \$75 million towers which individually attach over the underlying HPL and GL limits. These two \$75 million towers are fully reinsured by A-rated or better reinsurers. The excess policy of TMEDIC and associated reinsurance contracts that form the \$75 million towers are designed to respond to losses above the underlying policies involving healthcare professional liability, comprehensive general liability, employers' liability, non-owned and hired aviation and helipad liability.

In addition, TMCAH purchases third party commercial insurance to cover healthcare professional and general liability risks for itself and its subsidiaries with coverage of \$1 million per claim/\$3 million annual aggregate further supported by a commercial umbrella policy which provides an additional \$10 million aggregate liability. The aforementioned TMEDIC excess towers of \$75 million each for HPL and GL are also available to TMCAH once the underlying \$11 million/\$16 million limits available through its commercial policies are exhausted.

Litigation and Investigations

At any given time, the Obligated Group Members may have a number of lawsuits pending against them alleging professional or general liability or investigations from regulatory or law enforcement agencies.

In June 2024, the Corporation received notice from a third party regarding a claim for indemnification under a 2023 purchase agreement between the Corporation and said third party, in connection the purchase of the

Tufts Medicine outreach laboratory services business. The third party asserts over \$50 million in indemnifiable losses. Tufts Medicine disputes the claim and is further investigating the claim. Although it is too early to determine the ultimate effect, if any, of the claim on the System or the Obligated Group, this matter has the potential to have a material adverse impact on the System and the Obligated Group.

Except for the above-summarized claim, management believes that all claims relating to pending lawsuits as of the date of this Official Statement are either covered by applicable insurance policies subject to applicable deductibles with respect to which management believes it has adequate reserves or are not likely to have a material adverse impact on the System and the Obligated Group, and that no investigations are anticipated to have a material adverse impact on the System or the Obligated Group from lawsuits related to professional, general, regulatory or law enforcement agencies.

Licensure and Accreditation

Each of the Hospitals is licensed by the Massachusetts Department of Public Health and is accredited by The Joint Commission. The Joint Commission's accreditation process seeks to help organizations identify and correct problems to improve the quality of care and services provided.

Pension and Other Benefit Plans

Deferred Compensation

The System has nonqualified deferred compensation plans that permit eligible employees to defer a portion of their compensation. The deferred amounts are distributable in cash after retirement or termination of employment. As of September 30, 2023, and 2022, the assets and liabilities under these plans totaled \$5.6 million and \$9.7 million, respectively, which are included in assets limited as to use and other long-term liabilities in the consolidated balance sheets.

Defined Contribution Plans

The System sponsors defined contribution plans covering substantially all of its employees. These programs are funded by voluntary employee contributions, subject to legal limitations. Employer contributions to these plans include nonelective contributions as a percentage of eligible compensation and varying levels of matching contributions based on employee service. The employees direct their voluntary contributions and employer contributions among a variety of investment options. Contribution expense under the defined contribution plans totaled \$30.2 million and \$28.5 million, respectively, for the year ended September 30, 2023, and 2022, respectively.

Noncontributory Defined Benefit Pension Plans

A substantial number of employees of the Obligated Group are covered through one of two noncontributory defined benefit plans. It is the policy of the Members of the Obligated Group to make contributions at least equal to the minimum amount required under the law. As of September 30, 2023, the aggregate fair value of net assets available for benefits under the four plans were approximately \$223.2 million and the plans' benefit obligations were approximately \$263.9 million.

MWHC terminated its pension plan effective December 31, 2021. Plan obligations were settled through the purchase of an annuity of \$14.7 million in September 2022, a lump sum payment of \$8.6 million during the year, and the refund for the group annuity contract previously held by Aetna.

Effective January 1, 2024 the Employee Retirement Income Security Act ("ERISA") pension plans for Tufts MC and for Circle Health were merged into a single plan.

APPENDIX A

The System also has defined contribution plans under which they make annual contributions based on specific percentages of annual compensation and employee contributions. The System contributed \$30.2 million and 28.5 million to these plans in 2023 and 2022, respectively.

The funded status of the pension plans as of September 30, 2023 and 2022, based on September 30, 2023 and 2022 asset values, as well as the amounts recognized in the accompanying consolidated balance sheet as of September 30, 2023 and 2022, was \$40.7 million and \$53.4 million respectively.

Unrestricted net assets as of September 30, 2023 and 2022, included unrecognized actuarial losses of \$67.4 million and \$83.0 million, respectively. Approximately \$2.2 million of the unrecognized loss as of September 30, 2023, is expected to be recognized in net periodic pension costs in 2024.

Components of the pension plans' net periodic pension cost for the year ended September 30, 2023, and 2022, were \$4.9 million and (\$4.1) million, respectively.

For further information, see the footnotes to the September 30, 2023 and 2022 consolidated financial statements included in Appendix B.

SOURCES OF PATIENT SERVICE REVENUE

Payment for Hospital and Professional Care

The Hospitals maintain participating provider agreements with the federal Medicare program administered by CMS, the state Medicaid program administered by the Massachusetts Office of Medicaid, Blue Cross and Blue Shield of Massachusetts and various other payors and managed care programs. These agreements, together with applicable federal and state law, govern payments to the Hospitals for services rendered to patients covered by these programs.

The following table shows the percentage distribution of gross patient service revenue by payor source for the past three fiscal years ended September 30, 2021, 2022 and 2023, and the seven-month periods ended April 30, 2024 and 2023.

Gross patient charges by type of third-party payor for services provided by the Hospitals for the past three fiscal years ended September 30, 2021, 2022 and 2023, and the seven-month periods ended April 30, 2024 and 2023 were as follows:

	Payor Mix (Percent of Gross Revenue)			Seven-Month Period	
	Fiscal Year Ended September 30,			Ended April 30,	
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2024</u>
Medicare Traditional	26.7%	26.9%	26.3%	26.9%	25.7%
Managed Medicare	14.3%	15.9%	18.6%	18.5%	18.4%
Medicaid	4.6%	4.8%	4.7%	6.9%	6.8%
Managed Medicaid	18.6%	17.5%	17.0%	15.3%	16.1%
Managed Care	34.9%	33.7%	31.6%	30.7%	31.6%
Self Pay/Charity	<u>0.9%</u>	<u>1.2%</u>	<u>1.8%</u>	<u>1.7%</u>	<u>1.4%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The trend in payor mix percentages of gross patient service revenues over the last several years has continued to reflect that revenue from government payors is the predominant source of revenue for the

Hospitals. The trend has shown a slight shift away from Medicaid Managed Care and growth in Medicare Managed Care.

Medicare

Medicare is a federal health care program created by Title XVIII of the Social Security Act. Medicare covers both hospital and physician services for eligible individuals who are elderly, disabled or subject to certain chronic conditions.

Medicare generally pays acute care hospitals for most general medical/surgical items and services provided to Medicare beneficiaries under a prospective payment system (“PPS”) known as inpatient PPS (“IPPS”). The IPPS payment methodology uses a national base payment rate and adjusts it for several factors that influence hospitals’ costs, including a patient’s condition and labor costs in a hospital’s geographic area. Under the IPPS, CMS sets payment rates prospectively for inpatient stays based on the patient’s diagnosis and severity of illness. Each hospital receives a single payment for the stay based on the diagnosis-related group (“DRG”) assigned by the hospital at discharge. DRGs classify treatments for illnesses according to the estimated costs of hospital resources necessary to furnish care for each patient’s principal diagnosis and establish a payment amount for that diagnosis treatment group. Hospitals are thus at financial risk for providing services to a patient at an actual cost greater than the applicable DRG payment. DRG values are recalibrated annually and DRG rates are updated.

CMS also updates DRG payment rates for IPPS hospitals annually to account for changes in the costs of items and services they need to provide inpatient services. This is known as the hospital “market basket.” For federal fiscal year 2025, CMS has proposed an increase in operating payment rates for general acute care hospitals of approximately 2.6%. This includes the 3.0% market basket update reduced by various productivity and other adjustments.

A hospital’s receipt of the 2.6% adjustment to its inpatient DRG rates is contingent upon several factors, including successful reporting of quality data under CMS’s Hospital Inpatient Quality Reporting Program. Quality data is currently collected on an array of quality measures related to, but not limited to heart failure, chronic obstructive pulmonary disease, pneumonia, surgical care, mortality, readmissions, hospital-acquired conditions (“HACs”), participation in systematic clinical database registries for various topics, and patient satisfaction. Some of this data is reported by hospitals to CMS and some is calculated using information from Medicare claims data. Hospitals must report specific quality measures for inpatient services (which may be increased annually) and satisfy a certain data validation threshold in order to receive the full market basket percentage increase. Hospitals that do not successfully participate in the quality reporting program and do not submit the required quality data in a given federal fiscal year are subject to a one-fourth reduction of the market basket update.

Other CMS programs also can serve to reduce the amount of a hospital’s annual market basket update. CMS requires hospitals to meet certain conditions demonstrating that they are “meaningful users” of EHRs. Those hospitals that fail to meet certain requirements demonstrating that they are meaningful users will have their annual market basket increases reduced by three-quarters of the market basket update in a given federal fiscal year. CMS also has established a Hospital Value-Based Purchasing Program, which adjusts IPPS payments to hospitals based on their performance on certain quality measures. Likewise, CMS has implemented a Hospital Readmissions Reduction Program, pursuant to which hospitals that experience excess readmissions associated with particular conditions during a three-year period will incur a payment adjustment to their IPPS payment rates. CMS also has established a Hospital-Acquired Condition Reduction Program, which incentivizes hospitals to reduce the incidence of patients acquiring conditions in the hospital. Under this program, those hospitals that rank in the lowest performing quartile with respect to HACs will have their IPPS payment rates reduced by 1%.

APPENDIX A

Hospitals also receive from CMS an additional per discharge payment based on a federal rate to reimburse them for capital costs. The capital payment rate is adjusted annually to account for a hospital's geographic location and for certain costs, like indirect medical education ("IME") costs or for the extra costs incurred by hospitals due to serving a disproportionately large number of low income patients. The federal rate also is adjusted each year based on CMS's calculation of the change in prices associated with capital-related costs as measured by the capital input price index (similar to the hospital market basket index) and adjusted by other policy factors. For federal fiscal year 2024, CMS increased the capital federal rate by 4.14% over the federal fiscal year 2023 capital federal rate.

In addition to DRG payments for inpatient services, hospitals also may receive outlier payments for especially costly stays, referred to as "outlier" cases. Cases in which the costs of the case exceed the IPPS payment amount plus an additional fixed dollar amount, called a "threshold" qualify as outlier cases entitled to additional payments. Outlier payments are required by statute to approximate the marginal cost of care beyond the threshold. Each year, CMS determines the dollar amount of costs that must be exceeded for a case to qualify for outlier payments. Once the threshold is established for the year, all cases meeting the criteria receive outlier payments. CMS makes additional payments to teaching hospitals, like Tufts MC, to cover the direct and indirect costs of approved graduate medical education programs. CMS makes payments for direct graduate medical education costs ("DGME") under a prospective methodology based on a hospital-specific approved amount per resident. CMS pays for the IME costs attributable to approved graduate medical education programs through an additional yearly payment calculated as a percentage add-on to the inpatient DRG payment. The payment is based on a formula that incorporates the hospital's ratio of residents to beds in use and total IPPS revenue.

DGME and IME payments are subject to certain limitations, including a cap on a hospital's reimbursable residents based on the number of residents in a base year. Congress has repeatedly sought to limit DGME and IME payments. Tufts MC received \$39.2 million in IME payments and \$20.8 million in DGME payments for 2023. Tufts MC is expecting IME payments and DGME payments in 2024 at levels consistent with 2023. There can be no assurance the DGME and IME payments will continue at their current levels.

CMS also may provide additional reimbursement to IPPS hospitals. In certain circumstances, CMS makes payments for new services and technologies, such as when the estimated charges for the new service or technology exceed the hospital's DRG payment by a threshold amount and the new service or technology also is determined to be a substantial clinical improvement relative to technologies previously available. Hospitals also may receive payments, known as outlier payments, for cases with costs that exceed certain thresholds.

CMS also makes supplemental payments to hospitals like the Hospitals that serve a disproportionate number of low-income patients. This is known as disproportionate share hospital ("DSH") adjustments. The Patient Protection and Affordable Care Act (the "ACA") and the Health Care and Education Reconciliation Act modified the long-standing methodology for computing Medicare DSH payments. Beginning with discharges in federal fiscal year 2014, hospitals qualifying for Medicare DSH payments receive 25% of the amount that they previously would have received under the statutory formula for DSH payments. The remaining amount, approximately 75% of what otherwise would have been paid as Medicare DSH payments but reduced to reflect changes in the percentage of individuals who are under age 65 and uninsured, is available for Medicare to make additional payments to each hospital that qualifies for Medicare DSH payments and that has uncompensated care costs. The payments to each hospital for a federal fiscal year are based on the hospital's amount of uncompensated care for a given time period relative to the total amount of uncompensated care furnished by all hospitals that receive Medicare DSH payments for that federal fiscal year.

The Obligated Group received \$13.7 million in Medicare DSH payments in 2023.

Most hospital outpatient services also are reimbursed pursuant to a prospective methodology (“OPPS”). Payments under the OPPS are based upon ambulatory payment classification (“APC”) groups which include various clinically similar services with a single rate for all services in the group. APC rates are subject to a geographic adjustment that takes into account wage differentials. APCs also are adjusted annually based on the hospital inpatient market basket index. For calendar year 2024, CMS increased the payment rates under the OPPS by an Outpatient Department fee schedule increase factor of 3.1%, which is based on the hospital inpatient market basket percentage increase of 3.3% for inpatient services paid under the IPPS minus various adjustments. CMS has and continues to implement several changes to the APC payment system, including changes designed to move the OPPS toward making payments for larger bundles of items and services. There can be no assurance that the hospital OPPS rate considered with all applicable adjustments will be sufficient to cover the actual costs of outpatient hospital services.

Effective January 1, 2019, CMS reduced OPPS payments to a rate equivalent to the Physician Fee Schedule Rate for clinic visits (evaluation and management services) provided at off-campus provider-based outpatient departments (including those already billing Medicare on or before November 2, 2015 as provider-based). The Physician Fee Schedule equivalent rate is 40% of the OPPS rate.

In addition, beginning January 1, 2018, CMS reduced the Medicare reimbursement for certain outpatient drugs purchased through a drug discount program, known as the “340B drug discount program” by 340B-eligible hospitals (“340B hospitals”), such as LGH and Tufts MC. Section 340B of the Public Health Service Act requires pharmaceutical manufacturers to enter into agreements with the Secretary of the United States Department of Health and Human Services (“HHS”) pursuant to which the manufacturer agrees to provide discounts on certain outpatient drugs purchased by “covered entities” who serve a disproportionately high number of low income individuals. CMS’s payment reduction applied from January 1, 2018 through approximately the third quarter of 2022. To comply with statutory budget neutrality requirements under the OPPS, CMS made a corresponding increase to payments to all hospital for non-drug items and services, which was in effect from January 1, 2018 through December 31, 2022.

Hospitals challenged the rule and in June 2022, the Supreme Court ruled that the differential payment rates for 340B-acquired drugs were unlawful. In September 2022, the District Court for the District of Columbia vacated the differential payment rates for 340B-acquired drugs going forward, with the result that on 340B-acquired drugs paid on or after September 28, 2022 were paid at the original, non-reduced rate (average sales price of the drug or biological plus 6%). As of calendar year 2023, Medicare reimburses hospitals for drugs and biologicals obtained under the 340B Program (other than drugs that were reimbursed on a pass through basis and vaccines) at the average sales price of the drug or biological plus 6%. CMS is now making additional, lump sum payment to those 340B hospitals affected by its earlier reimbursement reduction, to pay them what they would have been paid had CMS’s reduced 340B policy never been implemented. The Obligated Group received lump sum payments of \$24.3 million from 2018 through 2022. CMS also is making a corresponding offset to maintain budget neutrality as if the 340B payment policy had never been implemented. To do this, CMS will reduce future reimbursement for non-drug items and services by adjusting the OPPS conversion factor by minus 0.5% beginning January 1, 2026. CMS estimates that it will need to continue this adjustment for the next 16 years to achieve budget neutrality resulting from the vacating of its invalid reduction in 340B-drug reimbursement.

In future years, the federal government may pass legislation that would affect Medicare payments to the Obligated Group. The ACA has had and continues to have a significant impact on coverage and reimbursement. Future health reform or actions to implement, modify or repeal the ACA could have both positive and negative effects on the nation’s hospitals and other health care providers, including the Obligated Group. Subsequent budget control legislation may also affect payment for services of the Members of the Obligated Group. The Budget Control Act of 2011 includes provisions to reduce the federal deficit. The Budget Control Act, as amended, resulted in the imposition of 2% reductions in Medicare

APPENDIX A

payments to providers beginning in 2013. More recent legislation extends reductions through 2031, with certain reductions extended to 2032. The federal government has in the past terminated cost sharing reduction payments, which are subsidies to certain health insurers that have enabled the insurers to reduce cost-sharing obligations for low income insureds. It is possible that discontinuation of these payments in the future could increase the Hospitals' bad debts or result in an increase in the number of uninsured individuals.

Medicaid

Under Title XIX of the Social Security Act, the Federal government provides matching funds to the Commonwealth for expenditures made under the Medical Assistance Program ("Medicaid"). The Executive Office of Health and Human Services ("EOHHS") Office of Medicaid administers the Massachusetts Medicaid program, also known as "MassHealth."

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

For inpatient services provided to MassHealth Members not enrolled in a Medicaid MCO, MassHealth pays an Adjudicated Payment Amount per Discharge ("APAD"), which is an all-inclusive federal facility payment that will cover the MassHealth Member's entire acute inpatient stay from admission through discharge. The discharge-specific APAD is based on the sum of the statewide operating standard per discharge (adjusted for the hospital's wage area), and the statewide capital standard per discharge, the sum of which is multiplied by the MassHealth inpatient claim. The APAD can be adjusted for, if applicable, percentage reductions for preventable readmissions. MassHealth also provides an outlier adjustment that provides an additional payment for unusually high-cost cases that are not fairly represented in the grouping methodology. The fixed cost threshold for which an inpatient case will qualify for an outlier payment in rate year 2024 is \$40,963. The percent of cost that will be paid above the APAD payment and outlier threshold is 60%.

For acute outpatient hospital services, MassHealth pays an Adjudicated Payment per Episode of Care ("APEC") from the previous methodology Payment Amount per Episode ("PAPE"). The APEC methodology takes into account services rendered on a given day along with the diagnosis of the episode and determines a rate of payment. The outpatient statewide standard for rate year 2024 is based on MassHealth payments for outpatient services in Hospital Rate Year 2021, with some adjustments to account for outlier payments, laboratory services, certain medical devices, bundled services and inflation. The hospital-specific APEC is determined by adjusting the outpatient statewide standard by each hospital's wage area index and EOHHS-determined case mix index. Costs are capped by an efficiency standard at 60% of standardized hospital costs weighted by total statewide fiscal year 2021 episodes.

MassHealth pays for behavioral health services delivered in Department of Mental Health-licensed psychiatric beds of acute hospitals through an all-inclusive statewide psychiatric per diem rate. Payment for behavioral health services is administered by a behavioral health contractor that is paid by MassHealth on a capitated basis. MassHealth also pays acute care hospitals on a per diem basis for rehabilitation services furnished in rehabilitation units. Services delivered to individuals who transfer among hospitals or among certain settings within a hospital, as well as inpatient pediatric outlier days, also are paid adjusted per diem rates.

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

EOHHS makes High Public Payer Hospital supplemental payments to hospitals (formerly known as DSH Supplemental Payments). High Public Payer Hospital status is calculated by using the gross patient service revenue payor categories reported in the hospital's 2022 Massachusetts Hospital Cost Report. A hospital qualifies for High Public Payer Hospital status if it has 63% or more of gross patient service revenue attributed to Medicare, Medicaid, and other government payors. In rate year 2024, EOHHS will distribute supplemental payments to each qualifying High Public Payer Hospital. The total aggregate amount of payments will equal \$13 million and the payments will be equally split between inpatient and outpatient services. The Obligated Group received \$0.9 million in supplemental payments in 2023. There can be no assurance as to the amount that the Obligated Group will receive in the future.

In addition to the payments specified above, EOHHS makes supplemental payments to certain qualifying hospitals. Tufts MC receives supplemental Public Service Hospital Safety Net Care Pool Payments ("SNCP"). The Obligated Group received \$19.1 million in supplemental Public Service Hospital SNCP in 2023.

The failure to maintain the current level of expected supplemental payments to the Obligated Group after 2024 could have a material adverse effect on the Obligated Group. Funding of the matching federal supplemental payments in 2024 and following years depends on many factors, including federal/state negotiations and future cost containment efforts. There can be no assurance that these funds or funds from other reimbursement sources will be comparable to this level of funding or sufficient to meet the Obligated Group's financial needs.

A portion of the Massachusetts Medicaid program operates as a demonstration program that has been granted waivers of certain federal Medicaid requirements. Originally approved in 1995, this demonstration program is effective through 2027.

In 2022, the Commonwealth filed an application for a new five-year waiver with CMS. The new waiver, approved by CMS in September 2022, covers the period from October 2022 through December 2027. The waiver permits the Commonwealth to provide coverage to individuals who are not otherwise Medicaid or CHIP eligible, such as persons experiencing homelessness, to extend Medicaid coverage to services not normally covered, such as with temporary housing assistance, and to innovate on delivery systems, such as with pre-release services for incarcerated persons. The waiver additionally provides incentive payments to acute care hospitals for implementing health equity initiatives, similarly to and replacing certain disability access incentive payments that MassHealth and Medicaid managed care plans have paid to hospitals for program implementation.

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APPENDIX B

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TUFTS MEDICINE, INC. AND
CONSOLIDATED SUBSIDIARIES FOR FISCAL YEARS ENDED SEPTEMBER 30, 2023 AND
2022, TOGETHER WITH SUPPLEMENTAL CONSOLIDATING INFORMATION**

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Tufts Medicine, Inc. and Consolidated Affiliates

Consolidated Financial Statements as of and for
the Years Ended September 30, 2023 and 2022,
and Supplemental Consolidating Information as of
and for the Year Ended September 30, 2023, and
Independent Auditor's Report

TUFTS MEDICINE, INC. AND CONSOLIDATED AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Tufts Medicine, Inc.
Burlington, Massachusetts

Opinion

We have audited the consolidated financial statements of Tufts Medicine, Inc. and affiliates (the "System"), which comprise the consolidated balance sheets as of September 30, 2023 and 2022, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always

detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

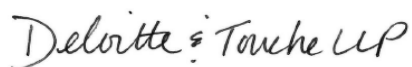
In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplemental Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The supplemental consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The logo for Deloitte & Touche LLP, featuring the company name in a stylized, handwritten-style script.

December 21, 2023

TUFTS MEDICINE, INC. AND CONSOLIDATED AFFILIATES

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2023 AND 2022 (Amounts in thousands)

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 193,869	\$ 111,181
Restricted cash	15,700	
Investments	15,617	15,527
Patient accounts receivable	309,106	321,903
Prepaid expenses and other current assets	20,125	28,477
Other receivables—net	160,239	144,772
Current portion of assets limited as to use	16,650	12,842
Supplies	30,836	28,624
Estimated third-party payor settlements—current	8,620	3,017
Total current assets	770,762	666,343
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	14,470	7,884
INVESTMENTS	356,872	458,416
ASSETS LIMITED AS TO USE—Noncurrent portion:		
Held by trustees under bond indenture agreements	45,075	69,608
Deferred compensation and other	9,306	10,287
Funds held for self-insurance reserves	91,023	91,885
Donor-restricted assets	48,719	42,745
Total assets limited as to use—noncurrent portion	194,123	214,525
PROPERTY AND EQUIPMENT—Net	769,924	763,889
RIGHT OF USE ASSETS	93,320	110,397
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	41,778	41,078
OTHER ASSETS—Net	33,704	36,403
TOTAL	\$2,274,953	\$2,298,935
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 558,561	\$ 532,272
Self-insurance reserves—current	13,916	15,084
Estimated third-party payor settlements—current	10,365	10,384
Contract liabilities		18,722
Lines of credit	100,231	100,398
Current portion of lease liability	23,934	24,178
Current portion of finance lease obligations	3,152	2,189
Current portion of long-term debt	19,950	19,399
Total current liabilities	730,109	722,626
OTHER LIABILITIES:		
Finance lease obligations—net of current portion	9,243	9,759
Lease liability—net of current portion	81,342	100,054
Long-term debt—net of current portion	805,552	826,391
Estimated third-party payor settlements	11,328	20,562
Self-insurance reserves—net of current portion	87,295	80,879
Accrued pension liability	40,691	53,471
Other long-term liabilities	63,680	64,748
Total liabilities	1,829,240	1,878,490
CONTINGENCIES (Note 18)		
NET ASSETS:		
Net assets without donor restrictions	397,278	377,477
Net assets with donor restrictions	48,435	42,968
Total net assets	445,713	420,445
TOTAL	\$2,274,953	\$2,298,935

See notes to consolidated financial statements.

TUFTS MEDICINE, INC. AND CONSOLIDATED AFFILIATES

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022 (Amounts in thousands)

	2023	2022
OPERATING REVENUE:		
Net patient service revenue	\$ 1,956,119	\$ 1,801,801
Other operating revenue	410,845	342,782
Grant revenue	221,016	119,087
Net assets released from restrictions	<u>7,292</u>	<u>4,359</u>
Total operating revenue	<u>2,595,272</u>	<u>2,268,029</u>
OPERATING EXPENSES:		
Salaries and wages	1,272,812	1,195,380
Employee benefits	260,480	245,653
Purchased services	438,978	445,729
Supplies and other	668,780	662,919
Depreciation and amortization	85,612	83,635
Interest	<u>39,581</u>	<u>33,264</u>
Total operating expenses	<u>2,766,243</u>	<u>2,666,580</u>
LOSS FROM OPERATIONS	<u>(170,971)</u>	<u>(398,551)</u>
NONOPERATING REVENUE AND EXPENSES:		
Investment income	4,469	6,853
Realized and unrealized gains and (losses) on investments	44,175	(135,415)
Unrestricted gifts—net of expenses	(9,751)	(6,214)
Other components of net periodic pension costs	(4,867)	4,095
Gain on sale of business interest	139,511	
Other	<u>(1,000)</u>	<u>(1,125)</u>
Total nonoperating revenue and expenses—net	<u>172,537</u>	<u>(131,806)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	1,566	(530,357)

See notes to consolidated financial statements.

TUFTS MEDICINE, INC. AND CONSOLIATED AFFILIATES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022 (Amounts in thousands)

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Excess (deficiency) of revenue over expenses	\$ 1,566	\$ (530,357)
Net assets released from restrictions for purchase of equipment	1,232	913
Pension-related adjustments	<u>17,003</u>	<u>(9,715)</u>
Increase (decrease) in net assets without donor restrictions	<u>19,801</u>	<u>(539,159)</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Income (expense) from restricted investments	1,448	(111)
Contributions	11,769	5,036
Net assets released from restrictions for purchase of equipment	(1,232)	(913)
Net assets released from restrictions	(6,982)	(4,359)
Net realized losses on investments	(526)	(14)
Change in beneficial interest in perpetual trusts	694	(3,926)
Change in net unrealized gains and (losses) on investments	<u>296</u>	<u>(2,986)</u>
Increase (decrease) in net assets with donor restrictions	<u>5,467</u>	<u>(7,273)</u>
INCREASE (DECREASE) IN NET ASSETS	25,268	(546,432)
NET ASSETS—Beginning of year	<u>420,445</u>	<u>966,877</u>
NET ASSETS—End of year	<u>\$ 445,713</u>	<u>\$ 420,445</u>

See notes to consolidated financial statements.

TUFTS MEDICINE, INC. AND CONSOLIDATED AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022 (Amounts in thousands)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 25,268	\$ (546,432)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	85,612	83,635
Noncash interest expense	(1,693)	(1,650)
Noncash lease expense	17,077	17,002
(Gain) loss on disposal of equipment	(203)	3,567
Net realized and unrealized (losses) gains on investments	(44,640)	142,114
Restricted contributions	(11,769)	(5,036)
Pension-related adjustments	(12,780)	9,715
Equity interest in earnings of unconsolidated affiliates	(5,353)	(7,754)
Increase (decrease) in cash resulting from changes in:		
Patient accounts receivable	12,797	(89,561)
Prepaid expenses and other current assets	8,352	(3,971)
Other receivables	(15,467)	(24,074)
Supplies	(2,212)	(721)
Estimated third-party payor settlements	(21,442)	(7,687)
Other assets	6,221	1,439
Accounts payable and accrued liabilities	10,095	104,338
Lease liabilities	(18,956)	(18,396)
Self-insurance reserves	5,248	(11,127)
Contract liabilities	(18,722)	(142,504)
Other long-term liabilities	(1,068)	(11,377)
Net cash provided by (used in) operating activities	<u>16,365</u>	<u>(508,480)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(70,940)	(219,743)
Proceeds from distributions of equity interest in unconsolidated affiliates	6,608	8,005
Purchase of equity interest in unconsolidated affiliates	(1,955)	(2,447)
Purchases of securities	(447,383)	(1,261,763)
Proceeds from sales and maturities of securities	<u>604,997</u>	<u>1,869,903</u>
Net cash provided by investing activities	<u>91,327</u>	<u>393,955</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(18,595)	(18,166)
Payments on finance lease obligations	(3,233)	(8,381)
Proceeds from lines of credit		89,000
Payments on lines of credit	(167)	(361)
Investment income and realized gains (losses) on restricted investments	922	(125)
Restricted contributions	<u>11,769</u>	<u>5,036</u>
Net cash (used in) provided by financing activities	<u>(9,304)</u>	<u>67,003</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	98,388	(47,522)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of year	<u>111,181</u>	<u>158,703</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of year	<u>\$ 209,569</u>	<u>\$ 111,181</u>
SUPPLEMENTAL CASH FLOW INFORMATION—Cash paid for interest	<u>\$ 37,991</u>	<u>\$ 32,139</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Fixed asset additions included in accounts payable and accrued expenses	<u>\$ 18,597</u>	<u>\$ 34,791</u>
Property and equipment acquired through financing leases	<u>\$ 3,680</u>	<u>\$ 9,528</u>
Right of use assets acquired in exchange for operating lease liabilities	<u>\$ 5,757</u>	<u>\$ 496</u>

See notes to consolidated financial statements.

TUFTS MEDICINE, INC. AND CONSOLIDATED AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

(Amounts in thousands)

1. DESCRIPTION OF THE ORGANIZATION

Organization—Tufts Medicine, Inc. (“Tufts Medicine”), which is hereinafter referred to as the “System”, represents a unique model that serves the health needs of communities while enhancing the affordability of care. The System focuses on care integration, population health management, patient access, and operational performance. Tufts Medicine is the sole corporate member of Tufts Medical Center Parent, Inc. and consolidated affiliates (“Tufts MC”), Circle Health, Inc. and consolidated affiliates (“Circle Health”), MelroseWakefield Healthcare, Inc. and consolidated affiliates (“MelroseWakefield”), Tufts Medicine Care at Home Parent (“TMCAH”), formerly Home Health Foundation, Inc (“HHF”), Tufts Medicine Integrated Network, Inc. (“TMIN”), formerly Wellforce Clinically Integrated Network, Tufts Medicine Pharmacy, LLC. (“TM Pharmacy”), Tufts Medicine Indemnity Company, LTD (“TMEDIC”), formerly Wellforce Indemnity Company, Ltd, and Tufts Medicine High Reliability Institute, Inc.

Tufts MC is a Massachusetts nonprofit corporation that oversees and coordinates a series of affiliated corporations that provide a broad range of health care and related services primarily in the greater Boston area. The affiliated entities of Tufts MC are Tufts Medical Center, Inc., a nonprofit acute care hospital; The Cameron M. Neely Foundation for Cancer Care, Inc. (“Neely Foundation”), a nonprofit entity that helps cancer patients and their families during and after cancer treatment; New England Long-Term Care, Inc. (“NELTC”), a nonprofit entity that operates an 80 bed nursing home; and Tufts Medical Center Physicians Organization, Inc. (“TMCPO”); which is the sole corporate member of a number of physician practices.

Circle Health is a Massachusetts nonprofit corporation that oversees and coordinates a series of affiliated corporations that provide a broad range of health care and related services in Lowell, Massachusetts. The consolidated affiliated entities of Circle Health include The Lowell General Hospital, a nonprofit general acute care hospital; LGH Services, Inc. and Consolidated affiliates, a for-profit entity and sole shareholder of LGH Management Service, Inc., LGH Medical Building Services (“LGH Medical Building”), and LGH Medical Services, Inc.; and Circle Health Physicians, a nonprofit entity and sole shareholder of a number of physician practices and Circle Health Pharmacy LLC.

MelroseWakefield is a Massachusetts nonprofit corporation that oversees and coordinates a series of affiliated corporations north of Boston, Massachusetts. The consolidated affiliated entities of MelroseWakefield are MelroseWakefield Healthcare, Inc., which operates two acute care hospitals; Hallmark Health Medical Associates, Inc. (“HHMA”), a nonprofit entity including a number of physician practices; LM Long-Term Care Services, Inc. and Savin Long-Term Care Corporation, both nonprofit entities providing long term care services; Hallmark Health Properties, Inc. (“HHP”), a nonprofit providing real estate management functions; and Hallmark Health Enterprises, Inc. (“HHCLC”), a for profit entity providing various health related services.

TM Partnership ACO is an accountable care organization formed for the purpose of entering into an agreement with a managed care organization to participate collectively in the MassHealth accountable care organization program.

TMCAH is a nonprofit corporation organized in Massachusetts and acts as a holding company and provides management services to affiliated home care and hospice providers serving patients in Massachusetts and southern New Hampshire. The consolidated affiliates of TMCAH include Home Health VNA, Inc., a nonprofit entity that provides home health care services in southern New Hampshire; Tufts Medicine Care at Home, Inc. (formerly Merrimack Valley Hospice, Inc.) a nonprofit entity that provides hospice care services to terminally ill patients and home health services in Massachusetts; and CNS Nursing Home Care, Inc., a nonprofit entity that provides home health care and homemaker services in Massachusetts and southern New Hampshire.

TMIN is a nonprofit dedicated to improving the health of patients and cost of care through integrated care coordination, shared savings, and quality incentives, and is the sole corporate member of New England Quality Care Alliance, Inc. ("NEQCA"); New England Quality Care Alliance Accountable Care, Inc. ("NEQCA ACO"); Circle Health Alliance, LLC ("Alliance"), the Lowell General Physician Hospital Organization ("Lowell PHO"), Wellforce ACO, LLC ("WF ACO"), TMIN Services, Inc ("TMIN Services"), and Tufts Medicine Partnership ACO, LLC ("TM Partnership ACO"), which replaced the former Wellforce Care Plan, LLC ("WCP LLC")..

TMEDIC is a Cayman Islands captive insurance company that provides professional and general liability, excess general liability, medical professional liability, provider excess loss insurance coverage, and medical stop loss coverage to the System.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation—The consolidated financial statements include the accounts of all wholly owned and consolidated organizations of Tufts Medicine. Investments in which the System holds less than a 20% ownership interest and does not exercise significant influence are accounted for on the cost method of accounting. All other investments in which the System holds an ownership interest and exercises significant influence are accounted for using the equity method of accounting. The assets of certain members of the System may not be available to meet the obligations of other members of the System, except as disclosed in Note 12.

Basis of Presentation—The consolidated financial statements have been presented in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") consistent with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 954, *Health Care Entities*, and other pronouncements applicable to health care organizations.

Use of Estimates—The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Significant estimates include recognition of net patient service revenue, which includes explicit and implicit price concessions, estimated third-party payor settlements, self-insurance reserves, pension costs and the related obligations, contingencies, the valuation of certain investments, the fair value of assets acquired and liabilities assumed in acquisition and the recognition of grant revenue. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include investments in highly liquid debt instruments with maturities of three months or less when purchased, excluding amounts classified as assets limited as to use. The carrying amounts reported in the consolidated balance sheets approximate their fair value.

Restricted Cash—Restricted cash consists of cash that the System is contractually obligated to maintain in an escrow account in accordance with the terms of the agreement as described in Note 3.

Prepaid Expenses and Other Current Assets—Prepaid expenses and other current assets consist primarily of various insurance policies, as well as consulting, technology and software agreements that range over a period of time.

Other Receivables—Other receivables consist of amounts due from grants and other sponsored activities, contracted services, and retail pharmacy.

Supplies—Supplies, consisting primarily of medical/surgical supplies and pharmaceuticals, are stated at the lower of cost, based upon the first-in, first-out method, or market. Obsolete and unusable items are written off.

Investments—Investments recorded as current assets include investments that management intends to use for current operations or capital purchases in the next 12 months. Investments, inclusive of assets limited as to use, include marketable debt and equity securities. System classifies all investments as trading securities. All unrealized gains and losses are recognized in the nonoperating revenue and expenses. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheet, statement of operations, and statement of changes in net assets.

Assets Limited as to Use—Assets limited as to use include assets held in trusts under bond indenture agreements, deferred compensation, funds held for self-insurance reserves, assets that are restricted by donors, amounts receivable from students for student loans funded from federal loan programs, and beneficial interests in perpetual trusts. Amounts required to meet the current liabilities of the System are reported as current portion of assets limited as to use in the accompanying consolidated balance sheets.

Beneficial Interests in Perpetual Trusts—The System is the beneficiary of several trust funds administered by trustees or other third parties. Trusts in which the System has the irrevocable right to receive the income earned on trust assets in perpetuity are recorded as net assets with donor restrictions at the fair values of the trusts on the date of receipt. The assets held in trusts consist primarily of cash equivalents and marketable securities. The fair values of perpetual trusts are measured using the fair values of the assets contributed to the trusts. Income distributions from the trusts are reported as unrestricted investment income, unless restricted by the donor. Changes in the fair values of the trusts are recorded as increases or decreases to net assets with donor restrictions.

Contributions and Promises to Give—Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value and are included in current portion of assets limited as to use in the accompanying consolidated balance sheets. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows and are included in assets limited as to use noncurrent in the accompanying consolidated balance sheet. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the

discounts is included in restricted contributions in the accompanying consolidated statements of operations. Conditional promises to give are not included as support until the conditions are substantially met. Unrestricted contributions are reported as unrestricted gifts—net of expenses.

Property and Equipment—Property, software and equipment acquisitions are recorded at cost or, if received by gift or donation, at fair market value on the date of the gift. Depreciation is computed over the estimated useful life of each class of depreciable asset using the straight-line method. The estimated useful lives of buildings and building improvements range from 3 to 50 years. The lives of major movable and fixed equipment range from 3 to 20 years. The estimated useful life of software ranges from 3 to 15 years.

Construction in progress represents the amount expended toward property and equipment projects that have not been completed. No provision for depreciation has been recorded for these items.

Gifts of Long-Lived Assets—Gifts of long-lived assets, such as property or equipment, are recorded directly to net assets with donor restrictions and are excluded from the excess of revenue over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as an increase in net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment of Long-Lived Assets—Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the lower of their carrying amounts or fair values, less cost to sell.

Investments in Unconsolidated Affiliates—Investments in unconsolidated affiliates are accounted for using the cost or equity method of accounting, as appropriate. The System utilizes the equity method of accounting for its investments in unconsolidated affiliates over which it exercises significant influence. The System evaluates these investments for other-than-temporary impairments in accordance with accounting standards for equity method investments. There were no impairments identified during the years ended September 30, 2023 and 2022.

Other Assets—Other assets consist primarily of the System's interest in life insurance policies (stated at the lower of the policies' cash values or the discounted values of expected cash flows), reinsurance recoverables, and intangible assets. Intangible assets are comprised of agency relationships, amortized over 5 years, licenses and certificates, amortized over 10 years, and an indefinite-lived trade name.

Cost of Borrowing—Interest costs incurred on borrowed funds during the period of construction of capital assets, net of investment income on assets held in trusts under debt agreements, are capitalized as a component of the cost of acquiring those assets. Approximately \$2,276 and \$4,904 was capitalized for the years ended September 30, 2023 and 2022, respectively. Deferred financing costs are amortized over the periods the related obligations are outstanding. As of September 30, 2023 and 2022, net deferred financing costs totaled \$13,884 and \$14,950, respectively, and were classified in long-term debt in the accompanying consolidated balance sheets. Accumulated amortization of deferred financing costs totaled \$4,952 and \$3,931 as of September 30, 2023 and 2022, respectively.

Accounting for Defined Benefit Pension Plans—The System recognizes the overfunded or underfunded status of its defined benefit plans as an asset or liability in its consolidated balance sheets. Changes in

the funded status of the plans are reported as a change in net assets without donor restrictions presented below the excess of revenue over expenses in the consolidated statements of operations and changes in net assets in the year in which the changes occur.

Leases—The System leases medical buildings, office space, warehouse space and equipment under both financing and operating lease agreements that expire at various dates through 2034. The System’s leases generally have a fixed annual rent as defined within the agreement.

The System recognizes operating and finance lease right of use assets and lease liabilities at lease commencement date, based on the present value of unpaid lease payments over the expected lease term. The right of use asset balance is initially measured as the present value of the future minimum lease payments adjusted for any initial direct costs incurred and lease incentives received. The lease liability is initially measured as the present value of unpaid lease payments and is subsequently measured at amortized cost using the effective interest method. Certain leases include one or more renewal options. The exercise of lease renewal options is generally at the System’s discretion and as such, management typically determines that exercise of the renewal options is not reasonably certain. As a result, management does not include the renewal option period in the expected lease term and the associated lease payments are not included in the measurement of the right of use asset and lease liability. The System recognizes operating lease expense on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet.

Leases generally provide for payments of non-lease components, such as common area maintenance, real estate taxes and other costs associated with the leased property. Management accounts for lease and non-lease components of its real estate leases together as a single lease component and, as such, includes fixed payments of non-lease components in the measurement of the right of use assets and lease liabilities. Variable lease payments, such as periodic adjustments for inflation, reimbursement of real estate taxes, and variable common area maintenance are expensed as incurred as variable lease costs and are not recorded on the consolidated balance sheets.

Net Assets with Donor Restrictions—Assets whose use by the System has been limited by donors to specific time periods or purposes, or are restricted by donors to be maintained by the System in perpetuity, are recorded as net assets with donor restrictions in the consolidated balance sheets.

Excess of Revenue over Expenses—The consolidated statements of operations include excess of revenue over expenses. Changes in net assets without donor restrictions that are excluded from excess of revenue over expenses, consistent with industry practice, include changes in unrealized gains and losses on certain debt security investments, contributions of long-lived assets (including assets acquired using contributions that due to donor restriction were to be used for the purposes of acquiring such assets), and pension-related adjustments.

Nonoperating Revenue and Expenses—The System has elected to report transactions deemed by management to be ongoing, major, or central to the provision of acute care hospital services as operating revenue and expenses and peripheral or incidental transactions as nonoperating revenue and expenses. Accordingly, investment income, the change in fair value of investments other than certain debt securities, realized gains and losses on sales of investments, unrestricted gifts—net of expenses, loss on extinguishment of debt, other components of net periodic pension cost, and gain on sale of business interest are reported as nonoperating revenue and expenses.

Revenue Recognition—Patient care service revenue is reported at the amount that reflects the consideration to which the System expects to be entitled in exchange for providing patient care. These

amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. The System elected to use a portfolio approach as a practical expedient to account for patient contracts as a collective group, rather than individually. Generally, the System bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the System. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The System believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in our hospitals receiving inpatient acute care services or patients receiving services in our outpatient centers or in their homes (home care). The System measures the performance obligation from admission into the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our patients and customers in a retail setting and the System does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, the System has elected to apply the optional exemption provided in FASB ASC 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to previously are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The System determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the System's policy, and implicit price concessions provided to uninsured patients. The System determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The System determines its estimate of implicit price concessions based on its historical collection experience with this portfolio of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare—Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates.

The System is subject to a federal prospective payment system for most Medicare inpatient hospital services and outpatient services. Under this prospective payment methodology, Medicare pays a prospectively determined per-discharge or per-visit rate for nonphysician services. These rates vary according to the diagnosis related group (DRG) or ambulatory payment classification (APC) of each patient. The System also receives Medicare reimbursement for the program's share of direct and indirect costs of medical education. The System is reimbursed for certain reimbursable items at an interim rate, with final settlement determined after submission of annual cost reports and audits thereon by the Medicare fiscal intermediary. Limited outpatient services are reimbursed according to fee screens.

Medicaid—Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member.

Other—Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements.

Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the System's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the System. In addition, the contracts the System has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the System's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The System also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The System estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. For the years ended September 30, 2023 and 2022, additional revenue of \$28,812 and \$10,569, respectively,

was recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Investment Income—Investment income includes interest and dividends. All investment income is included in nonoperating investment income, unless the income or loss is restricted by donor or law.

Other Operating Revenue—The System has other operating revenue that consists of non-patient service revenue, including retail pharmacy, tuition, infrastructure payments, risk-based efficiency payments, earnings in unconsolidated affiliates, and management services. Retail pharmacy revenue, tuition, infrastructure payments and risk-based efficiency payments are recognized upon delivery of goods and services under ASC 606. Other revenue recognized under ASC 606 totaled \$391,375 and \$326,801 for the years ended September 30, 2023 and 2022, respectively.

Income Taxes—With the exception of the System's captive insurance company, the System and its consolidated affiliates have been recognized by the Internal Revenue Service (IRS) as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the "Code") and, accordingly, are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The captive insurance company is registered under the laws of the Cayman Islands and is exempt from local income, profit, and capital gains taxes until 2023.

The System has approximately \$19,169 and \$14,726 of net operating losses from unrelated business activities resulting in a deferred tax asset of approximately \$7,668 and \$5,890 as of September 30, 2023 and 2022 respectively, which is offset by a valuation allowance of the same amount. Due to the presence of the net operating loss carryforwards and an expected loss for one of the System's subsidiaries in the current year, no provision for income taxes has been recorded in the accompanying consolidated financial statements.

The System is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Grant Revenue—Revenue related to research grants and contracts is recognized as the related costs are incurred. Indirect costs related to certain government grants and contracts are reimbursed at fixed rates negotiated with government agencies. Amounts received in advance of incurring the related expenditures are recorded as unexpended research grants and included within accounts payable and accrued liabilities and other long-term liabilities in the accompanying consolidated balance sheets. In accordance with ASC 958, management has concluded that for the year ended September 30, 2023, \$214,635 of grant revenue qualifies as a contribution, and \$6,381 meets the qualifications of an exchange transaction and therefore is recorded in accordance with ASC 606. For the year ended September 30, 2022, \$112,719 of grant revenue qualifies as a contribution, and \$6,368 meets the qualifications of an exchange transaction.

Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")—The CARES Act authorized \$100 billion in funding to hospitals and other health care providers to be distributed through the Public Health and Social Services Emergency Fund ("Provider Relief Fund"). Furthermore, the Paycheck Protection Program and Health Care Enhancement Act ("PPHCE Act", collectively the "Acts") enacted on April 24, 2020, provides an additional \$75 billion in emergency appropriations to the Provider Relief Fund. During 2022, the System received \$13,447 of cash payments from the Provider Relief Fund grants and Rural payments under the American Rescue Plan Act ("ARP Act") of 2021, which was recorded as

grant revenue in the consolidated statement of operations for the year ended September 30, 2022. Payments from the Provider Relief Fund and the ARP Act are intended to compensate health care providers for lost revenues and qualified expenses incurred in response to the COVID-19 pandemic and are not required to be repaid; provided that the recipients attest to and comply with certain terms and conditions, including limitations on balance billing and not using the funding to reimburse expenses or losses that other sources are obligated to reimburse.

In 2021, the Commonwealth of Massachusetts established the COVID-19 Public Health Emergency Hospital Relief Trust, which provided payments to eligible hospitals and affiliates hospital health care providers through grants. During 2023 and 2022, the System received \$82,074 and \$19,587 of cash payments through the stabilization funds, which were recognized in grant revenue in the consolidated statement of operations for the years ended September 30, 2023 and 2022, respectively.

Additionally, under the CARES Act, the System received \$212,977 in advanced payments from Medicare. After receipt of the advance payments, claims for services provided to Medicare beneficiaries will be applied against these cash advances. Any unapplied advance payment amounts must be paid in full within 27 months from receipt of the advance payment. Recoupment of these advance payments began during 2021. The balance of the advance payments totaled \$0 and \$17,695 as of September 30, 2023 and 2022, respectively, and is recorded in contract liabilities in the accompanying consolidated balance sheets.

For the years ended September 30, 2023 and 2022, the System received \$79,037 and \$31,114, respectively, in grants from the Federal Emergency Management Agency ("FEMA") related to emergency medical care COVID-19 expenses, which was recorded in grant revenue in the consolidated statements of operations.

Recently Adopted Accounting Pronouncements—In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, Topic 326 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available for sale debt securities, credit losses should be measured in a manner similar to current GAAP, however Topic 326 will require that credit losses be presented as an allowance rather than as a write-down. This guidance is effective for the System for the annual reporting period ended September 30, 2023. The System has determined that the impact of the adoption of this standard did not have a material impact on its consolidated financial statements.

3. GAIN ON SALE OF BUSINESS

In September 2023, the System sold the outreach portion of its outpatient lab business for a total purchase price of \$157,000. The proceeds, net of transaction costs and the net book value of assets sold, have been recorded as gain on sale of business interest of \$139,511 in the consolidated statement of operations. The agreement contains a 10% holdback on the purchase price, half of which will be released in nine months, and the remaining half will be released in fifteen months after the closing date, net of any unresolved claims made by the buyer during the period. The system had recorded the \$7,850 in accounts payable and accrued liabilities, and \$7,850 in other long-term liabilities in the consolidated balance sheet for the holdback. The total holdback of \$15,700 is recorded as restricted cash on consolidated balance sheet as of September 30, 2023.

4. CHARITY CARE AND COMMUNITY BENEFITS

Charity Care—The System’s commitment to community service is evidenced by services provided to the poor and benefits provided to the patients that it serves. The System provides health care services to patients who meet certain criteria under its charity care policy. These patients may receive full assistance or may be subject to partial liability based on income and family size. Because the System does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as net patient service revenue.

The System provided charity care, based on charges forgone and the estimated cost of the charity care provided, of \$6,928 and \$3,237, for the year ended September 30, 2023, respectively, and \$26,475 and \$12,518, for the year ended September 30, 2022, respectively. The estimated cost of charity care is based on the relationship of patient care service charges to the related costs applied to charity care charges recognized during the years ended September 30, 2023 and 2022. The System has not changed its charity care or uninsured discount policies during 2023.

Health Safety Net Fund (HSN)—The Commonwealth of Massachusetts (the “Commonwealth”) operates the HSN, which was created by the Commonwealth’s Health Care Reform Act to replace the state’s uncompensated care pool. The HSN allocates the cost of uncompensated care among the hospitals in the Commonwealth. Hospitals have been assessed a uniform allowance based on estimates of the statewide cost of uncompensated care and reimbursed for a portion of the cost of uncompensated care, subject to certain limitations. Reimbursable uncompensated care includes net charity care and certain uncollectible accounts related to emergency services. Hospitals’ recoveries from the HSN are based on a claims-based payment method that uses Medicare principles. Reimbursement from the HSN for uncompensated care is recorded in net patient service revenue in the consolidated statement of operations. The Commonwealth has determined final settlements with respect to the HSN for all years prior to 2014.

Community Benefit—In furthering its charitable purpose, the System provides a wide variety of health care services to the community in order to provide access to appropriate care for populations in need. The System has developed a formal community benefit plan that responds to the comprehensive assessment of health care needs in the community. The community benefit plan supports services that target not only the general population in the System’s service area, but also particular populations with special health care needs, including the poor, elderly, children, and minority populations. Supported services include various clinics, health screening programs, health education programs, and support groups operated in the System’s service area. The System works actively with other area service providers to facilitate the development of an effective community health network. The System also participates in activities designed to foster and enhance the economic and civic environment of its service areas.

	2023	2022
Provision for charity care (at cost)	\$ 2,792	\$ 12,144
Implicit price concessions	18,790	28,950
HSN (assessment net of reimbursement)	7,576	23,747
Internal financial assistance program	<u>445</u>	<u>365</u>
Total uncompensated care	<u>\$ 29,603</u>	<u>\$ 65,206</u>

5. NET PATIENT SERVICE REVENUE AND CONCENTRATION OF CREDIT RISK

The composition of patient service revenue by primary payor for the years ended September 30, 2023 and 2022, is as follows:

	2023	2022
Medicare	\$ 783,028	\$ 636,017
Medicaid	349,262	348,777
Other third-party payors	38,982	133,733
Managed care	723,070	631,205
Self-pay	<u>61,777</u>	<u>52,069</u>
Total	<u>\$ 1,956,119</u>	<u>\$ 1,801,801</u>

The composition of patient service revenue based on the type of service for the years ended September 30, 2023 and 2022, is as follows:

	2023	2022
Hospital—inpatient	\$ 891,297	\$ 784,720
Hospital—outpatient	729,907	691,290
Physician services	268,598	266,278
Home health and hospice	47,675	42,876
Other	<u>18,642</u>	<u>16,637</u>
Total	<u>\$ 1,956,119</u>	<u>\$ 1,801,801</u>

The System receives a significant portion of its payments for services rendered to patients from a limited number of government and commercial third-party payors, including Medicare, Medicaid, and various managed care organizations. A significant portion of the accounts receivable from managed care organizations is derived from three Massachusetts companies. Although the System's management expects amounts recorded as net accounts receivable as of September 30, 2023 and 2022, to be collectible, this concentration of credit risk is expected to continue in the near term.

The System grants credit to patients, most of whom are local residents. The System generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, managed care organizations, and commercial insurance policies). Net patient accounts receivable as of September 30, 2023 and 2022, consisted of the following:

	2023	2022
Medicare	\$ 82,071	\$ 99,196
Medicaid	35,741	45,055
Other third-party payors	6,791	17,018
Managed care	172,181	149,647
Self-pay	<u>12,322</u>	<u>10,987</u>
Total	<u>\$ 309,106</u>	<u>\$ 321,903</u>

Financing Component—The System has elected the practical expedient allowed under ASC 606 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the System’s expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will generally be one year or less. However, the System does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Contract Costs—The System has elected the practical expedient provided by ASC 340 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the System otherwise would have recognized is one year or less in duration.

Accountable Care Organizations—In 2017, the System formed WCP LLC, who partnered with an unaffiliated third-party payor to create the Wellforce Care Plan (WCP ACO), an ACO serving Medicaid members in eastern Massachusetts. An ACO is a group of providers willing and capable of accepting accountability for the cost and quality of care for a defined population. In August 2017, the third-party payor and WCP LLC executed agreements to participate in a major restructuring of the MassHealth Medicaid program through WCP ACO. Under this arrangement, WCP ACO contracts with NEQCA and The Lowell General Hospital as well as an unrelated entity to provide health care services and care coordination for enrolled members effective March 1, 2018, through December 31, 2022, which was extended to March 31, 2023. The System is subject to certain risk-sharing provisions under this agreement that will be calculated annually. Settlement of the final agreement amounts for 2021-2023 remain pending as of September 30, 2023. As of September 30, 2023 and 2022, the System did not record any estimated risk-sharing settlement balances in the accompanying consolidated balance sheets.

In July 2023, the System formed TM Partnership ACO, partnering with an unaffiliated third-party payor and unrelated entity, to serve Medicaid members in eastern Massachusetts. In April 2023, the third-parties and TM Partnership ACO executed agreements to participate in the Medicaid program. The System, as well as an unrelated entity, is to provide health care services and care coordination for enrolled members effective April 1, 2023, through March 31, 2028. As of September 30, 2023, the System did not record any estimated risk-sharing settlement balances in the accompanying consolidated balance sheets related to this agreement.

WCP ACO also receives Delivery System Reform Incentive Payments (DSRIP) from the Commonwealth of Massachusetts to support infrastructure creation. DSRIP funds are disbursed to the System as ACO infrastructure initiatives and transformation activities are incurred. For the years ended September 30, 2023 and 2022, the System has recognized approximately \$1,846 and \$3,320, respectively, of DSRIP funding in other operating revenue in the accompanying consolidated statements of operations. Under certain termination provisions, the System may be required to repay some or all of the DSRIP funding received.

Effective January 1, 2018, through NEQCA ACO, certain System providers participate in the Medicare Next Generation ACO model. Under this arrangement, NEQCA ACO contracts with certain employed providers as well as unrelated entities to provide health care services and care coordination to Medicare members. Through its contract with NEQCA ACO, the System is subject to certain risk-sharing provisions under this agreement that will be calculated annually. Final settlement of agreement balances was completed in November 2022. As of September 30, 2023 and 2022, the System has accrued \$0 and \$4,753 in estimated third-party payor settlements—current in the accompanying consolidated balance sheets, respectively, related to this contract.

Effective January 1, 2022, the Wellforce ACO (“WF ACO”) entered into an agreement to participate in a Medicare Shared Savings Program (“MSSP”) with NEQCA and LGH PHO through December 2024. Under this arrangement, NEQCA and LGH PHO contract with certain employed providers, as well as unrelated entities, to provide health care services and care coordination to Medicare members. The System is subject to certain risk-sharing provisions under the agreement that are calculated annually. As of September 30, 2023, the System has accrued \$10,893 in accounts payable and accrued expenses and \$14,320 in Other Long-Term Liabilities in the accompanying consolidated balance sheets related to this contract.

6. OTHER RECEIVABLES

Other receivables as of September 30, 2023 and 2022, consisted of the following:

	2023	2022
Grants and other sponsored activities	\$ 11,194	\$ 24,812
Contracted services	64,476	57,855
Retail pharmacy	29,800	22,566
Other receivables	<u>54,769</u>	<u>39,539</u>
Total	<u>\$ 160,239</u>	<u>\$ 144,772</u>

7. PLEDGES RECEIVABLE

Pledges receivable include donor contributions that are not expected to be collected within one year. These amounts were reported at their present values and discounted at 1.0%–3.0% as of September 30, 2023 and 2022. Pledges receivable as of September 30, 2023 and 2022, were as follows:

	2023	2022
Due in less than one year	\$ 4,430	\$ 1,030
Due thereafter	3,912	638
Present value discount	<u>(171)</u>	<u>(11)</u>
Total	<u>\$ 8,171</u>	<u>\$ 1,657</u>

Pledges due within one year are reported in current assets limited as to use in the accompanying consolidated balance sheets. Amounts due thereafter are reported in assets limited as to use-noncurrent portion.

8. AVAILABILITY AND LIQUIDITY

The following financial assets are not subject to donor or other contractual restrictions and are available for expenditure generally within one year of the balance sheet date.

As described in Note 15, the System has a general purpose line of credit of \$100,000.

Additionally, during April 2020, the System requested and received \$212,977 of cash advances from accelerated Medicare payment requests under the CARES Act. The balance of the advance payments totaled \$0 and \$17,695 as of September 30, 2023 and 2022, respectively, and is recorded in contract liabilities in the accompanying consolidated balance sheets.

Lastly, the CARES Act provides for deferred payment of the employer portion of social security taxes between March 27, 2020, and December 31, 2020, with 50% of the deferred amount due no later than December 31, 2021, and the remaining 50% due no later than December 31, 2022. The Company began deferring the employer portion of social security taxes in April 2020, with \$0 and \$16,892 recorded in accounts payable and accrued liabilities in the accompanying consolidated balance sheet as of September 30, 2023 and 2022, respectively.

The System monitors liquidity position through days cash on hand, which is defined as total unrestricted cash and investments without donor or contractual restrictions, divided by total operating expenses minus depreciation and amortization, divided by the number of days in the period.

The following represents the System's liquidity position as of September 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 193,869	\$ 111,181
Short-term investments	15,617	15,527
Investments	<u>356,872</u>	<u>458,416</u>
Total unrestricted cash and investments	<u>\$ 566,358</u>	<u>\$ 585,124</u>
Days cash on hand	<u>77.1</u>	<u>82.7</u>

For the years ended September 30, 2023 and 2022, days cash on hand decreased 5.6 and 117.3 days, respectively, related to operating losses and the repayment of Medicare cash advances.

The System has other assets limited or restricted as to use for donor-restricted purposes, debt service and for future capital improvements. These assets limited to use are not available for general expenditure within the next year.

9. INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments and assets limited as to use as of September 30, 2023 and 2022, consisted of the following:

	2023	2022
Cash and cash equivalents	\$ 226,392	\$ 107,500
Certificates of deposit	3,441	3,967
Equities	109	59
US government and agency obligations	27,832	72,570
Corporate debt securities and other fixed income	30,940	31,223
Mutual funds	69,419	173,022
Exchange traded funds	23,922	20,424
Hedge funds	45,537	74,071
Investment trusts	17,595	25,564
Limited partnerships	92,169	130,697
Limited liability companies	25,968	49,483
Beneficial interest in perpetual trusts	<u>11,767</u>	<u>11,073</u>
	575,091	699,653
Pledges and other	<u>8,171</u>	<u>1,657</u>
	<u>\$ 583,262</u>	<u>\$ 701,310</u>

10. PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2023 and 2022, consisted of the following:

	2023	2022
Land and land improvements	\$ 37,102	\$ 36,980
Buildings and building improvements	930,619	897,827
Major movable and fixed equipment	653,879	624,483
Leasehold improvements	57,825	53,780
Equipment under finance leases	38,674	35,405
Capitalized software	<u>318,441</u>	<u>292,191</u>
Total property and equipment	2,036,540	1,940,666
Less accumulated depreciation and amortization	(1,325,761)	(1,242,976)
Construction and projects in progress	<u>59,145</u>	<u>66,199</u>
Property and equipment—net	<u>\$ 769,924</u>	<u>\$ 763,889</u>

Commitments for costs related to construction and projects in progress approximated \$45,535 and \$100,340 as of September 30, 2023 and 2022, respectively.

Depreciation expense for the years ended September 30, 2023 and 2022 was \$84,982 and \$83,005, respectively.

During 2022, the System implemented an electronic health records system, incurring significant capital expenses during the period and contributing to the increase in major movable and fixed equipment, and capitalized software. The costs are recognized by category; major movable and fixed equipment is being depreciated over the appropriate useful life in accordance with the policy in Note 2, and the capitalized software component is being depreciated over a useful life of 15 years.

11. INTANGIBLE ASSETS

Intangible assets as of September 30, 2023 consisted of the following:

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Agency relationships	\$2,160	\$ (2,160)	\$ -
Licenses and certificates	1,980	(990)	990
Trade name	<u>3,531</u>	<u> </u>	<u>3,531</u>
	<u>\$7,671</u>	<u>\$ (3,150)</u>	<u>\$4,521</u>

Intangible assets as of September 30, 2022 consisted of the following:

	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Agency relationships	\$2,160	\$ (1,728)	\$ 432
Licenses and certificates	1,980	(792)	1,188
Trade name	<u>3,531</u>	<u> </u>	<u>3,531</u>
	<u>\$7,671</u>	<u>\$ (2,520)</u>	<u>\$5,151</u>

Amortization expense was \$630 for each of the years ended September 30, 2023 and 2022.

Intangible assets that have indefinite useful lives are not amortized, but rather, are tested for impairment annually or more frequently if impairment indicators arise. The System did not recognize any impairments for the years ended September 30, 2023 and 2022.

The System estimates that it will record amortization expense related to these intangible assets for each of the next five years as follows:

2024	\$ 198
2025	198
2026	198
2027	198
2028	<u>198</u>
	<u>\$ 990</u>

12. INVESTMENTS IN UNCONSOLIDATED AFFILIATES

The System's investments in unconsolidated affiliates totaled \$41,778 and \$41,078 as of September 30, 2023 and 2022, respectively, and are reported as investments in unconsolidated affiliates in the accompanying consolidated balance sheets. The following investments are recorded as investments in unconsolidated affiliates:

	Ownership Percentage	
	2023	2022
Chelmsford Surgical Center, LLC	66.0 %	66.0 %
Shields-Tufts Medical Center Imaging Management, LLC	65.0	65.0
Montvale PET/CT, LLC	50.0	50.0
Hallmark Health PHO (PHO)	50.0	50.0
Shields Imaging of Lowell General Hospital	50.0	50.0
Medford Surgery Center, LLC	45.0	45.0
Copley Health Care Partnership	33.3	33.3
Courtyard Nursing Care Center Partnership	33.3	33.3
NE Pet of Greater Lowell Management	30.0	30.0
Shields Imaging II of Lowell General Hospital	30.0	30.0
Yankee Alliance LLC	25.0	25.0
Yankee Alliance Supply Chain	24.6	24.0
Boston Image Reading Center, LLC	29.3	29.0
PROP, LLC	23.6	23.6
W. Suburban Eye Surgery Center	20.4	20.0
New England Life Care	1.1	1.1

Summary information on the System's investments in unconsolidated affiliates as of September 30, 2023 and 2022, consists of the following:

	2023	2022
Total assets	\$ 265,930	\$ 294,688
Long-term debt	27,622	27,352
Total net assets	158,498	168,579
Share of net assets	41,778	41,078
Share of earnings	5,353	7,754

The System's share of earnings in its unconsolidated affiliates totaled approximately \$5,353 and \$7,754, respectively, for the years ended September 30, 2023 and 2022. The System's share of its earnings in its unconsolidated affiliates is reported as other operating revenue in the accompanying consolidated statements of operations. Distributions from the above unconsolidated affiliates to the System totaled \$6,608 and \$8,005, respectively, for the years ended September 30, 2023 and 2022.

In 2022, the System entered into a new joint venture with a 29.8% ownership in Acadia – Tufts Medicine JV, LLC in 2022. The regulatory approvals for the facility under the joint venture are not yet finalized, therefore no investment or income (loss) has been recognized as of September 30, 2023 and 2022.

13. RELATED PARTIES

The System's related parties consist of its investments in unconsolidated affiliates. The following entities are considered related parties:

	Ownership Percentage	
	2023	2022
Chelmsford Surgical Center, LLC	66.0 %	66.0 %
Shields-Tufts Medical Center Imaging Management, LLC	65.0	65.0
Montvale PET/CT, LLC	50.0	50.0
Hallmark Health PHO (PHO)	50.0	50.0
Shields Imaging of Lowell General Hospital	50.0	50.0
Medford Surgery Center, LLC	45.0	45.0
Copley Health Care Partnership	33.3	33.3
Courtyard Nursing Care Center Partnership	33.3	33.3
NE Pet of Greater Lowell Management	30.0	30.0
Shields Imaging II of Lowell General Hospital	30.0	30.0
Yankee Alliance LLC	25.0	25.0
Yankee Alliance Supply Chain	24.6	24.0
Boston Image Reading Center, LLC	29.3	29.0
PROP, LLC	23.6	23.6
W. Suburban Eye Surgery Center	20.4	20.0
New England Life Care	1.1	1.1

See Note 12 for a description of the transactions with these related parties.

14. PENSION AND OTHER BENEFIT PLANS

Deferred Compensation—The System has nonqualified deferred compensation plans that permit eligible employees to defer a portion of their compensation. The deferred amounts are distributable in cash after retirement or termination of employment. As of September 30, 2023 and 2022, the assets and liabilities under these plans totaled \$5,557 and \$9,652, respectively, which are included in assets limited as to use and other long-term liabilities in the consolidated balance sheets.

Defined Contribution Plans—The System sponsors defined contribution plans covering substantially all of its employees. These programs are funded by voluntary employee contributions, subject to legal limitations. Employer contributions to these plans include nonelective contributions as a percentage of eligible compensation and varying levels of matching contributions based on employee service. The employees direct their voluntary contributions and employer contributions among a variety of investment options. Contribution expense under the defined contribution plans totaled \$30,221 and \$28,481, respectively, for the years ended September 30, 2023 and 2022.

Noncontributory Defined Benefit Pension Plans—The System maintains qualified, noncontributory defined benefit pension plans ("Pension Plans") under which benefit accruals are frozen for the majority of employees. Certain nonqualified, supplemental plan arrangements also provide retirement benefits to specified groups of participants.

The Pension Plans and the defined contribution plans are subject to the provisions of the Employee Retirement Income Security Act of 1974.

MelroseWakefield terminated its Pension Plan effective December 31, 2021. Plan obligations were settled through the purchase of an annuity of \$14,736 in September 2022, a lump sum payment of \$8,642 during the year, and the refund for the group annuity contract previously held by AETNA.

The funded status of the Pension Plans as of September 30, 2023 and 2022, based on September 30, 2023 and 2022 asset values, as well as the amounts recognized in the accompanying consolidated balance sheets as of September 30, 2023 and 2022, was as follows:

	2023	2022
Change in benefit obligation:		
Benefit obligation—beginning of period	\$ 278,347	\$ 381,414
Transfers in	1,509	1,979
Settlements		(24,370)
Interest cost	14,483	7,782
Benefits paid	(16,786)	(19,103)
Actuarial loss	<u>(13,691)</u>	<u>(69,355)</u>
Benefit obligation—end of period	<u>263,862</u>	<u>278,347</u>
Change in plan assets:		
Fair value of plan assets—beginning of period	224,918	330,199
Actual return on plan assets	13,113	(63,228)
Transfers in	1,509	(1,383)
Settlements		(24,370)
Benefits paid	(16,786)	(19,103)
Employer contributions	<u>417</u>	<u>2,803</u>
Fair value of plan assets—end of period	<u>223,171</u>	<u>224,918</u>
Accrued pension liability	<u>(40,691)</u>	<u>(53,429)</u>
Accumulated benefit obligation	<u>\$ 263,862</u>	<u>\$ 278,347</u>

Tufts MC also maintains a smaller pension plan for former employees. The accrued pension liability for the plan was \$0 and \$42 as of September 30, 2023 and 2022, respectively.

Net assets without donor restrictions as of September 30, 2023 and 2022, include unrecognized actuarial losses of \$67,391 and \$82,954, respectively. Approximately \$2,192 of the unrecognized loss as of September 30, 2023, is expected to be recognized in net periodic pension costs in 2024.

Components of the Pension Plans' net periodic pension cost for the years ended September 30, 2023 and 2022, were as follows:

	2023	2022
Interest cost on projected benefit obligation	\$ 14,482	\$ 7,184
Expected return on plan assets	(12,185)	(14,620)
Amortization of net loss	<u>2,570</u>	<u>3,341</u>
Net periodic pension cost	<u>\$ 4,867</u>	<u>\$ (4,095)</u>

The assumptions used to measure the projected benefit obligation and net periodic pension cost for the years ended September 30, 2023 and 2022, were as follows:

	2023	2022
Weighted-average assumptions to determine benefit obligations:		
Discount rate	6.07–6.10%	5.69–5.71%
Rate of compensation increase	N/A	N/A
Assumptions to determine net cost:		
Discount rate	5.72–5.73	2.08–2.83
Rate of compensation increase	N/A	N/A
Expected return on plan assets	5.50–6.10%	5.10–5.70%

Mortality Assumptions—The Pension Plans’ projected benefit obligation and net period pension cost used the PRI-2012, and MP-2020 as the mortality improvement scale for the year ended September 30, 2023 and 2022.

The Pension Plans’ asset allocations as of September 30, 2023 and 2022, were as follows:

Asset Class	Target Range Allocation	Percentage of Plan Assets	
		2023	2022
Domestic equity	8–27%	16.4 %	14.1 %
International equity	0–10	6.1	4.3
Emerging markets equity	0–10	5.1	4.1
Global asset allocation	5–20	11.2	10.5
Fixed income	35–80	54.0	51.5
Absolute return and hedge funds	0–20	3.2	11.4
Other	0–10	1.7	1.6
Cash and cash equivalents	0–10	<u>2.3</u>	<u>2.5</u>
Total		<u>100.0 %</u>	<u>100.0 %</u>

The investment policy and strategy, as established by the System’s finance committee, is to provide for capital growth with a moderate level of volatility by investing assets based on the target allocations stated above. The System plans to reallocate its investments periodically to meet these target allocations. The System also plans to review its investment policy periodically to determine if the policy should be changed.

The expected long-term rate of return for the Pension Plans’ total assets is based on the expected return of each of the above categories, weighted based on the median of the target allocation for each class. Equity securities are expected to return between 7% and 10% over the long term, while cash and fixed income are expected to return between 2% and 5%, and alternative investments are expected to return between 4% and 10%.

The System expects to make contributions of \$2,586 for fiscal year ending September 30, 2024.

Estimated future benefit payments reflecting expected future service for the fiscal years ending September 30:

2024	\$ 23,422
2025	19,606
2026	19,924
2027	20,380
2028	20,994
2029–2033	107,778

15. DEBT

Long-term debt as of September 30, 2023 and 2022, consisted of the following:

Bond	Maturity Date	Rate	2023	2022
MDFA Series A Bonds (Tufts Medicine Obligated Group)	Due 2020–2044	4.00–5.00 %	\$322,535	\$329,510
MDFA Series B Bonds (Tufts Medicine Obligated Group)	Due 2020–2041	3.52–4.84	69,530	72,560
MDFA Series C Bonds (Tufts Medicine Obligated Group)	Due 2021–2046	3.00–5.00	173,940	177,564
MDFA Series D Bonds (Tufts Medicine Obligated Group)	Due 2045–2046	3.52	53,315	53,315
Series 2013—10 year note (Tufts MC)	Due 2013–2023	5.37		2,383
Series 2013—15 year note (Tufts MC)	Due 2013–2028	6.32	14,398	14,398
Series 2013—25 year note (Tufts MC)	Due 2013–2038	7	60,000	60,000
MDFA Series G Bonds (Circle Health)	Due 2029–2044	5	61,005	61,005
MDFA Series 2015 A Bonds (MelroseWakefield)	Due 2015–2025	2.99	21,351	22,846
MDFA capital equipment financing (MelroseWakefield)	Through 2023	1.82–2.13		310
MDFA Series A Bonds (MelroseWakefield)	Through 2026	3.25	<u>13,943</u>	<u>14,318</u>
			790,017	808,209
Notes payable			<u>10,618</u>	<u>11,020</u>
			800,635	819,229
Unaccreted premium			39,258	42,054
Unamortized discount			(507)	(543)
Less deferred financing costs			<u>(13,884)</u>	<u>(14,950)</u>
Total long-term debt			825,502	845,790
Less current portion			<u>19,950</u>	<u>19,399</u>
Long-term debt—net			<u>\$805,552</u>	<u>\$826,391</u>

Principal Payments and Sinking Fund Requirements—The System’s aggregate principal payments and sinking fund requirements on long-term debt for the next five years and thereafter are as follows:

**Years Ending
September 30**

2024	\$ 19,298
2025	38,455
2026	19,579
2027	20,568
2028	21,607
Thereafter	<u>681,128</u>
Total	<u>\$ 800,635</u>

Obligated Groups—In February 2019, the obligated groups of Circle Health, MelroseWakefield, and Tufts MC were combined to create the Tufts Medicine Obligated Group (“TMOG”), formerly known as Wellforce Obligated Group, comprised of The Lowell General Hospital, MelroseWakefield Healthcare, Inc., Tufts Medical Center, Inc., and Tufts Medicine Care at Home, Inc. Prior to February 2019, the obligated group of Circle Health was The Lowell General Hospital, the obligated group for MelroseWakefield was MelroseWakefield Healthcare, Inc., and the obligated group of Tufts MC was Tufts Medical Center, Inc. and Real Estate. The TMOG, through a legal cross obligation process, assumed all rights and obligations of the predecessor obligated groups.

Loan Covenants—Under the terms of certain debt agreements, the TMOG and the System are required to meet certain covenant requirements. In addition, the agreements provide for restrictions on, among other things, additional indebtedness and dispositions of property, as well as require that the System satisfy certain measures of financial performance and comply with certain other covenants.

Massachusetts Development Finance Agency (“MDFA”) Series A and Series B Bonds (Obligated Group)—In 2019, the Obligated Group issued a tax exempt bond offering for \$349 million named “MDFA Revenue Bonds—Tufts Medicine Issue Series A” (“the Series A Bonds”), and a taxable bond offering for \$81 million named “MDFA Revenue Bonds—Tufts Medicine Issue Series B” (“the Series B Bonds”). The Series A Bonds and Series B Bonds are payable under a Bond Indenture dated February 1, 2019, between the Obligated Group and US Bank, N.A. acting as bond trustee.

MDFA Series C and Series D (Obligated Group)—In 2020, the Obligated Group issued a tax exempt bond offering for \$201 million named “MDFA Revenue Bonds—Tufts Medicine Issue Series C” (“the Series C Bonds”), and a taxable bond offering for \$53 million named “MDFA Revenue Bonds—Tufts Medicine Issue Series D” (“the Series D Bonds”).

Series 2013 10/15/25 Year Bonds (Tufts MC)—In 2013, the Tufts MC Obligated Group issued a taxable bond offering for \$100 million named the “Tufts Medical Center Taxable Bond, Series 2013” (the “Series 2013 Bonds”). The Series 2013 Bonds are payable under a bond indenture dated August 1, 2013, between the Tufts MC Obligated Group and US Bank, N.A. acting as bond trustee. The Series 2013 Bonds were secured by Obligation No. 3 issued under the Master Trust Indenture and Mortgage and Security Agreement dated April 1, 2011.

MDFA Series G Bond (Circle Health)—In 2013, The Lowell General Hospital entered into an agreement with MDFA to issue MDFA Revenue Bonds, Lowell General Hospital Issue, Series G (2013) (“Series G Bonds”) in the amount of \$61 million. The proceeds from the Series G Bonds were used for new capital

projects and equipment costs, as well as to refund outstanding Series D Bonds and terminate the interest rate swap agreement entered into in conjunction with the issuance of the Series D Bonds in 2012.

MDFA Series 2015 A Bonds (MelroseWakefield)—MelroseWakefield Healthcare, Inc. in connection with MDFA, issued tax-exempt fixed rate revenue bonds in the amount of \$30 million (the “Series 2015 A Bonds”). Proceeds from the Series 2015 A Bonds were used to purchase capital equipment. The Series 2015 A Bonds were purchased by one commercial lender. The Series 2015 A Bonds bear interest of 2.99% through June 1, 2025.

MDFA Series 2016 A Bonds (MelroseWakefield)—HHP, in connection with MDFA, issued tax-exempt fixed-rate revenue bonds in the amount of \$15.7 million (the “Series 2016 A Bonds”). Proceeds from the Series 2016 A Bonds are to be used to build a medical office building. The Series 2016 A Bonds were purchased by one commercial lender. The Series 2016 A Bonds bear interest of 3.25% through November 21, 2026.

MDFA Capital Equipment Financing (MelroseWakefield)—MelroseWakefield has entered into a borrowing arrangement for capital equipment financing. Such borrowings are collateralized by the related equipment. The proceeds from these borrowings were held by trustees for the purchase of certain capital equipment and were included in assets held by trustee under bond indenture agreements in the accompanying consolidated balance sheets.

Notes Payable—In 2011, LGH Medical Building entered into a 16-year \$15.4 million construction note payable with a bank, the proceeds of which were to be used for the construction of a medical office building and to refinance an existing commercial banking obligation. The note bore interest at 4.99% per annum for the initial five years and thereafter was adjusted to 2.5% per annum over the daily high Federal Home Loan Bank Boston Classic Advance five-year rate (5.71% as of September 30, 2023). Installments of principal and interest are payable monthly. The amount outstanding under the note payable was \$10,618 and \$11,020 as of September 30, 2023 and 2022, respectively. The Lowell General Hospital has guaranteed \$6 million of the note, and the remaining balance is secured by the real estate assets owned by LGH Medical Building.

Lines of Credit—The Lowell General Hospital’s first line of credit is a \$2 million revolving line of credit with a bank that provides for borrowings at the prime rate, as published by The Wall Street Journal. The rate as of September 30, 2023 is 8.5%. The balance outstanding on the line of credit totaled \$0 as of September 30, 2023 and 2022. The line of credit is unsecured and is payable on demand. The line of credit remains in effect until the parties agree, in writing, to terminate the agreements.

The LGH Medical Building has a \$3.2 million nonrevolving line of credit to finance the tenant fit-out of a medical office building. The balance is payable on demand. The line of credit bears interest that is adjusted every five years to the daily high Federal Home Loan Bank Boston Classic Advance five-year rate (2.99% as of September 30, 2023). The line of credit expires in July 2024. The balance outstanding on the line of credit totaled \$231 and \$499 as of September 30, 2023 and 2022, respectively. The line of credit is secured by The Lowell General Hospital’s unrestricted investments and is guaranteed by The Lowell General Hospital.

TMOG maintains an unsecured line of credit totaling \$100 million, maturing on November 30, 2023. The revolving line of credit bears an interest rate at the Secured Overnight Financing Rate (SOFR) (5.40% as of September 30, 2023) plus 80 basis points. The balance outstanding on the lines of credit totaled \$100,000 and \$99,899 as of September 30, 2023 and 2022.

Letter of Credit—WFC ACO is the guarantor of a letter of credit to the beneficiary of CMS Next Generation ACO Model in the amount of \$530, expiring on February 28, 2024.

The Lowell General Hospital is a guarantor of a letter of credit to the beneficiary of a payor in the amount of \$1,500, expiring on December 31, 2023.

Collateral—The Tufts MC Obligated group has pledged its gross receipts and a mortgage on certain property as collateral under the MDFA bond issues. The Tufts MC obligated group is jointly and severally liable for repayment of the MDFA revenue bonds. The loan agreements require that the Tufts MC obligated group maintain certain debt service funds and debt service reserve funds, which amounted to \$3,174 and \$3,097 as of September 30, 2023 and 2022, respectively. Such amounts are included in assets limited as to use in the accompanying consolidated balance sheets.

The Circle Health Series G Bonds are collateralized by a pledge of The Lowell General Hospital's gross receipts and certain properties owned by The Lowell General Hospital.

Under the master trust indentures of MelroseWakefield, the trustee has been granted a lien on all gross receipts, as defined, as security for the bonds.

16. NET ASSETS

Net Assets with Donor Restrictions—Net assets with donor restrictions include accumulated net gains on restricted net assets that are available for appropriation by the board of trustees (the "Board of Trustees") in accordance with state law. Net assets with donor restrictions were as follows for the years ended September 30, 2023 and 2022:

	2023	2022
Charity care	\$ 899	\$ 881
Research and general activities	18,270	14,454
Purchase of capital equipment	509	355
Accumulated net gains on investments	1,236	78
Beneficial interest in perpetual trusts	11,767	11,073
Permanent restrictions	<u>15,754</u>	<u>16,127</u>
Total	<u>\$48,435</u>	<u>\$42,968</u>

Endowment Funds—The System's endowment funds are established for a variety of purposes and include donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law—The System has interpreted state law as requiring realized and unrealized gains of net assets with donor restrictions to be retained in a net assets with donor restrictions classification until appropriated by the Board of Trustees and expended. State law allows the Board of Trustees to appropriate so much of the net appreciation of assets with donor restrictions as is prudent considering the System's long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions. During the years ended September 30, 2023 and 2022, the Board of Trustees appropriated \$421 and \$732, respectively, which has been included in net assets released from restrictions in the accompanying consolidated statements of operations and changes in net assets.

Endowment Net Asset Composition and Changes in Endowment Net Assets—A summary of the endowment net asset composition by type of fund as of September 30, 2023 and 2022, and the changes therein for the years ended September 30, 2023 and 2022, is as follows:

	Total
Endowment net assets—October 1, 2021	\$ 33,968
Investment return—net appreciation	(2,381)
Change in beneficial interest in perpetual trusts	(3,902)
Appropriation of assets for expenditure	(732)
Contributions	<u>439</u>
Endowment net assets—September 30, 2022	27,392
Investment return—net appreciation	637
Change in beneficial interest in perpetual trusts	694
Appropriation of assets for expenditure	(421)
Contributions	<u>129</u>
Endowment net assets—September 30, 2023	<u>\$ 28,431</u>

Funds with Deficiencies—From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that donors require the System to retain as funds of perpetual duration. There was no deficiency of this nature as of September 30, 2023 and 2022.

Investment Return Objectives and Spending Policy—The System has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by such endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the System must hold in perpetuity or for a donor-specified period. Under this policy, the endowment assets are invested in a manner to generate returns at least equal to and preferably more than the consumer price index. To satisfy its long-term rate-of-return objectives, the System targets a diversified asset allocation that places emphasis on equity-based investments within prudent risk constraints.

17. LEASES

The following table presents the components of right of use assets and liabilities related to leases and their classification in the consolidated balance sheets as of September 30, 2023 and 2022:

	Classification in Consolidated Balance Sheets	2023	2022
Assets:			
Operating leases assets	Right of use assets	\$ 93,320	\$ 110,397
Finance lease assets	Property and equipment—net	38,674	35,405
Liabilities:			
Current:			
Operating lease liabilities	Current portion of lease liability	23,934	24,178
Finance lease liabilities	Current portion of finance lease obligation	3,152	2,189
Non-current:			
Operating lease liabilities	Lease liability—net of current portion	81,342	100,054
Finance lease liabilities	Finance lease obligations—net of current portion	9,243	9,759

The following table presents the components of lease expense and their classification in the consolidated statements of operations for the years ended September 30, 2023 and 2022:

	Classification in Consolidated Statements of Operations	2023	2022
Operating lease expense	Supplies and other	<u>\$ 24,488</u>	<u>\$ 26,107</u>
Finance lease expense:			
Amortization of leased assets	Depreciation and amortization	2,606	2,684
Interest on lease liabilities	Interest expense	<u>218</u>	<u>165</u>
Total finance lease expense		2,824	2,849
Variable and short-term lease expense	Supplies and other	8,163	9,002
Sublease income	Other operating revenue	<u>(2,255)</u>	<u>(2,351)</u>
Total lease expense		<u>\$ 33,220</u>	<u>\$ 35,607</u>

The weighted average lease terms and discount rates for operating and finance leases are as follows:

Weighted-Average Remaining Lease Term (Years)	2023	2022
Operating leases	3.28 yrs	5.89 yrs
Finance leases	4.96 yrs	4.41 yrs
Weighted-Average Discount Rate		
Operating leases	1.5 %	1.5 %
Finance leases	2.1	1.3

Future minimum lease payments under the terms of these noncancelable operating lease agreements as of September 30, 2023, are as follows:

**Years Ending
September 30**

2024	\$ 25,176
2025	23,899
2026	22,449
2027	18,549
2028	5,528
Thereafter	<u>14,215</u>
Total lease payments	109,816
Less amount representing interest	<u>4,540</u>
Total lease liability	105,276
Current portion	<u>23,934</u>
Long-term portion of lease liability	<u>\$ 81,342</u>

Future minimum payments under finance lease agreements as of September 30, 2023 are as follows:

**Years Ending
September 30**

2024	\$ 2,988
2025	3,009
2026	1,840
2027	1,830
2028	1,819
Thereafter	<u>1,473</u>
Total lease payments	12,959
Less amount representing interest	<u>(564)</u>
Total minimum finance lease payments	12,395
Current portion	<u>3,152</u>
Long term portion of finance lease obligations	<u>\$ 9,243</u>

Future minimum sublease income under the terms of these noncancelable operating lease agreements as of September 30, 2023, are as follows:

**Years Ending
September 30**

2024	\$ 1,553
2025	993
2026	1,015
2027	463
2028	395
Thereafter	<u>7,033</u>
Total sublease income	<u>\$ 11,452</u>

18. SELF-INSURED RESERVES, COMMITMENTS, AND OTHER CONTINGENCIES

Workers' Compensation Insurance—The System is self-insured for workers' compensation and, with the assistance of an actuary, has estimated the cost of incidents incurred but not yet reported. The System has recorded total liabilities related to workers compensation of \$11,494 and \$11,054 as of September 30, 2023 and 2022, respectively, which is included in self-insurance reserves in the accompanying consolidated balance sheets. The System has reinsurance receivables related to these outstanding liabilities of \$4,048 and \$3,641, which are recorded in other receivables as of September 30, 2023 and 2022, respectively, in the accompanying consolidated balance sheets.

The System maintains a surety bond in connection with its workers' compensation program. As of September 30, 2023 and 2022, the surety bond was in the amount of \$10,280 and \$9,750, respectively.

Employee Health Insurance—Tufts MC, MelroseWakefield, and Circle Health established a self-insurance plan to provide medical benefits to their employees and their dependents. Each of these Tufts Medicine entities are responsible for the administration of their plans and for paying eligible claims. In addition, the Tufts Medicine organization purchased stop loss coverage to limit the exposure for each of these entities for the term January 1, 2023, through January 1, 2024. The stop loss deductible for each of these entities is as follows: Tufts MC—\$350 per insured member per year; MelroseWakefield—\$250 per insured member per year and Circle Health—\$400 per insured member per year. Home Health Foundation was fully insured during this period.

As of September 30, 2023 and 2022, the System has recorded a liability of approximately \$6,155 and \$6,139, respectively, to provide for claims made and claims incurred but not reported. The liability is included in self-insurance reserves in the accompanying consolidated balance sheets.

Professional and General Liability—The System records an estimated liability for asserted and unasserted claims and for claims incurred but not yet reported based on consideration of its prior experience, the advice of legal counsel, valuations of such estimates prepared by consulting actuaries, and other factors. The System also records a liability for excess loss insurance coverage for NEQCA, a portion of which is reinsured. A liability for such claims of \$88,195 and \$82,513 has been recorded in self-insurance reserves and other long-term liabilities in the accompanying consolidated balance sheets as of September 30, 2023 and 2022, respectively.

Reinsurance recoverables are based on actuarial reports prepared by independent consulting actuaries. As of September 30, 2023 and 2022, reinsurance recoverables of \$10,016 and \$9,287, respectively, were recorded as other assets in the accompanying consolidated balance sheets. There were no specifically identified claims subject to reinsurance recoverables as of September 30, 2023 and 2022, or deducted from losses incurred and paid during the years ended September 30, 2023 and 2022.

Collective Bargaining Agreement—the System is subject to two collective bargaining agreements. The first agreement, which covers approximately 1,200 registered nurses, was amended and ratified as of July 9, 2023 and will be in place until January 31, 2025. The second agreement, which covers approximately 300 technical staff at MelroseWakefield Hospital, was amended and ratified as of October 26, 2023, for a term through December 31, 2025.

Contingencies—The System and its consolidated subsidiaries are parties in various legal proceedings and potential claims arising in the ordinary course of its business, including a number of pending actions seeking damages for alleged medical malpractice. In addition, the health care industry as a whole is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those related to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Recently, federal government activity has increased with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue for patient services. Management believes that the System individually and collectively is in compliance with laws and regulations and does not believe that these matters will have a material adverse effect on the System's consolidated financial statements. Both the CARES Act and the PPPHCE Act terms and conditions require attestation to accept the related funding. In addition, requirements to earn the funds are numerous and guidance as to the requirements have been continually updated, and continue to be updated, by the Department of Health and Human Services. Laws and regulations concerning government programs, including Medicare, Medicaid, CARES Act and PPPHCE Act, are subject to varying interpretation. Compliance with such laws and regulations is complex and can be subject to future government review and interpretation as well as significant regulatory enforcement actions, including fines, penalties and potential exclusion from government health care programs such as Medicare and Medicaid. Amounts recorded in the consolidated financial statements are estimates based on the best available information and future changes to the requirements could have a material impact on the amounts recorded.

Commitments—In July 2012 (as amended in July 2015 and July 2018), the System entered into an agreement under which a vendor will provide information technology support to the System over a period of 10 years. The July 2018 amendment extended the term an additional 6 years, ending in June 2028. In addition to system support and maintenance, the agreement provides for the continuous upgrade of software and equipment that is being capitalized and depreciated over the contract term. The title to the software and equipment transfers to the System at the end of the contract term. In July 2021, the System entered into an amendment, terminating information technology support effective as of December 31, 2022.

19. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the fair value hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the fair value hierarchy).

Investments for which fair values are measured using the NAV per share practical expedient are not categorized within the fair value hierarchy.

The System uses the following fair value hierarchy to present its fair value disclosures:

Level 1—Quoted (unadjusted) prices for identical assets or liabilities in active markets. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2—Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in nonactive markets (i.e., few transactions, limited information, noncurrent prices, high variability over time)
- Inputs other than quoted prices that are observable for the asset (e.g., interest rates, yield curves, volatilities, default rates)
- Inputs derived principally from or corroborated by other observable market data

Level 3—Unobservable inputs that cannot be corroborated by observable market data.

Asset Valuation Techniques—Valuation technologies maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year ended September 30, 2023 and 2022.

The valuation of investments is reviewed quarterly by the Tufts Medicine investment committees. The investment committee is appointed by the Tufts Medicine board and are responsible for the administration and oversight of investment valuation policies and procedures. The fair values of investments are determined in accordance with the current fair value guidance described below.

Cash and Cash Equivalents—The carrying values of cash and cash equivalents investments approximate their fair values as maturities for these financial instruments are less than three months and/or include money market funds that are based on quoted prices and actively traded. Cash and cash equivalents are classified as Level 1.

Certificates of Deposit—The carrying values of certificates of deposit approximate their fair values as maturities for these financial instruments are less than one year, but are not traded on an active market. Certificates of deposit are classified as Level 2.

Equities—Equities are valued at the closing price reported on the applicable exchange on which the fund is traded, and are classified as Level 1.

US Government and Agency Obligations and Corporate Debt Securities and Other Fixed Income—The fair values of debt securities are estimated based on observable market prices for similar securities that are traded in less active markets. When observable market prices for identical securities are not available, marketable debt instruments are priced using nonbinding market consensus prices that are corroborated with observable market data; quoted market prices for similar instruments; or pricing models, such as a discounted cash flow model; with all significant inputs derived from or corroborated with observable market data. These securities are classified as Level 1 and Level 2.

Mutual Funds—The fair values of mutual funds are based on quoted market prices or NAV. Mutual funds that publish a daily NAV, transact at that price, and are actively traded are classified as Level 1. The System also holds private mutual funds that do not publish quoted market prices; these funds are valued using NAV as a practical expedient to determine fair value.

Exchange Traded Funds (ETFs)—Exchange traded funds are valued at the closing price reported on the applicable exchange on which the fund is traded, or estimated using quoted market prices using similar securities. These investments are classified as Level 1 and Level 2.

Investment Trusts, Limited Partnerships, Limited Liability Companies and Hedge Funds—The estimated fair values of investment trusts, limited partnerships and limited liability companies, and hedge funds for which no quoted market prices are readily available, are determined based upon information provided by the fund managers. Such information is generally based on the pro rata interest in the net assets of the underlying investments, as a practical expedient to approximate fair value.

Guaranteed Investment Contract—The System's investment contract is valued based on discounted cash flows using the current yields of similar instruments with comparable durations, therefore, classified as Level 2.

Beneficial Interest in Perpetual Trusts—The estimated fair values of the System's beneficial interests in perpetual trusts are determined based upon information provided by the trustees. Such information is generally based on the pro rata interest in the net assets of the underlying investments. The assets held in trust consist primarily of cash equivalents and marketable securities. The fair values of perpetual trusts are measured using the fair values of the assets contributed to the trusts. The measurement for a beneficial interest in a perpetual trust is categorized as a Level 3 fair value measurement because the System will never receive the trusts' assets.

The System's financial assets that are measured at fair value on a recurring basis as of September 30, 2023, are as follows:

	2023			
	Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 226,392	\$	\$	\$ 226,392
Certificates of deposit		3,441		3,441
Equities	109			109
U.S. government and agency obligations	39	27,793		27,832
Corporate debt securities and other fixed income		30,940		30,940
Mutual funds	19,891			19,891
Exchange traded funds		23,922		23,922
Beneficial interest in perpetual trusts			11,767	11,767
Total assets at fair value	<u>\$ 246,431</u>	<u>\$ 86,096</u>	<u>\$ 11,767</u>	<u>344,294</u>
Investments measured at NAV:				
Mutual funds				49,528
Investment trusts				17,595
Hedge funds				45,537
Limited liability companies				25,968
Limited partnerships				<u>92,169</u>
Total investments measured at NAV				<u>230,797</u>
Total investments				575,091

The System's financial assets that are measured at fair value on a recurring basis as of September 30, 2022, are as follows:

	2022			
	Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 107,500	\$ -	\$ -	\$ 107,500
Certificates of deposit		3,967		3,967
Equities	59			59
U.S. government and agency obligations	21,854	50,716		72,570
Corporate debt securities and other fixed income		31,223		31,223
Mutual funds	62,089			62,089
Exchange traded funds	3,264	17,160		20,424
Beneficial interest in perpetual trusts			11,073	11,073
Total assets at fair value	<u>\$ 194,766</u>	<u>\$ 103,066</u>	<u>\$ 11,073</u>	<u>308,905</u>
Investments measured at NAV:				
Mutual funds				110,933
Investment trusts				25,564
Hedge funds				74,071
Limited liability companies				49,483
Limited partnerships				<u>130,697</u>
Total investments measured at NAV				<u>390,748</u>
Total investments				699,653

The following table reconciles the information about the fair value of the System's financial instruments measure at fair value on a recurring basis presented in the table above to amounts presented in the consolidated balance sheets as of September 30, 2023 and 2022:

	2023	2022
Current assets:		
Investments	<u>\$ 15,617</u>	<u>\$ 15,527</u>
Current portion of assets limited as to use	<u>16,650</u>	<u>12,842</u>
Investments	<u>356,872</u>	<u>458,416</u>
Assets limited as to use—noncurrent portion:		
Held by trustees under bond indenture agreements	45,075	69,608
Deferred compensation and other	9,306	10,287
Funds held for self insurance reserves	91,023	91,885
Donor-restricted assets	<u>48,719</u>	<u>42,745</u>
Total assets limited as to use—noncurrent portion	<u>194,123</u>	<u>214,525</u>
Less: Pledge receivable and other	8,171	1,657
Total	<u><u>\$ 575,091</u></u>	<u><u>\$ 699,653</u></u>

The following table summarizes the changes in Level 3 assets for the years ended September 30, 2023 and 2022:

	Beneficial Interest in Perpetual Trusts
Balance—October 1, 2021	\$ 14,975
Change in fair value	<u>(3,902)</u>
Balance—September 30, 2022	11,073
Change in fair value	<u>694</u>
Balance—September 30, 2023	<u><u>\$ 11,767</u></u>

The System's policy is to recognize transfers between all levels as of the beginning of the reporting period. There were no significant transfers to or from Levels 1 and 2 during the years ended September 30, 2023 and 2022.

A summary of the Pension Plans' assets measured at fair value as of September 30, 2023, is as follows:

	2023		
	Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
			Total
Cash and cash equivalents	\$ 4,232	\$ -	\$ -
Mutual funds	<u>7,848</u>	<u> </u>	<u> </u>
Total assets at fair value	<u>\$12,080</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at NAV:			
Mutual funds			41,874
Limited partnerships			101,904
Limited liability companies			54,786
Hedge funds			<u>12,527</u>
Total investments measured at NAV			<u>211,091</u>
Total			<u>\$223,171</u>

A summary of the Pension Plans' assets measured at fair value as of September 30, 2022, is as follows:

	2022		
	Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
			Total
Cash and cash equivalents	\$ 6,868	\$ -	\$ -
Mutual funds	18,372		
Exchange traded funds	<u>6,083</u>	<u> </u>	<u> </u>
Total assets at fair value	<u>\$31,323</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at NAV:			
Mutual funds			27,097
Limited partnerships			84,926
Limited liability companies			54,167
Hedge funds			<u>27,405</u>
Total investments measured at NAV			<u>193,595</u>
Total			<u>\$224,918</u>

The following methods and assumptions were used by the System to estimate the fair values of its financial instruments that are not measured at fair value on a recurring basis:

Receivables and Payables—The carrying values of the System's current receivables and payables approximates their fair values, as maturities for these financial instruments are very short term.

20. INVESTMENTS IN ENTITIES THAT CALCULATE NET ASSET VALUE PER SHARE

A summary of the System's financial assets with reported NAVs as of September 30, 2023 and 2022, is as follows:

2023	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Restrictions	Redemption Notice Period
Mutual funds ⁽¹⁾	\$ 49,528	\$ -	Daily	None	1–2 days
Investment trusts ⁽²⁾	17,595		Semi-Monthly	None	9–30 days
Hedge funds ⁽³⁾	45,537		Mthly/Qtrly/Annu.	(A)	5–95 days
Limited liability companies ⁽⁴⁾	25,968		Daily/Mthly	None	1–45 days
Limited partnerships ⁽⁵⁾	<u>92,169</u>	<u>10,509</u>	Mthly/Qtrly/Annu.	(B)	10–95 days
Total	<u>\$230,797</u>	<u>\$ 10,509</u>			
2022	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Restrictions	Redemption Notice Period
Mutual funds ⁽¹⁾	\$ 110,933	\$ -	Daily	None	1–2 days
Investment trusts ⁽²⁾	25,564		Semi-Monthly	None	9–30 days
Hedge funds ⁽³⁾	74,071		Mthly/Qtrly/Annu.	(A)	5–95 days
Limited liability companies ⁽⁴⁾	49,483		Daily/Mthly	None	1–45 days
Limited partnerships ⁽⁵⁾	<u>130,697</u>	<u>14,808</u>	Mthly/Qtrly/Annu.	(B)	10–95 days
Total	<u>\$390,748</u>	<u>\$ 14,808</u>			

A summary of the Pension Plans' financial assets with reported NAVs as of September 30, 2023 and 2022, is as follows:

2023 Pension	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Restrictions	Redemption Notice Period
Mutual funds ⁽¹⁾	\$ 41,874	\$ -	Daily	None	1–2 days
Hedge funds ⁽³⁾	12,527		Mthly/Qtrly/Annu.	(A)	5–95 days
Limited liability companies ⁽⁴⁾	54,786		Daily/Mthly	None	1–45 days
Limited partnerships ⁽⁵⁾	<u>101,904</u>	<u>108</u>	Mthly/Qtrly/Annu.	(B)	10–95 days
Total	<u>\$211,091</u>	<u>\$ 108</u>			
2022 Pension	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Restrictions	Redemption Notice Period
Mutual funds ⁽¹⁾	\$ 27,097	\$ -	Daily	None	1–2 days
Hedge funds ⁽³⁾	27,405		Mthly/Qtrly/Annu.	(A)	5–95 days
Limited liability companies ⁽⁴⁾	54,167		Daily/Mthly	None	1–45 days
Limited partnerships ⁽⁵⁾	<u>84,926</u>	<u>108</u>	Mthly/Qtrly/Annu.	(B)	10–95 days
Total	<u>\$193,595</u>	<u>\$ 108</u>			

* The fair value of these investments has been estimated using the NAVs of the investments. Such fair values are determined based on information provided by the fund managers. Because of the

inherent uncertainty of valuation, the values for the investments may differ significantly from the values that would have been used had a ready market for these investments existed, and the differences could be material.

- (1) *Mutual funds*—The goal of these funds is to outperform the Barclays U.S. Aggregate Index, through investing primarily in investment-grade fixed income securities, including obligations issued or guaranteed by U.S. Government, its agencies, or instrumentalities; corporate securities; municipal securities; etc.
- (2) *Investment trusts*—Collective investments that are close-end funded with fixed number of shares to distribute. The investment gives the fund manager high level of control and flexibility to build long-term strategy
- (3) *Hedge funds*—These include absolute return and equity hedge fund managers. The goal of these funds is to provide protection to the respective asset pools for both the corporate and retirement plan assets against extreme market lows and market highs. The funds mainly take long/short positions in publicly traded securities both within and outside the US market.
- (4) *Limited liability companies*—is a corporate structure whereby the members of the company are not held personally liable for the company's debts or liabilities. The goal of the company includes investment in emerging markets, energy, fixed income, etc.
- (5) *Limited partnerships*—The primary purpose of these investments is to make venture capital investments, principally by investing in equity or equity-oriented securities of privately held companies
- (A) Hedge funds restrictions include any of the following:
 - Redemption gate of 25%
 - One to three-year hard or soft lockup
 - Rolling two to three-year lockup
 - 2% to 5% early withdrawal fee
- (B) Limited partnerships restrictions can include any of the following
 - Redemption gate of 25%
 - Full redemption with next 12 months
 - Rolling two to three-year lockup

21. FUNCTIONAL EXPENSES

The System provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended September 30, 2023 and 2022, are as follows:

2023	Health Care Services	Research	General and Administrative	Fundraising	Total
Salaries and wages	\$ 1,039,751	\$ 11,787	\$ 218,913	\$ 2,361	\$ 1,272,812
Employee benefits	223,928	2,944	32,984	624	260,480
Purchased services	274,344	18,728	144,598	1,308	438,978
Supplies and other	565,864	3,112	98,841	963	668,780
Depreciation and amortization	53,185		32,377	50	85,612
Interest	10,596		28,985		39,581
Total	<u>\$ 2,167,668</u>	<u>\$ 36,571</u>	<u>\$ 556,698</u>	<u>\$ 5,306</u>	<u>\$ 2,766,243</u>

2022	Health Care Services	Research	General and Administrative	Fundraising	Total
Salaries and wages	\$ 991,671	\$ 12,216	\$ 189,274	\$ 2,219	\$ 1,195,380
Employee benefits	211,944	3,066	30,062	581	245,653
Purchased services	244,108	19,718	180,893	1,010	445,729
Supplies and other	549,106	3,501	108,717	1,595	662,919
Depreciation and amortization	56,514		27,065	56	83,635
Interest	10,138		23,126		33,264
Total	<u>\$ 2,063,481</u>	<u>\$ 38,501</u>	<u>\$ 559,137</u>	<u>\$ 5,461</u>	<u>\$ 2,666,580</u>

Certain costs have been allocated among health care services and supporting services. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Purchased services	Time and effort
Supplies	Purpose of use
Depreciation	Purpose of asset use

Fund-raising expenses of \$5,306 and \$5,455 for the years ended September 30, 2023 and 2022, respectively, have been recorded in unrestricted gifts—net of expenses in the accompanying consolidated statements of operations.

22. COVID-19 PANDEMIC

As described in Note 2, the System received federal CARES Act and state funding to offset the lost revenues and increased expenses, recognizing \$82,074 and \$33,034 in grant revenue during the years ended September 30, 2023 and 2022, respectively. Additionally, the System has submitted reimbursement applications with the Federal Emergency Management Agency (“FEMA”) for the emergency period. The System received obligation for payment in connection with the FEMA applications of \$79,037 and \$31,114 during the years ended September 30, 2023 and 2022, respectively, which is recorded in grant revenue in the accompanying consolidated statements of operations.

23. INFORMATION USED IN THE DETERMINING DEPARTMENT OF EDUCATION’S FINANCIAL RESPONSIBILITY COMPOSITE SCORE

Section 498(c) of the Higher Education Act of 1965, as amended, requires for-profit and non-profit institutions to annually submit audited financial statements to the Department of Education (ED) to demonstrate they are maintaining the standards of financial responsibility necessary to participate in the Title IV programs. One of the many standards which ED utilizes to gauge the financial responsibility of an institution is a composite of three ratios derived from an institution’s audited financial statements.

The financial information below provides the correspondence between certain values presented in the System's consolidated financial statements and the values as they are included in the determination of the ratios used by the ED to gauge the System's financial responsibility at September 30, 2023.

Expandable net assets:	
Net assets with donor restriction: restricted in perpetuity	\$ 27,521
Net assets with donor restriction: Other for purpose or time	20,914
Property, plant and equipment pre-implementation (includes capital leases)	621,242
Property, plant and equipment post-implementation with outstanding debt for original purchase (includes Capital Leases)	46,810
Property, plant and equipment post-implementation without outstanding debt for original purchase	42,727
Long-term debt—for long-term purposes post-implementation	46,810
Post-implementation right-of-use lease liabilities	105,276
Non-Operating and Net Investment (loss)	(29,914)
Other losses	(24,047)
Non-Operating Revenue and Other gains	202,451

24. SUBSEQUENT EVENTS

On November 30, 2023, Tufts Medicine amended the line of credit agreement with JP Morgan Chase Bank N.A. to extend the maturity date from November 30, 2023 to May 30, 2024.

* * * * *

SUPPLEMENTAL CONSOLIDATING INFORMATION

TUFTS MEDICINE, INC. AND CONSOLIDATED AFFILIATES

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET INFORMATION AS OF SEPTEMBER 30, 2023 (Amounts in thousands)

	Tufts Medicine Obligated Group	All Other Entities	Eliminations	Consolidated
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 111,810	\$ 82,059	\$ -	\$ 193,869
Short-term investments		15,617		15,617
Restricted cash	15,700			15,700
Patient accounts receivable	276,343	32,763		309,106
Prepaid expenses and other current assets	15,131	4,994		20,125
Other receivables—net	48,069	114,540	(2,370)	160,239
Current portion of assets limited as to use	16,650			16,650
Supplies	25,563	5,273		30,836
Estimated third-party payor settlements—current	8,620			8,620
Due from affiliates	<u>144,640</u>	<u>213,342</u>	<u>(357,982)</u>	<u></u>
Total current assets	<u>662,526</u>	<u>468,588</u>	<u>(360,352)</u>	<u>770,762</u>
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	<u>14,470</u>	<u></u>	<u></u>	<u>14,470</u>
INVESTMENTS	<u>295,846</u>	<u>61,026</u>	<u></u>	<u>356,872</u>
ASSETS LIMITED AS TO USE—Noncurrent portion:				
Held by trustees under bond indenture agreements	45,075			45,075
Deferred compensation and other	4,717	4,589		9,306
Funds held for self-insurance liability		91,023		91,023
Donor-restricted assets	<u>48,434</u>	<u>285</u>	<u></u>	<u>48,719</u>
Total assets limited as to use—noncurrent portion	98,226	95,897	-	194,123
PROPERTY AND EQUIPMENT—Net	710,453	59,471		769,924
RIGHT OF USE ASSETS—Net	58,936	34,384		93,320
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	19,891	21,887		41,778
OTHER ASSETS—Net	<u>32,296</u>	<u>131,025</u>	<u>(129,617)</u>	<u>33,704</u>
TOTAL	<u>\$1,892,644</u>	<u>\$872,278</u>	<u>\$(489,969)</u>	<u>\$2,274,953</u>

(Continued)

TUFTS MEDICINE, INC. AND CONSOLIDATED AFFILIATES

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET INFORMATION AS OF SEPTEMBER 30, 2023 (Amounts in thousands)

	Tufts Medicine Obligated Group	All Other Entities	Eliminations	Consolidated
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	\$ 222,459	\$ 336,904	\$ (802)	\$ 558,561
Self-insurance reserves—current	12,479	1,437		13,916
Estimated third-party payor settlements—current	10,365			10,365
Lines of credit	81,500	18,731		100,231
Current portion of finance lease obligations	3,152			3,152
Current portion of lease liability	17,639	6,295		23,934
Current portion of long-term debt	18,998	952		19,950
Due to affiliates	202,392	154,788	(357,180)	
Total current liabilities	568,984	519,107	(357,982)	730,109
OTHER LIABILITIES:				
Finance lease obligations—net of current portion	9,243			9,243
Lease liability—net of current portion	50,951	30,391		81,342
Long-term debt—net of current portion	782,268	23,284		805,552
Estimated third-party payor settlements	11,328			11,328
Self-insurance reserves—net of current portion	11,335	78,925	(2,965)	87,295
Accrued pension liability	39,340	1,351		40,691
Other long-term liabilities	36,195	36,501	(9,016)	63,680
Total liabilities	1,509,644	689,559	(369,963)	1,829,240
NET ASSETS:				
Net assets without donor restrictions	334,968	182,316	(120,006)	397,278
Net assets with donor restrictions	48,032	403		48,435
Total net assets	383,000	182,719	(120,006)	445,713
TOTAL	\$ 1,892,644	\$ 872,278	\$ (489,969)	\$ 2,274,953

(Concluded)

TUFTS MEDICINE, INC. AND CONSOLIDATED AFFILIATES

SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2023 (Amounts In Thousands)

	Tufts Medicine Obligated Group	All Other Entities	Eliminations	Consolidated
OPERATING REVENUES:				
Net patient service revenue	\$1,668,879	\$ 287,240	\$ -	\$1,956,119
Other operating revenue	255,490	299,936	(144,581)	410,845
Grant revenue	219,081	1,935		221,016
Net assets released from restrictions	<u>7,203</u>	<u>89</u>		<u>7,292</u>
Total operating revenue	<u>2,150,653</u>	<u>589,200</u>	<u>(144,581)</u>	<u>2,595,272</u>
OPERATING EXPENSES:				
Salaries and wages	855,064	417,748		1,272,812
Employee benefits	193,647	70,528	(3,695)	260,480
Purchased services	444,873	110,546	(116,441)	438,978
Supplies and other expenses	574,976	118,249	(24,445)	668,780
Depreciation and amortization	80,512	5,100		85,612
Interest	<u>37,273</u>	<u>2,308</u>		<u>39,581</u>
Total operating expenses	<u>2,186,345</u>	<u>724,479</u>	<u>(144,581)</u>	<u>2,766,243</u>
LOSS FROM OPERATIONS	<u>(35,692)</u>	<u>(135,279)</u>		<u>(170,971)</u>
NONOPERATING REVENUE AND EXPENSES:				
Investment income	4,036	433		4,469
Realized and unrealized gain on investments	37,687	6,488		44,175
Unrestricted gifts—net of expenses	(10,025)	274		(9,751)
Other components of net periodic pension costs	(4,728)	(139)		(4,867)
Gain on sale of business interest	139,511			139,511
Other		<u>(1,000)</u>		<u>(1,000)</u>
Total nonoperating revenue and expenses	<u>166,481</u>	<u>6,056</u>	<u>-</u>	<u>172,537</u>
EXCESS (DEFICIENCY) OF REVENUE AND EXPENSES	130,789	(129,223)		1,566

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APPENDIX C-1

DEFINITIONS OF CERTAIN TERMS IN THE LOAN AND TRUST AGREEMENT AND SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT

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**DEFINITIONS OF CERTAIN TERMS IN THE LOAN AND TRUST AGREEMENT
AND
SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AND TRUST AGREEMENT**

The following is a brief summary prepared by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel to the Issuer, of certain provisions of the Loan and Trust Agreement dated as of July 1, 2024 (the “Agreement”) among the Issuer, Tufts Medicine, Inc., solely in its capacity as Obligated Group Representative, Tufts Medical Center, Inc., and U.S. Bank Trust Company, National Association, a national banking association, as Trustee (the “Trustee”).

This summary does not purport to be complete, and reference is made to the Agreement for full and complete statement of such and all provisions.

DEFINITIONS OF CERTAIN TERMS

“Act” means the Massachusetts General Laws Chapters 23G and 40D, each as amended.

“Authorized Officer” means: (i) in the case of the Issuer, its Executive Director/President and Chief Executive Officer, the Senior Executive Vice President, Executive Vice President for Operations, Deputy Director and Chief Operating Officer, the General Counsel and Secretary, the Treasurer, Chief Financial Officer and Executive Vice President for Finance and Administration, the Executive Vice President of Finance Programs, and the Senior Vice President, Investment Banking, and when used with reference to an act or document of the Issuer also means any other person authorized to perform the act or execute the document; (ii) in the case of the Obligated Group Representative or the Borrower, the President or other chief executive or administrative officer, any Vice President or the Treasurer or other chief financial officer or any Assistant Treasurer, and when used with reference to an act or document of the Obligated Group Representative or an Obligated Group Member, also means any other person authorized to perform the act or execute the document; and (iii) in the case of the Trustee, the President, and Vice President, any Assistant Vice President, any Corporate Trust Officer, any Trust Officer or any Assistant Trust Officer, and when used with reference to an act or document of the Trustee also means any other person authorized to perform the act or sign the document.

“Bond Counsel” means Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., or any other attorney at law or firm of attorneys selected by the Obligated Group Representative and satisfactory to the Issuer and the Trustee.

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

“Bonds” means the \$150,000,000 Massachusetts Development Finance Agency Revenue Bonds, Tufts Medicine Issue, Series E (2024) (Federally Taxable), dated the date of delivery, and any Bond or Bonds duly issued in exchange or replacement therefor.

“Bond Year” means each one year period (or shorter period from the date of issue of the Bonds) ending on September 30 or such other date selected by the Obligated Group Representative after consultation with Bond Counsel.

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

“Commonwealth” means The Commonwealth of Massachusetts.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of the date of issuance between the Obligated Group and the dissemination agent named therein, as originally executed and as it may be amended from time to time in accordance with its terms.

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

“HHVNA” means Home Health VNA, Inc., and its successors.

“Home Care” means Home Care, Inc., and its successors.

“IRC” means the Internal Revenue Code of 1986, as amended.

“LGH” means The Lowell General Hospital and its successors.

“Issuance Date” means July 11, 2024.

“Master Indenture” means the Amended and Restated Master Trust Indenture dated as of February 1, 2019, among the Obligated Group Representative, the Obligated Group and the Master Trustee, as previously supplemented and as it may be amended, modified, supplemented and/or restated from time to time, including, without limitation, by the Supplemental Master Indenture for Obligation Nos. 9 and 10, among the Master Trustee and the Obligated Group Representative, relating to the Bonds.

“Master Trustee” means U.S. Bank National Association, and its successors as trustee under the Master Indenture.

“MWHC” means MelroseWakefield Healthcare, Inc., and its successors.

“Note” means Obligation No. 12 issued under the Master Indenture and securing the Bonds.

“Obligated Group” means Home Care, HHVNA, MWHC, LGH, TMC, TMCH, TMCHP and such future additions and withdrawals as are permitted under the Master Indenture.

“Obligated Group Member” means, individually, Home Care, HHVNA, MWHC, LGH, TMC, TMCH and TMCHP, with such future additions and withdrawals as are permitted under the Master Indenture.

“Obligated Group Representative” means Tufts Medicine, Inc., solely in its capacity as representative of the Obligated Group, or any Obligated Group Member (or Obligated Group Members acting jointly) designated as Obligated Group Representative by the Obligated Group from time to time.

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

“Prior JPMorgan Loan” means the amounts outstanding under the Note issued pursuant to the Credit Agreement by and among JPMorgan Chase Bank, N.A., Tufts Medicine, Inc., solely in its capacity as the Borrower Representative, and each Obligated Group Member dated as of May 12, 2022, as amended and supplemented by the First Amendment to Credit Agreement dated as of November, 30, 2022, the Second Amendment to Credit Agreement dated as of November, 30, 2023, the Third Amendment to Credit Agreement dated as of May 30, 2024, and the Fourth Amendment to Credit Agreement dated as of June 28, 2024.

“Prior JPMorgan Loan Letter of Instructions” means the Letter of Instructions dated July 11, 2024 from the Obligated Group Representative to the Trustee regarding the refunding of the Prior JPMorgan Loan.

“Project” means, collectively, (i) the capital and working capital expenditures originally financed and refinanced with proceeds of the Prior JPMorgan Loan, and (ii) the other capital and working expenditures of Tufts Medicine, Inc., the Borrower, the other Obligated Group Members and each of their affiliates to be financed with proceeds of the Bonds.

“Revenues” means all rates, payments, rents, fees, charges, and other income and receipts, including proceeds of insurance, eminent domain and sale, and including proceeds derived from any security provided under the Agreement, payable to the Issuer or the Trustee under the Agreement or the Note, excluding administrative fees of the Issuer, fees of the Trustee,

reimbursements to the Issuer or the Trustee for expenses incurred by the Issuer or the Trustee, and indemnification of the Issuer and the Trustee.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., or any successor rating agency.

“TMC” means Tufts Medical Center, Inc., and its successors.

“TMCH” means Tufts Medicine Care At Home, Inc. (f/k/a Merrimack Valley Hospice, Inc.), and its successors.

“TMCHP” means Tufts Medicine Care at Home Parent, Inc. (f/k/a Home Health Foundation, Inc.), and its successors.

“UCC” means the Massachusetts Uniform Commercial Code.

SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT

Funds and Accounts

In conjunction with the issuance of the Bonds, the following funds shall be established and maintained with the Trustee for the account of the Obligated Group, to be held in trust by the Trustee and applied to the provisions of the Agreement:

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

(Section 303, 304, 305, and 401).

Debt Service Fund

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

Redemption Fund

A Redemption Fund is established under the Agreement with the Trustee and moneys shall be deposited therein as provided in the Agreement. The moneys in the Redemption Fund and any

investments held as a part of such Fund shall be held in trust and, except as otherwise provided, shall be applied by the Trustee on behalf of the Issuer solely to the redemption of Bonds. The Trustee may, and upon written direction of the Obligated Group Representative for specific purchases shall, apply moneys in the Redemption Fund to the purchase of Bonds for cancellation at prices not exceeding the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not within the 45 days preceding a redemption date. Accrued interest on the purchase of Bonds shall be paid from the Debt Service Fund.

If on any date the amount in the Debt Service Fund is less than the amount then required to be applied by the Trustee to pay the principal and interest then due on the Bonds, the Trustee shall apply the amount in the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) to the Debt Service Fund to the extent necessary to meet the deficiency. The Borrower shall remain liable for any sums which it has not paid into the Debt Service Fund and any subsequent payment thereof shall be used to restore the funds so applied.

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

Expense Fund

An Expense Fund is established to be held by the Trustee and proceeds of the Bonds shall be deposited therein as provided in the Agreement. The moneys in the Expense Fund and any accounts therein and any investments held as part of such Fund or accounts shall be held in trust and, except as otherwise provided in the Agreement, shall be applied by the Trustee at the written direction of the Obligated Group Representative solely to the payment or reimbursement of the costs of issuing the Bonds. The Trustee shall pay from the Expense Fund at the written direction of the Obligated Group Representative the costs of issuing the Bonds, including the reasonable fees and expenses of financial consultants and Bond Counsel, the reasonable fees and expenses of the Trustee incurred prior to the completion of the Project in accordance with the Agreement, any recording or similar fees and any expenses of the Borrower in connection with the issuance of the Bonds as directed by the Obligated Group Representative. Earnings on the Expense Fund shall not be applied to pay costs of issuance of the Bonds, but shall be transferred to the Debt Service Fund as provided in the Agreement. After all costs of issuing the Bonds have been paid, any amounts remaining in the Expense Fund shall be transferred to the Debt Service Fund, upon written direction of the Obligated Group Representative. To the extent the Expense Fund is insufficient to pay any of the above costs, the Borrower shall be liable for the deficiency and shall pay an amount equal to such deficiency as directed by the Trustee. (Section 305)

Project Fund

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

Trustee solely to the payment or reimbursement of Project costs. If there is an Event of Default known to the Trustee with respect to payments to the Debt Service Fund, or to the Issuer or the Trustee, the Trustee may use the Project Fund without requisition to make up the deficiency. (Section 401)

The Note and the Assignment and Pledge of the Issuer

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

Application of Moneys

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

date. When interest or a portion of the principal is to be paid on an overdue Bond, the Trustee may require presentation of the Bond for endorsement of the payment. (Section 306)

Payments by the Borrower

On or before March 15 and September 15 in each year, the Borrower shall pay to the Trustee for deposit in the Debt Service Fund an amount equal to the interest coming due on the Bonds on the next April 1 or October 1, as the case may be. On or before September 15 in each year, the Borrower shall pay to the Trustee for deposit in the Debt Service Fund an amount equal to the principal coming due on the Bonds on the next October 1.

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

At any time when any principal of the Bonds is overdue, the Borrower shall also have a continuing obligation to pay to the Trustee for deposit in the Debt Service Fund an amount equal to interest on the overdue principal until such principal is paid in full. Redemption premiums shall not bear interest.

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

Within 30 days after notice from the Issuer, the Borrower shall pay to the Issuer all expenditures (except general administrative expenses or overhead) reasonably incurred by the Issuer by reason of the Agreement.

Within 30 days after notice from the Trustee, the Borrower shall pay to the Trustee the reasonable fees and expenses of the Trustee as set forth in the Agreement.

(Section 307)

Unconditional Obligation

To the extent permitted by law, the obligation of the Borrower to make payments to the Issuer and the Trustee under the Agreement shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever, shall not be subject to setoff, recoupment or counterclaim and shall be a general obligation of the Borrower to which the full faith and credit of the Borrower are pledged. (Section 308)

Investments

Pending their use under the Agreement, moneys in the funds and accounts established pursuant to the Agreement may be invested by the Trustee in Permitted Investments (as defined below) maturing or redeemable at the option of the holder at or before the time when such moneys are expected to be needed and shall be so invested pursuant to written direction of the Obligated Group Representative if there is not then an Event of Default known to the Trustee. Any investments pursuant to this paragraph shall be held by the Trustee as a part of the applicable Fund and shall be sold or redeemed to the extent necessary to make payments or transfers or anticipated payments or transfers from such Fund, subject to the notice provisions of Section 9-611 of the UCC to the extent applicable.

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

The term “Permitted Investments” means (A) Government or Equivalent Obligations; (B) “tax exempt bonds” as defined in IRC §150(a)(6), other than “specified private activity bonds” as defined in IRC §57(a)(5)(C), rated at least “AA” or “Aa2” by S&P and Moody’s, respectively, or the equivalent by any other nationally recognized rating agency, at the time of acquisition thereof, or shares of a so-called money market or mutual fund that do not constitute “investment property” within the meaning of IRC Section 148(b)(2), provided either that the fund has all of its assets invested in such “tax exempt bonds” of such rating quality or, if such obligations are not so rated, that the fund has comparable creditworthiness through insurance or otherwise and which fund is rated “Aam” or “AAm-G” if rated by S&P, at the time of acquisition thereof; (C) obligations of any state or political subdivision thereof rated at least “A-” and “A3” by S&P and Moody’s, respectively, at the time of acquisition thereof; (D) negotiable certificates of deposit maturing not more than two years after the date of purchase, and interest-bearing deposit accounts of a national association or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank, which (i) has assets of not less than \$1,000,000,000, provided that the senior debt obligations of the issuing institution are rated in the highest category by Moody’s or S&P at the time of acquisition thereof, or (ii) funds are guaranteed by the Federal Deposit Insurance Corporation, or (iii) funds are fully collateralized by Government or Equivalent Obligations; (E) bills of exchange or time drafts drawn on and accepted by a commercial bank (otherwise known as bankers acceptances), provided that such bankers acceptances may not exceed 180 days maturity, and provided further that the accepting bank has the highest short-term letter and numerical rating as provided by Moody’s or S&P at the time of acquisition thereof; (F) Repurchase Agreements; (G) (i) the Massachusetts Development Finance Agency Short Term Asset Reserve (STAR) Fund, or any other similar fund established by, or on behalf of, the Issuer, which is rated “AAAm-G,” “AAAm” or “AAm” by S&P at the time of acquisition thereof, and (ii) money market funds which have a rating of “AAAm-G,” “AAAm” or “AAm” by S&P at the time of acquisition thereof, provided that the fund is registered under the Federal Investment

Company Act of 1940 and whose shares are registered under the Federal Securities Act of 1933; (H) investment agreements with providers rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only; (I) collateralized investment agreements with providers rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that in all cases such rating requirements shall apply only at the time the investment agreement is executed; (J) forward purchase and sale agreements with providers rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that in all cases such rating requirements shall apply only at the time the investment agreement is executed; (K) senior debt obligations and participation certificates issued by an agency or instrumentality established by an act of Congress, including but not limited to the Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank System, Student Loan Marketing Association, World Bank or Federal Agricultural Mortgage Corporation (“Federal Agency Securities”), in each case rated not lower than the second highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency; (L) commercial paper that is rated at the time of purchase at least “A-1” by S&P or “P-1” by Moody’s at the time of acquisition thereof and that matures not more than 270 days after the date of purchase; and (M) notes issued by corporate entities rated at least “A-” or “A3” by S&P and Moody’s, respectively, at the time of acquisition thereof. The term “Repurchase Agreement” shall mean a written agreement under which a bank or trust company which has a capital and surplus of not less than \$50,000,000 or a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York sells to, and agrees to repurchase from the Trustee obligations issued or guaranteed by the United States; provided that the market value of such obligations is at the time of entering into the agreement at least 102% of the repurchase price specified in the agreement and that such obligations are segregated from the unencumbered assets of such bank or trust company or government bond dealer; and provided further that unless the agreement is with a bank or trust company, such agreement shall require the repurchase to occur on demand or on a date certain which is not later than one year after such agreement is entered into and shall expressly authorize the Trustee to liquidate the purchased obligations in the event of the insolvency of the party required to repurchase such obligations or the commencement against such party of a case under the federal Bankruptcy Code or the appointment of or taking possession by a trustee or custodian in a case against such party under the Bankruptcy Code. Any such investments may be purchased from or through the Trustee.

(Section 310)

Use of Project

Compliance with Law. In the acquisition, construction, maintenance, improvement and operation of the Project, the Borrower covenants that it has complied and will comply in all

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

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

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

(Section 402)

Repair and Current Expenses

The Borrower agrees that it will maintain and repair the Project and keep the same in good and serviceable condition and in at least as good condition and repair (reasonable wear and tear and casualty loss excepted) as it was on the date the same was placed in service. In the event of damage to or destruction of all or any part of the Project from any casualty, the Borrower may repair, replace, restore or reconstruct the Project to the extent necessary to restore substantially its value and in a manner suitable for its continued use for the purpose for which it was provided; and this permissive right shall not be limited by the amount of available insurance proceeds. The Borrower shall pay all costs of maintaining and operating the Project. (Section 403)

Insurance

The Borrower shall maintain insurance in accordance with the provisions of the Master Indenture. (Section 404)

Default by the Borrower

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

1. Debt Service. Any principal or interest or redemption premium on the Bonds shall not be paid when due or the Borrower shall fail to make any payment required of it by provisions described in the first and third paragraph under the heading “Payments by the Borrower,” above within seven days after the same becomes due and payable or under the Agreement after the same becomes due and payable.
2. Other Obligations. The Borrower shall fail to make any other required payment to the Trustee, and such failure is not remedied within seven days after written notice thereof is given by the Trustee or the Issuer to the Borrower, or the Borrower shall fail to perform its obligations described under the heading “Insurance” above, and such failure is not remedied within seven days after written notice thereof is given by the Trustee or the Issuer to the Borrower; or the Borrower shall fail to observe or perform any of its other agreements, covenants or obligations under the Agreement and such failure is not remedied within 60 days after written notice thereof is given by the Trustee or the Issuer to the Borrower.
3. Warranties. There shall be a material breach of warranty made in the Agreement by the Borrower as of the date it was intended to be effective and the breach is not cured within 60 days after written notice thereof is given by the Trustee or the Issuer to the Borrower.
4. Voluntary Bankruptcy. The Borrower shall commence a voluntary case under the federal bankruptcy laws, or shall become insolvent or unable to pay its debts as they become due, or shall make an assignment for the benefit of creditors, or shall apply for, consent to or acquiesce in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for itself or any substantial part of its property.
5. Appointment of Receiver. A trustee, receiver, custodian or similar official or agent shall be appointed for the Borrower or for any substantial part of its property and such trustee or receiver shall not be discharged within 60 days.
6. Involuntary Bankruptcy. The Borrower shall have an order or decree for relief in an involuntary case under the federal bankruptcy laws entered against it, or a petition seeking reorganization, readjustment, arrangement, composition, or other similar relief as to it under the federal bankruptcy laws or any similar law for the

relief of debtors shall be brought against it and shall be consented to by it or shall remain undismissed for 60 days.

7. Breach of Other Agreements. A breach shall occur (and continue beyond any applicable grace period) with respect to a payment by any Member of the Obligated Group of debt service on the payment of other indebtedness of the Obligated Group for borrowed money with respect to loans exceeding \$25,000,000, or with respect to the performance of any agreement securing such other indebtedness or pursuant to which the same was issued or incurred, or an event shall occur with respect to provisions of any such agreement relating to matters of the character referred to in this paragraph, so that a holder or holders of such indebtedness or a trustee or trustees under any such agreement accelerates any such indebtedness; but an Event of Default shall not be deemed to be in existence or to be continuing under this paragraph seven if (A) the Obligated Group is in good faith contesting the existence of such breach or event and if such acceleration is being stayed by judicial proceedings or (B) such breach or event is remedied and the acceleration is wholly annulled. The Obligated Group Representative shall notify the Issuer and the Trustee of any such breach or event immediately upon the Obligated Group becoming aware of its occurrence and shall from time to time furnish such information as the Issuer or the Trustee may reasonably request for the purpose of determining whether a breach or event described in this paragraph seven has occurred and whether such acceleration has occurred or continues to be in effect.
8. Default Under Master Indenture. An Event of Default under and as defined in the Master Indenture shall occur and be continuing.

Waiver. If the Trustee determines that a default has been cured before the entry of any final judgment or decree with respect to it, the Trustee may waive the default and its consequences, including any acceleration, by written notice to the Obligated Group Representative and shall do so, with the written consent of the Issuer, upon written instruction of the Owners of at least 25% in principal amount of the Outstanding Bonds.

(Section 501)

Remedies for Events of Default

If an Event of Default occurs and is continuing:

1. Acceleration. The Trustee may by written notice to the Obligated Group Representative and the Issuer declare immediately due and payable the principal amount of the Outstanding Bonds and the payments to be made by the Borrower therefor, and accrued interest on the foregoing, whereupon the same shall become immediately due and payable without any further action or notice.
2. Rights as a Secured Party. The Trustee may exercise all of the rights and remedies of a secured party under the UCC or otherwise with respect to the funds held by it and with respect to the Note. The Trustee may deal with such property as collateral under the UCC. Notice of any

public sale under the UCC shall be given in accordance with the UCC or other applicable law then in effect.

(Section 502)

Court Proceeding

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

Rights and Obligations as Note Holder

The Trustee may exercise all its rights and remedies under the Master Indenture as the holder of the Note, including but not limited to directing the Master Trustee as to the exercise of its remedies and the conduct of proceedings, the acceleration of Obligations (as defined in the Master Indenture), the annulment of any such acceleration and the waiver of Events of Default (as defined in the Master Indenture). If the Note is declared to be due and payable because of an Event of Default under the Master Indenture that does not arise from or cause (otherwise than by such declaration) an Event of Default described in (1) or (2) under "Defaults by the Borrower - Events of Default; Default" above, and if the Trustee determines in good faith that such Event of Default under the Master Indenture is cured and the conditions of the Master Indenture, if applicable, are satisfied, the Trustee shall refrain from directing the Master Trustee not to annul such declaration and its consequences. (Section 504)

Application of Money Collected

Any money collected by the Trustee pursuant to Article V of the Agreement together with proceeds from the Note issued under the Master Indenture and any other funds pledged as security under the Agreement, less all fees and expenses of the Trustee and the Issuer in connection therewith (including the expenses of insurance, ordinary or extraordinary repairs or alterations deemed advisable by the Trustee, and taxes or other charges on the Project that the Trustee may deem it advisable to pay, together with reserves for the foregoing to the extent deemed necessary by the Trustee) shall be applied (i) as described under the heading "Redemption Fund" above, and (ii) then, upon receipt of written direction from the Obligated Group Representative, to the Borrower without interest except as may otherwise be required by applicable law. (Section 505)

Remedies Cumulative

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

upon strict performance by the Borrower or of the right to exercise any remedy for the violation. (Section 506)

Actions for Protection of Bondowners

Upon a failure of the Borrower to make a payment required of it under the Agreement within seven days after the same becomes due and payable or a failure known to the Trustee to make any other payment required by the Agreement within seven days after the same becomes due and payable, the Trustee shall give written notice thereof to the Issuer and the Obligated Group Representative. The Trustee shall not be required to take notice of any other breach or default by the Borrower or the Issuer except when given written notice thereof by the Owners of at least 10% in principal amount of the Outstanding Bonds. The Trustee shall give default notices and accelerate payments under the Agreement when instructed to do so by the written direction of the Owners of at least 25% in principal amount of the Outstanding Bonds. (Section 602(d))

Resignation or Removal of the Trustee

The Trustee may resign on not less than 30 days' notice given in writing to the Issuer, the Bondowners and the Obligated Group Representative, but such resignation shall not take effect until a successor has been appointed. The Trustee will promptly certify to the Issuer that it has mailed such notice to all Bondowners and such certificate will be conclusive evidence that such notice was given in the manner required by the Agreement. The Trustee may be removed (i) by written notice from the Owners of a majority in principal amount of the Outstanding Bonds to the Trustee, the Issuer and the Obligated Group Representative; (ii) with or without cause by the Borrower with the approval of the Issuer if the Borrower is not in default; or (iii) with cause by the Issuer. (Section 604)

Successor Trustee

Any corporation or association which succeeds to the corporate trust business of the Trustee as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights and powers of the Trustee under the Agreement, without any further act or conveyance.

Any successor Trustee appointed pursuant to the Agreement shall be a trust company or a bank having the powers of a trust company, authorized to serve as Trustee under the Act, having a capital and surplus of not less than \$75,000,000.

(Section 605)

Financial Obligations

Nothing contained in the Agreement is intended to impose any pecuniary liability on the Issuer nor shall it in any way obligate the Issuer to pay any debt or meet any financial obligations to any person at any time in relation to the Project except from moneys received under the provisions of the Agreement or from the exercise of the Issuer's rights under the Agreement other than moneys received for its own purposes. (Section 703(d))

Action by Bondowners

Any request, authorization, direction, notice, consent, waiver or other action provided by the Agreement to be given or taken by Bondowners may be contained in and evidenced by one or more writings of substantially the same tenor signed by the requisite number of Bondowners or their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of the Agreement (except as otherwise expressly provided therein) if made in the following manner, but the Issuer or the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable.

Any request, consent or vote of the Owner of any Bond shall bind all future Owners of such Bond. Bonds owned or held by or for the account of the Issuer or the Borrower shall not be deemed Outstanding Bonds for the purpose of any consent or other action by Bondowners.

(Section 801)

Proceedings by Bondowners

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

Subject to the foregoing, any Bondowner may by any available legal proceedings enforce and protect its rights under the Agreement and under the laws of the Commonwealth.

(Section 802)

Corporate Existence, Maintenance of Assets

Each Obligated Group Member shall maintain its existence as a nonprofit corporation qualified to do business in Massachusetts and shall not dissolve, dispose of or spin off all or substantially all of its assets, or consolidate with or merge into another entity or entities, or permit one or more other entities to consolidate with or merge into it, except as permitted by under the Master Indenture. (Section 902)

Indemnification by the Borrower

The Borrower, regardless of any agreement to maintain insurance, will indemnify the Issuer against: (a) any and all claims by any person related to the participation of the Issuer in the transactions contemplated by the Agreement, including without limitation claims arising out of (i) any condition of the Project or the construction, use, occupancy or management thereof; (ii) any accident, injury or damage to any person occurring in or about or as a result of the Project; (iii) any breach by the Borrower of its obligations under the Agreement; (iv) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees; or (v) the offering, issuance, sale or any resale of the Bonds to the extent permitted by law, and (b) all costs, counsel

fees, expenses or liabilities reasonably incurred in connection with any such claim or any action or proceeding brought thereon. The Borrower shall indemnify the Trustee against: (a) the claims of any person arising out of any condition of the Project, the construction, use, occupancy or management thereof, or any accident, injury or damage to any person occurring in or about the Project; and (b) any and all costs, counsel fees, expenses or liabilities reasonably incurred in connection with any such claim or any action or proceeding brought thereon. (Section 905)

Amendment

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

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

Any amendment of the Agreement shall be accompanied by an opinion of Bond Counsel to the effect that the amendment is permitted by the Agreement.

(Section 1001)

Defeasance

When there are in the Debt Service Fund and Redemption Fund sufficient funds, or Government or Equivalent Obligations in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem any portion of the Bonds in full, and when all the rights of the Issuer and the Trustee under the Agreement have been provided for with respect to such Bonds, upon written notice from the Obligated Group Representative to the Issuer and the Trustee, the applicable Bondowners shall cease to be entitled to any benefit or security under the Agreement except the right to receive payment of the funds deposited and held for payment and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien of the Agreement (including obligations of the Borrower under the Agreement), the security interests created by the Agreement (except in such funds and investments) shall terminate, and the Issuer and the Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created under the

Agreement; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Issuer shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee. Upon such defeasance, the funds and investments required to pay or redeem the applicable Bonds in full shall be irrevocably set aside for that purpose, subject, however, to the Agreement, and moneys held for defeasance shall be invested only as provided under this heading. Any funds or property held by the Trustee and not required for payment or redemption of the applicable Bonds in full shall, after satisfaction of all the rights of the Issuer and the Trustee, be distributed to the Borrower upon such indemnification, if any, as the Issuer or the Trustee may reasonably require. (Section 202)

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APPENDIX C-2

DEFINITIONS OF CERTAIN TERMS IN THE MASTER INDENTURE AND SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

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DEFINITIONS OF CERTAIN TERMS IN THE AMENDED AND RESTATED MASTER TRUST INDENTURE AND SUMMARY OF CERTAIN PROVISIONS OF THE AMENDED AND RESTATED MASTER TRUST INDENTURE

The following is a summary of certain provisions of the Amended and Restated Master Trust Indenture dated as of February 1, 2019 (the “Master Indenture”) among Home Care, Inc., Tufts Medicine Care at Home Parent, Inc., Home Health VNA, Inc., MelroseWakefield Healthcare, Inc., Tufts Medicine Care at Home, Inc., The Lowell General Hospital and Tufts Medical Center, Inc., Tufts Medicine, Inc., solely in its capacity as Representative, and U.S. Bank Trust Company, National Association, as master trustee (the “Master Trustee”).

This summary does not purport to be complete, and reference is made to the Master Indenture for full and complete statement of such and all provisions.

DEFINITIONS OF CERTAIN TERMS

“Accountant” means any independent certified public accountant or firm of such accountants selected by the Representative.

“Affiliated Person” means any Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with an Obligated Group Member.

“Annual Debt Service” means for each Fiscal Year the sum (without duplication) of the aggregate amount of scheduled principal and interest due and payable in such Fiscal Year on all Long-Term Indebtedness of the Obligated Group then Outstanding, whether by scheduled maturity, acceleration, mandatory redemption or otherwise, but not including purchase price becoming due as a result of mandatory or optional tender or put, less any amounts of such principal or interest paid during such Fiscal Year from (a) the proceeds of Indebtedness or (b) moneys or Government Obligations subject to an Irrevocable Deposit for the purpose of paying such principal or interest; provided that if an Identified Financial Product Agreement has been entered into by any Member with respect to Long-Term Indebtedness and the counterparty thereto has not defaulted in payment obligations thereunder, interest on such Long-Term Indebtedness shall be included in the calculation of Annual Debt Service by including for each Fiscal Year an amount equal to the amount of interest payable on such Long-Term Indebtedness in such Fiscal Year at the rate or rates stated in such Long-Term Indebtedness plus any Financial Product Payments under an Identified Financial Product Agreement payable in such Fiscal Year minus any Financial Product Receipts under an Identified Financial Product Agreement receivable in such Fiscal Year; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of Annual Debt Service.

“Authorized Officer” means with respect to each Member and the Representative, its chair or vice chair of the board, president, chief executive officer, chief financial officer, or any other person designated as an Authorized Officer of such Member by a certificate of that Member signed by its chair or vice chair of the board, president, chief executive officer, or chief financial officer and filed with the Master Trustee.

“Balloon Indebtedness” means Long-Term Indebtedness, 25% or more of the principal of which (calculated as of the date of issuance) becomes due during any period of 12 consecutive months if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption prior to such 12-month period.

“Bond Index” means, as selected by the Representative, either (i) the Bond Buyer 30 year “Revenue Bond Index,” as then published most recently by *The Bond Buyer*, New York, New York or a comparable index, if such index is no longer available, or (ii) the Securities Industry and Financial Markets Association (SIFMA) Index, or (iii) such other interest rate or interest rate index as may be certified in writing to the Master Trustee as appropriate to the situation by the Representative.

“Book Value” means, when used in connection with Property, Plant and Equipment or other Property of any Member, the value of such Property, net of accumulated depreciation, as it is carried on the books of the Member and in conformity with GAAP, and when used in connection with Property, Plant and Equipment or other Property of the Obligated Group, means the aggregate of the values so determined with respect to such Property of each Obligated Group Member determined in such a way that no portion of such value of Property of any Obligated Group Member is included more than once.

“Code” means the Internal Revenue Code of 1986, as it may be amended from time to time, and the regulations promulgated thereunder.

“Collateral” means any and all of the following, whether currently owned or acquired by any Member after the date of the Master Indenture: all current and future interests of each Member in the Gross Receivables, and other Property of any Member in which a Lien has expressly been granted to secure all Obligations issued under the Master Indenture from time to time in Related Supplements, and the proceeds thereof.

“Completion Indebtedness” means any Long-Term Indebtedness incurred for the purpose of financing the completion of construction or equipping of any project for which Long-Term Indebtedness or Interim Indebtedness has theretofore been incurred in accordance with the provisions of the Master Indenture, to the extent necessary to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness or Interim Indebtedness was incurred, and in accordance with the general plans and specifications for such facility as prepared in connection with said Long-Term Indebtedness or Interim Indebtedness as certified by an Officer’s Certificate.

“Condominium Documents” means the documents defined as such in any of the Mortgages.

“Corporate Trust Office” means the office of the Master Trustee at which its corporate trust business is conducted, which at the date of the Master Indenture is located at One Federal Street, Boston, MA 02110, Attn: Corporate Trust Services.

“Debt Service Coverage Ratio” means, for any period of time, the ratio determined by dividing Income Available for Debt Service of the Obligated Group by Maximum Annual Debt Service of the Obligated Group.

“Default” means an event that, with the passage of time or the giving of notice or both, would become an Event of Default.

“Event of Default” means any of the events specified in the Master Indenture.

“Fair Market Value,” when used in connection with Property, means the fair market value of such Property as determined by:

a) an appraisal of the portion of such Property that is real property made within five years of the date of determination by a “Member of the Appraisal Institute” and by an appraisal of the portion of such Property that is not real property made within five years of the date of determination by any expert qualified in relation to the subject matter, provided that any such appraisal shall be performed by an Independent Consultant, adjusted for the period, not in excess of five years, from the date of the last such appraisal for changes in the implicit price deflator for the gross national product as reported by the United States Department of Commerce or its successor agency, or if such index is no longer published, such other index certified to be comparable and appropriate in an Officer’s Certificate delivered to the Master Trustee; or

b) a bona fide offer for the purchase of such Property made on an arm’s-length basis within six months of the date of determination, as established by an Officer’s Certificate; or

c) an Authorized Officer of the Representative (whose determination shall be made in good faith and set forth in an Officer’s Certificate filed with the Master Trustee) if the fair market value of such Property is less than or equal to the greater of \$10,000,000 or 2.5% of cash and equivalents as shown on the Obligated Group Financial Statements.

“Financial Product Agreement” means any interest rate exchange agreement, hedge or similar arrangement, including, *inter alia*, an interest rate swap, asset swap, a constant maturity swap, a forward or futures contract, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, direct funding transaction or other derivative, however denominated and whether entered into on a current or forward basis.

“Financial Product Extraordinary Payments” means any payments required to be paid to a counterparty by a Member pursuant to a Financial Product Agreement in connection with the termination thereof, tax gross-up payments, expenses, default interest, and any other payments or indemnification obligations to be paid to a counterparty by a Member under a Financial Product Agreement, and which payments are not Financial Product Payments.

“Financial Product Payments” means regularly scheduled payments required to be paid to a counterparty by a Member pursuant to a Financial Product Agreement.

“Financial Product Receipts” means regularly scheduled payments required to be paid to a Member by a counterparty pursuant to a Financial Product Agreement.

“Fiscal Year” means the period beginning on October 1 of each year and ending on the next succeeding September 30, or any other twelve-month period designated by the Representative as the fiscal year of the Obligated Group.

“GAAP” means accounting principles generally accepted in the United States of America, consistently applied.

“Governing Body” means, when used with respect to any Member, its board of directors, board of trustees or other board or group of individuals in which all of the powers of such Member are vested, except for those powers reserved to the corporate membership of such Member by the articles of incorporation or bylaws of such Member.

“Government Issuer” means any municipal corporation, political subdivision, state, territory or possession of the United States, or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, which obligations would constitute Related Conduit Issuer Bonds under the Master Indenture.

“Government Obligations” means: (a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America; (b) obligations issued or guaranteed by any agency, department or instrumentality of the United States of America if the obligations issued or guaranteed by such entity are rated in one of the two highest Rating Categories of a Rating Agency; (c) certificates that evidence ownership of the right to the payment of the principal of and interest on obligations described in the preceding clause (a), in the preceding clause (b) or in both clauses, provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian; and (d) obligations the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Code, and the timely payment of the principal of and interest on which is fully provided for by the deposit in trust of cash and/or obligations described in one or more of preceding clauses (a), (b) and (c).

“Government Restriction” means federal, state or other applicable governmental laws or regulations or general industry standards or general industry conditions affecting any Member and its health care facilities or other licensed facilities placing restrictions and limitations on the (a) fees and charges to be fixed, charged or collected by any Member or (b) the timing of the receipt of such revenues.

“Gross Receivables” means all of the accounts, chattel paper, instruments and payment intangibles (all as defined in the UCC) of each Obligated Group Member, as are in existence as of the time of the Master Indenture or as may be thereafter acquired and the proceeds thereof; excluding, however, all Restricted Moneys.

“Guaranty” means any obligation of any Member guaranteeing directly any obligation of any other Person that would, if such other Person were an Obligated Group Member, constitute Indebtedness.

“Holder” means the registered owner of any Obligation in registered form or the bearer of any Obligation in coupon form that is not registered or is registered to bearer or the party or parties

to any contractual obligation designated to be an Obligation set forth in a Related Supplement and identified therein as the party to whom payment is due thereunder or the “holder” thereof.

“Identified Financial Product Agreement” means a Financial Product Agreement identified to the Master Trustee in an Officer’s Certificate of the Representative as having been entered into by an Obligated Group Member with a Qualified Provider with respect to Indebtedness (that is either then-Outstanding or to be issued after the date of such Officer’s Certificate) identified in such Officer’s Certificate, with a notional amount not in excess of the principal amount of such Indebtedness.

“Income Available for Debt Service” means, unless the context provides otherwise, with respect to the Obligated Group as to any period of time, the excess of revenues over expenses (excluding income from all Irrevocable Deposits) before depreciation, amortization, taxes, and interest expense (including Financial Product Payments and Financial Product Receipts on Identified Financial Product Agreements), as determined in accordance with GAAP and as shown on the Obligated Group Financial Statements; provided, that no determination thereof shall take into account:

- (a) Restricted Moneys;
- (b) the net proceeds of insurance (other than business interruption insurance) and condemnation awards;
- (c) any gain or loss resulting from the extinguishment of Indebtedness;
- (d) any gain or loss resulting from the sale, exchange or other disposition of assets not in the ordinary course of business; provided, however, that, at the Representative’s election, gain from a sale-leaseback under GAAP may be taken into account;
- (e) any gain or loss resulting from any discontinued operations;
- (f) any gain or loss resulting from pension terminations, settlements or curtailments;
- (g) any unusual charges for employee severance;
- (h) adjustments to the value of assets or liabilities resulting from changes in GAAP;
- (i) unrealized gains or losses, including, without limitation, “other than temporary” declines in Book Value of investments;
- (j) gains or losses resulting from changes in valuation of any hedging, derivative, interest rate exchange or similar contract (including Financial Product Agreements);
- (k) any Financial Product Extraordinary Payments or similar payments on any hedging, derivative, interest rate exchange or similar contract that does not constitute a Financial Product Agreement;

(l) unrealized gains or losses from the write-down, reappraisal or revaluation of assets; or

(m) other nonrecurring items of any nature that do not involve the receipt, expenditure or transfer of assets;

provided, however, at the option of the Representative, net realized gains and losses from the sale of investments may be included in the computation of Income Available for Debt Service on the basis of the average annual amount of those gains and losses for the 3 Fiscal Years immediately preceding the computation date (rather than including the actual amount of net realized gains and losses from the sale of investments for the period for which a computation is being made).

“Indebtedness” means any obligation of any Member (a) for repayment of borrowed money, (b) with respect to capital or finance leases, or (c) under installment sale agreements, and any Guaranty (other than any Guaranty by any Member of Indebtedness of any other Member); provided, however, that if more than one Member shall have incurred or assumed a Guaranty of a Person other than a Member, or if more than one Member shall be obligated to pay any other Indebtedness, for purposes of any computations or calculations under the Master Indenture such Guaranty or other Indebtedness shall be included only one time. Financial Product Agreements and physician income guaranties shall not constitute Indebtedness. For purposes of determining Indebtedness, no lease obligations, other than capital leases, shall be deemed to be Indebtedness, whether or not those lease obligations are shown as a liability on the Obligated Group Financial Statements.

“Independent Consultant” means a firm (but not an individual) that (a) is in fact independent, (b) does not have any direct financial interest or any material indirect financial interest in any Member (other than the agreement pursuant to which such firm is retained), (c) is not connected with any Member as an officer, employee, promoter, trustee, partner, director or person performing similar functions and (d) is qualified to pass upon questions relating to the financial affairs of organizations similar to the Obligated Group or facilities of the type or types operated by the Obligated Group and having the skill and experience necessary to render the particular opinion or report required by the provisions of the Master Indenture in which such requirement appears.

“Industry Restrictions” means federal, state or other applicable governmental laws or regulations, including conditions imposed specifically on the Members or the Members’ facilities, or general industry standards or general industry conditions placing restrictions and limitations on the rates, fees and charges to be fixed, charged and collected by the Members.

“Insurance Consultant” means an independent Person or firm which is selected by the Representative or an Obligated Group Member, as the case may be, and acceptable to the Master Trustee and qualified to survey risks and to recommend insurance coverage for hospitals, health-related facilities and services and organizations engaged in such operations.

“Interim Indebtedness” means Indebtedness with an original maturity not in excess of five years, the proceeds of which are to be used to provide interim financing for capital improvements

in anticipation of the issuance of Long-Term Indebtedness. Interim Indebtedness shall be considered Long-Term Indebtedness for purposes of the Master Indenture.

“Irrevocable Deposit” means the irrevocable deposit in trust of cash in an amount, or Government Obligations, or other securities permitted for such purpose pursuant to the terms of the documents governing the payment of or discharge of Indebtedness, the principal of and interest on which will be an amount, and under terms sufficient to pay all or a portion of the principal of, premium, if any, and interest on, as the same shall become due, any such Indebtedness that would otherwise be considered Outstanding. The trustee of such deposit may be the Master Trustee, a Related Bond Trustee or any other trustee or escrow agent authorized to act in such capacity.

“Lien” means any mortgage or pledge of, or security interest in, or lien or encumbrance on, any Property of a Member (a) that secures any Indebtedness or any other obligation of such Member or (b) that secures any obligation of any Person other than a Member, and excluding liens applicable to Property in which a Member has only a leasehold interest unless the lien secures Indebtedness of that Member.

“Long-Term Indebtedness” means Indebtedness other than Short-Term Indebtedness. Classification of Indebtedness as long-term under GAAP shall not be controlling.

“Master Indenture” means the Master Trust Indenture, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms of the Master Indenture.

“Master Trustee” means U.S. Bank Trust Company, National Association, a national banking association organized under the laws of the United States of America, and, subject to the limitations contained in the Master Indenture, any other corporation or association that may be co-trustee with the Master Trustee, and any successor or successors to said trustee or co-trustee in the trusts created under the Master Indenture.

“Maximum Annual Debt Service” means the aggregate maximum Annual Debt Service payments (including mandatory sinking fund redemption requirements) of the Obligated Group on Long-Term Indebtedness for any current or succeeding Fiscal Year. Such amount may be calculated as set forth in either (a) or (b) below:

(a) *Projection Based on Adjusted Annual Payments.* Maximum Annual Debt Service may be projected based on adjusted annual payments, determined as follows:

(i) Annual Debt Service requirements on Long-Term Indebtedness, or portions thereof, shall not be included in the computation of the Maximum Annual Debt Service (A) until the Fiscal Year in which such Annual Debt Service, or portions thereof, first become payable, only to the extent that it shall be payable, from sources other than amounts deposited in trust, escrowed or otherwise set aside for the payment thereof at the time of incurrence of Indebtedness (including without limitations, so as to prevent the double-counting of any Indebtedness in the computation of the Maximum Annual Debt Service, capitalized interest and accrued interest so deposited into trust, escrowed or otherwise set aside) with the Master Trustee, a Related Bond Trustee or another Person approved by the Master Trustee; and (B) to the extent that an Irrevocable Deposit sufficient to pay such Annual Debt Service has been made;

(ii) the principal amount of any Long-Term Indebtedness required to be redeemed in any Fiscal Year shall be deemed to be payable in such Fiscal Year rather than the Fiscal Year of its stated maturity; provided, however, that if a Financial Product Agreement has been entered into that in effect provides for payment of a variable interest rate for any portion of such Indebtedness, the Obligated Group may treat the related portion of such Indebtedness as Variable Rate Indebtedness for the term of the Financial Product Agreement and calculate or project the interest rate payable as a result of the Financial Product Agreement pursuant to the provisions of clause (iii) below;

(iii) the amount of interest on Variable Rate Indebtedness during any period prior to the date of calculation shall be calculated on the basis of actual interest paid on such Indebtedness during such prior periods, and the amount of interest on Variable Rate Indebtedness for periods subsequent to the date of calculation shall be calculated as if the interest rate on such Indebtedness was (A) if such Indebtedness was Outstanding during the entire twelve months immediately preceding such determination, the average rate of interest thereon for that twelve-month period, (B) if such Indebtedness was Outstanding for only a portion of such immediately preceding twelve-month period, the average rate of interest which would have been in effect if such Indebtedness had been Outstanding during the entire period, or (C) if such Indebtedness was not Outstanding during such immediately preceding twelve-month period, the rate of interest such Indebtedness bears on the date of the calculation of the Debt Service Coverage Ratio; provided, however, that the Obligated Group may project the interest payments on the related portion of such Indebtedness by using the fixed rate payable on a related Identified Financial Product Agreement;

(iv) Annual Debt Service on Balloon Indebtedness and any Interim Indebtedness, shall be projected assuming (A) that the principal balance of such Indebtedness on the date of determination is refinanced on the date of determination over a term equal to the greater of 30 years or the date of maturity of such Indebtedness, (B) that such principal balance will bear interest at the Bond Index, and (C) that Annual Debt Service on such Indebtedness after the date of determination will be payable in equal annual installments sufficient to pay both principal and interest;

(v) Annual Debt Service on Indebtedness arising from any Guaranty shall be taken into account as follows: (A) equal to 20% of the Annual Debt Service on the obligation guaranteed, so long as no Obligated Group Member has made any payments pursuant to such Guaranty within the 18 months preceding the date of calculation; and (B) otherwise shall be calculated as equal to 100% of the Annual Debt Service on the obligation guaranteed;

(vi) there shall be excluded from Long-Term Indebtedness: (i) any obligation owed by one Member to another Member and (ii) any Subordinated Indebtedness or Nonrecourse Indebtedness incurred by any Member;

(vii) any periodic fees payable to any Person providing a credit facility for any Long-Term Indebtedness incurred by any Member shall be included as payments of interest on such Long-Term Indebtedness; and

(viii) the terms of any reimbursement obligation to any Person providing a credit facility for any such Long-Term Indebtedness shall be excluded from Long-Term Indebtedness,

except to the extent and for periods during which payments have been required to be made pursuant to such reimbursement obligation to such Person advancing funds and not being reimbursed; or

(b) *Projection Based on Assumed Level Annual Payments.* Maximum Annual Debt Service may be projected based on assumed level annual payments, determined as follows:

(i) The amount of principal and interest payable during each year on such Indebtedness after the date of determination shall be projected assuming (A) that the principal balance of such Indebtedness (after adjustment as provided in paragraph (b)(ii) of this definition) on the date of determination will be refinanced, (B) that such principal balance will be payable over a term of 30 years, (C) that such principal balance will bear interest at the Bond Index, and (D) that Annual Debt Service on such Indebtedness will be payable in equal annual installments sufficient to pay both principal and interest.

(ii) If the Obligated Group has paid, directly or indirectly, any principal or interest on Indebtedness arising from any Guaranty at any time during the 18-month period next preceding such determination, 100% of the principal balance of such Indebtedness shall be included in the projection. If the Obligated Group has not paid, directly or indirectly, any principal or interest on Indebtedness arising from any Guaranty at any time during the 18-month period next preceding such determination, only 20% of the principal balance on such Indebtedness shall be included in the projection.

(iii) If an Irrevocable Deposit shall have been made in respect of Indebtedness, then such Indebtedness (or any portion thereof) and the interest thereon as it comes due, such principal (or portion thereof), as the case may be, shall not be included in such projection.

“Mortgage” means (i) the Mortgage, Security Agreement and Fixture Filing from Tufts Medical Center, Inc., as Mortgagor to the Master Trustee (the “TMC Mortgage”), (ii) the Mortgage, Security Agreement and Assignment of Leases and Rents from The Lowell General Hospital to the Master Trustee, as successor to The Bank of New York Mellon Trust Company, N.A. dated September 28, 2010 (the “LGH Mortgage”), and (iii) any other Mortgage granted pursuant to the Master Indenture.

“Mortgaged Property” means the real property described in Appendix A of the Master Indenture, subject to and with the benefit of all rights and easements appurtenant thereto and all buildings, structures, fixtures and improvements thereon, whether in existence on the date of the Master Indenture or later coming into existence and whether owned by an Obligated Group Member on the date of the Master Indenture or acquired thereafter, together with any additional real property or substitute real property not included in the foregoing provisions which may be added to the Mortgaged Property by a Related Supplement, subject always to the Master Indenture.

“Nonrecourse Indebtedness” means any Indebtedness that is not a general obligation and that is secured by a Lien on Property, Plant and Equipment acquired or constructed with the proceeds of such Indebtedness, liability for which is effectively limited to the Property, Plant and Equipment subject to such Lien with no recourse, directly or indirectly, to any other Property of any Member.

“Obligated Group” means all Obligated Group Members.

“Obligated Group Member” or “Member” means each Person that is obligated under the Master Indenture from and after the date upon which such Person joins the Obligated Group, but excluding any Person that withdraws from the Obligated Group to the extent and in accordance with the provisions of the Master Indenture, from and after the date of such withdrawal.

“Obligation” means any obligation of the Obligated Group issued pursuant to the Master Indenture, as a joint and several obligation of each Obligated Group Member, that may be in any form set forth in a Related Supplement, including, but not limited to, bonds, notes, obligations, debentures, reimbursement agreements, loan agreements, Financial Product Agreements or leases. Reference to a Series of Obligations or to Obligations of a Series means Obligations or Series of Obligations issued pursuant to a single Related Supplement.

“Officer’s Certificate” means a certificate meeting the requirements of the Master Indenture signed by an Authorized Officer of the Representative.

“Opinion of Bond Counsel” means a written opinion signed by an attorney or firm of attorneys experienced in the field of public finance whose opinions are generally accepted by purchasers of bonds issued by or on behalf of a Government Issuer.

“Opinion of Counsel” means a written opinion signed by a reputable and qualified attorney or firm of attorneys who may be counsel for the Representative.

“Outstanding,” when used with reference to Indebtedness or Obligations, means, as of any date of determination, all Indebtedness or Obligations theretofore issued or incurred and not paid and discharged other than (a) Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation or otherwise deemed paid in accordance with the terms of the Master Indenture, (b) Obligations in lieu of which other Obligations have been authenticated and delivered or that have been paid pursuant to the provisions of a Related Supplement regarding mutilated, destroyed, lost or stolen Obligations unless proof satisfactory to the Master Trustee has been received that any such Obligation is held by a bona fide purchaser, (c) any Obligation held by any Member, (d) Indebtedness for which the Members of the Obligated Group shall have deposited with the Master Trustee (or with a bank or trust company acceptable to the Master Trustee pursuant to an agreement between the Representative and such bank or trust company in form acceptable to the Master Trustee) as trust and Government Obligations bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem in full such Indebtedness not theretofore cancelled or delivered to the Master Trustee for cancellation, including principal and interest due or to become due to the applicable date of maturity or redemption date, as the case may be, and (e) Indebtedness deemed paid and no longer outstanding pursuant to the terms thereof; provided, however, that if two or more Obligations that constitute Indebtedness represent the same underlying Obligation (as when an Obligation secures an issue of Related Conduit Issuer Bonds and another Obligation secures repayment obligations to a bank under a letter of credit that secures such Related Conduit Issuer Bonds) for purposes of calculating compliance with the various financial covenants contained in the Master Indenture, but only for such purposes, only one of such Obligations shall be deemed Outstanding and the Obligation so deemed to be Outstanding shall be that Obligation which produces the greatest amount of Annual Debt Service to be included in the calculation of such covenants.

“Parity Financial Product Extraordinary Payments” means Financial Product Extraordinary Payments that (a) are with respect to a Financial Product Agreement secured or evidenced by an Obligation and (b) have been specified to be payable on a parity with Financial Product Payments in the Related Supplement authorizing the issuance of such Obligation.

“Permitted Liens” means and include:

(a) any judgment lien or notice of pending action against any Member so long as the judgment or pending action is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;

(b) (i) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of such Property or materially and adversely affect the Value thereof, or (B) purchase, condemn, appropriate or recapture, or designate a purchase of, such Property; (ii) any liens on any Property for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, that are not delinquent, or the amount or validity of which are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen and laborers, have been due and payable or that are not delinquent, or the amount or validity of which, are being contested or, with respect to liens of mechanics, materialmen and laborers, have been due for less than 60 days, or the amount or validity of which are being contested; (iii) easements, rights-of-way, water, mineral and oil and gas rights, servitudes, waivers, reservations of abutter’s rights, governmental requirements, and defects, encumbrances, and irregularities in the title to any Property that do not materially impair the use of such Property or materially and adversely affect the Value thereof; (iv) condominium plans, condominium maps, tract maps, lot splits or lot line adjustment maps affecting such Property; and (v) rights reserved to or vested in any municipality or public authority to control or regulate any Property or to use such Property in any manner, which rights do not materially impair the use of such Property in any manner, or materially and adversely affect the Value thereof;

(c) any Lien existing on the date of execution of the Master Indenture as set forth in Appendix B to the Master Indenture, or as exists upon addition of a Member with respect to Liens existing on the Property of such additional Member, provided that no such Lien may be increased, extended, renewed or modified to apply to any Property of any Member not subject to such Lien on such date and the principal amount of Indebtedness secured thereby may not be increased, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien;

(d) any Lien in favor of the Master Trustee securing all Outstanding Obligations equally and ratably;

(e) Liens arising by reason of good faith deposits with any Member in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by any Member to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or

appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(f) any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable any Member to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers' compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements, and any Lien granted to a bank or similar entity providing a letter or line of credit to secure any obligation of the kind referred to in this clause (f);

(g) any Lien arising by reason of any escrow or reserve fund established to pay debt service with respect to Indebtedness;

(h) any Lien in favor of a creditor or a trustee on the proceeds of Indebtedness and any earnings thereon prior to the application of such proceeds and such earnings;

(i) Liens on moneys deposited by patients or residents or others with any Member as security for or as prepayment for the cost of patient or residential care;

(j) Liens on Property received by any Member through gifts, grants, bequests or research grants, such Liens being due to restrictions on such gifts, grants, bequests or research grants or the income thereon;

(k) rights of the United States of America, including, without limitation, the Federal Emergency Management Agency ("FEMA"), or the Commonwealth of Massachusetts, or any agency or instrumentality, by reason of FEMA and other federal, city, and Commonwealth of Massachusetts funds made available to any Member under federal, city, or Commonwealth of Massachusetts statutes or municipal codes;

(l) Liens on Property securing Indebtedness incurred to refinance Indebtedness previously secured by a Lien on such Property;

(m) Liens granted by a Member to another Member;

(n) Liens securing Nonrecourse Indebtedness incurred pursuant to the provisions of the Master Indenture;

(o) Liens consisting of purchase money security interests (as defined in the UCC) and lessors' interest in capitalized leases, and proceeds of casualty insurance relating to the Property that is the subject of such purchase money security interest or capitalized leases;

(p) Liens on the Obligated Group Members' accounts receivable and proceeds thereof securing Indebtedness (including Guaranties) in an amount not to exceed 30% of such accounts receivable and proceeds thereof net of bad debt, as shown as patients accounts receivable, less

allowances for uncollectible accounts, on the most recent Obligated Group Financial Statements at the time such Indebtedness (or Guaranty) is incurred;

(q) Liens on revenues constituting rentals in connection with any other Lien permitted under the Master Indenture on the Property from which such rentals are derived;

(r) the lease or license of the use of a part of the Obligated Group Members' facilities for use in performing professional or other services necessary for the customary and economical operation of such facilities in accordance with customary business practices in the industry, including, without limitation, office space for physicians, health care and educational institutions, food service facilities, gift shops and radiology or other hospital-specialty services, pharmacy and similar departments;

(s) Liens created on amounts deposited by a Member pursuant to a security annex or similar document to collateralize obligations of such Member under a Financial Product Agreement;

(t) Liens junior to Liens in favor of the Master Trustee;

(u) Liens in favor of banking or other depository institutions encumbering the deposits of any Member held in the ordinary course of business by such banking institution (including any right of setoff or statutory bankers' liens) so long as such deposit account is not established or maintained for the purpose of providing such Lien, right of setoff or bankers' lien;

(v) UCC financing statements filed with the Secretary of the Commonwealth of Massachusetts (or such other office maintaining such records) in connection with an operating lease entered into by any Member in the ordinary course of business so long as such financing statement does not evidence the grant of a Lien other than a Permitted Lien;

(w) rights of tenants under leases or rental agreements pertaining to Property, Plant and Equipment owned by any Member so long as the lease arrangement is in the ordinary course of business of the Member;

(x) leases for Fair Market Value, not exceeding in the aggregate at any time more than 10% of the net square footage of the Obligated Group's real property;

(y) deposits of Property by any Member to meet regulatory requirements for a governmental workers' compensation, unemployment insurance or social security program, other than any Lien imposed by the Employee Retirement Income Security Act of 1974 (ERISA);

(z) deposits to secure the performance of another party with respect to a bid, trade contract, statutory obligation, surety bond, appeal bond, performance bond or lease, and other similar obligations incurred in the ordinary course of business of a Member;

(aa) Liens resulting from deposits to secure bids from or the performance of another party with respect to contracts incurred in the ordinary course of business of a Member (other than contracts creating or evidencing an extension of credit to the depositor or otherwise for the payment of Indebtedness);

(bb) present or future zoning laws, ordinances or other laws or regulations restricting the occupancy, use or enjoyment of Property, Plant and Equipment of any Member;

(cc) any Lien on inventory that does not exceed 25% of the Value thereof;

(dd) any Lien on Property due to the rights of third-party payors for recoupment or offset of amounts paid to any Member and escrows therefor;

(ee) any Lien on Property to secure Indebtedness incurred under the Master Indenture;

(ff) any Liens which are pre-existing prior to a Person's becoming an Obligated Group Member or a merger, consolidation, sale or conveyance pursuant to the Master Indenture;

(gg) any Liens arising from a Member's participation in an accountable care organization or other similar health care delivery organization (collectively, a "Provider Group Arrangement") pursuant to which the Member is responsible for its own or one or more other health care provider's escrow funds, withhold, deductible, shared savings, or other payments due with respect to contractual arrangements with governmental or third party payors, and Liens on revenues held by such Member on behalf of other participants to a Provider Group Arrangement;

(hh) any Lien existing for not more than 10 days after the Member shall have received notice thereof;

(ii) any Lien on Property to secure an Obligation issued under a Related Supplement, so long as such Lien secures all Outstanding Obligations equally and ratably;

(jj) leases, licenses or similar rights existing as of the date of the initial execution and delivery of the Master Indenture to use Property owned on such date by any Person who was a Member on such date, and any renewal extensions thereof; and any leases, licenses or similar rights to use Property whereunder a Member is lessee, licensee or the equivalent thereof; and

(kk) any Lien on Property with a Value that does not, together with the Value of Property subject to other Liens incurred under this clause, exceed 10% of the Value of all Property of the Obligated Group Members as of the most recently available Obligated Group Financial Statements preceding the date of incurrence of such Lien.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Property" means any and all rights, titles and interests in and to any and all assets of any Member, whether real or personal, tangible or intangible and wherever situated, other than Restricted Moneys as determined in accordance with GAAP. For purposes of performing calculations under the Master Indenture, the Representative may treat "total assets" as shown on the Obligated Group Financial Statements as the Book Value of the Obligated Group's Property.

"Property, Plant and Equipment" means all Property of any Member that is considered property, plant and equipment of such Member under GAAP.

“Qualified Provider” means any financial institution or insurance company or corporation that is a party to a Financial Product Agreement if (a) the unsecured long-term debt obligations of such provider (or of the parent or a subsidiary of such provider if such parent or subsidiary guarantees or otherwise assures the performance of such provider under such Financial Product Agreement), or (b) obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such provider (or such guarantor or assuring parent or subsidiary), are rated in one of the three highest Rating Categories of a Rating Agency at the time of the execution and delivery of the Financial Product Agreement.

“Rating Agency” means Fitch Inc., Moody’s Investors Service, Inc., S&P Global Ratings, a division of The McGraw-Hill Companies, any successor thereof and any other national rating agency then rating Obligations or Related Conduit Issuer Bonds.

“Rating Category” means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier, outlook or otherwise.

“Related Bond Indenture” means any indenture, bond resolution, trust agreement or other comparable instrument pursuant to which a series of Related Conduit Issuer Bonds are issued.

“Related Bond Issuer” means the Government Issuer of any issue of Related Conduit Issuer Bonds.

“Related Bond Trustee” means the trustee and its successors in the trusts created under any Related Bond Indenture, and if there is no such trustee, means the Related Bond Issuer.

“Related Conduit Issuer Bonds” means the revenue bonds or other obligations issued by any Government Issuer, the proceeds of which are loaned or otherwise made available to a Member in consideration of the execution, authentication and delivery of an Obligation or Obligations to or for the order of such Government Issuer.

“Related Supplement” means an indenture supplemental to, and authorized and executed pursuant to the terms of, the Master Indenture.

“Related Supplement No. 1” means the Supplemental Master Indenture for Obligation Nos. 1 and 2.

“Related Supplement No. 2” means the Supplemental Master Indenture for Obligation Nos. 3 through 7.

“Related Supplement No. 3” means the Supplemental Master Indenture for Obligation Nos. 8 and 9.

“Representative” means Tufts Medicine, Inc. or any Obligated Group Member (or Obligated Group Members acting jointly) as may have been designated pursuant to written notice to the Master Trustee executed by Tufts Medicine, Inc., and such successor Representative.

For the avoidance of doubt and notwithstanding anything in the Master Indenture to the contrary, Tufts Medicine, Inc. is not an Obligated Group Member, shall have no obligation for the

payment on any Obligation and has not pledged its assets or revenues to secure any Obligation. Only Members of the Obligated Group are obligated to make payment on Obligations issued under the Master Indenture.

“Required Payment” means any payment, whether at maturity, by acceleration, upon proceeding for redemption or otherwise, including, without limitation, Financial Product Payments, Financial Product Extraordinary Payments and the purchase price of Related Conduit Issuer Bonds tendered or deemed tendered for purchase pursuant to the terms of a Related Bond Indenture, required to be made by any Obligated Group Member pursuant to any Related Supplement or any Obligation.

“Responsible Officer” means, with respect to the Master Trustee, any vice president, any senior associate, any associate, or any other officer of the Master Trustee customarily performing functions similar to those performed by the persons above designated or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of the Master Indenture.

“Restricted Moneys” means (a) the proceeds of any grant, gift, bequest, contribution or other donation (and, to the extent subject to the applicable restrictions, the investment income derived from the investment of such proceeds), and (b) any income and gains and the proceeds thereof of a Member that is a captive insurance company; to the extent in each case as restricted by law or its terms to an object or purpose inconsistent with their use for the payment of Required Payments.

“Short-Term Indebtedness” means all Indebtedness (other than Interim Indebtedness) having an original maturity less than or equal to one year and not renewable at the option of a Member for a term greater than one year from the date of original incurrence or issuance, or Indebtedness with a maturity greater than one year or renewable at the option of a Member for a term greater than one year, if by the terms of such Indebtedness, for a period of at least 20 consecutive days during each calendar year no Indebtedness is permitted to be Outstanding thereunder. For purposes of this definition, (a) only the stated maturity of Indebtedness (and not any tender or put right of the holder of such Indebtedness) shall be taken into account in determining if such Indebtedness constitutes Short-Term Indebtedness under the Master Indenture and (b) classification of Indebtedness as current or short-term under GAAP shall not be controlling. Interim Indebtedness shall not constitute Short-Term Indebtedness for any purpose under the Master Indenture.

“Subordinated Indebtedness” means Long-Term Indebtedness specifically subordinated as to payment and security to the payment of all Required Payments and other obligations of the Members under the Master Indenture.

“Tax-Exempt Organization” means a Person organized under the laws of the United States of America or any state thereof that is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code (other than the tax on unrelated business income under Section 511 of the Code), or corresponding provisions of federal income tax laws from time to time in effect.

“Total Revenues” means, for the period of calculation in question, the sum of total unrestricted revenue and other support (including net patient service revenue), other operating revenue, and net assets released from restrictions, as shown on the Obligated Group Financial Statements for the most recent Fiscal Year.

“Transaction Test” means, with respect to any specified transaction, that (a) no Event of Default or Default would exist; and (b) following such transaction, the Obligated Group could satisfy the conditions for the issuance of additional Long-Term Indebtedness equal to \$1.00 set forth in the Master Indenture, assuming that such transaction occurred at the start of the most recent Fiscal Year preceding such transaction for which Obligated Group Financial Statements are available and taking into account any other action taken by the Obligated Group in reliance upon the Transaction Test within the then current Fiscal Year.

“UCC” means the Uniform Commercial Code of the State, as amended from time to time.

“Value,” when used with respect to Property, means the aggregate value of all such Property, with each component of such Property valued, at the option of the Representative, at either its Fair Market Value or its Book Value.

“Variable Rate Indebtedness” means any portion of Indebtedness the interest rate on which has not been established at a fixed or constant rate to maturity.

SUMMARY OF CERTAIN PROVISIONS OF THE AMENDED AND RESTATED MASTER TRUST INDENTURE

Authorization of Obligations

Each Obligated Group Member authorizes to be issued from time to time Obligations or Series of Obligations, without limitation as to amount, except as provided in the Master Indenture or as may be limited by law, and subject to the terms, conditions and limitations established by the Master Indenture and in any Related Supplement.

(Section 2.01)

Issuance of Obligations

From time to time when authorized by the Master Indenture and subject to the terms, limitations and conditions established in the Master Indenture or in a Related Supplement, the Representative may authorize the issuance of an Obligation or a Series of Obligations by entering into a Related Supplement. The Obligation or the Obligations of any such Series may be issued and delivered to the Master Trustee for authentication upon compliance with the provisions of the Master Indenture and of any Related Supplement.

Each Related Supplement authorizing the issuance of an Obligation or a Series of Obligations shall specify (a) the purposes for which such Obligation or Series of Obligations are being issued; (b) the form, title, designation, manner of numbering or denominations, if applicable, of such Obligations; (c) the date or dates of maturity or other final expiration of the term of such

Obligations; the date of issuance of such Obligations; and (d) any other provisions deemed advisable or necessary by the Representative. Each Related Supplement authorizing the issuance of an Obligation shall also specify and determine the principal amount of such Obligation (if any) for purposes of calculating the percentage of Holders of Obligations required to take actions or give consents pursuant to the Master Indenture (which, if such Obligation does not evidence or secure Indebtedness, shall be equal to zero, except with respect to any action that requires the consent of all of the Holders of Obligations or actions of the Holders pursuant to the Master Indenture). The designation of zero as a principal amount of an Obligation shall not in any manner affect the obligation of the Members to make Required Payments with respect to such Obligation.

(Section 2.02)

Appointment of Representative

Each Obligated Group Member, by becoming an Obligated Group Member, irrevocably appoints the Representative as its agent and attorney-in-fact and grants full power to the Representative (a) to execute (i) Related Supplements authorizing the issuance of Obligations or Series of Obligations, (ii) Obligations and (iii) all security-related agreements, certificates, disclosure documents, filings, registrations and other instruments ancillary to the issuance of Obligations and in furtherance of their purposes, and (b) to bind such Obligated Group Member by making covenants or agreements on behalf of such Obligated Group Member.

(Section 2.03)

Conditions to the Issuance of Obligations

The issuance, authentication and delivery of any Obligation or Series of Obligations shall be subject to the following specific conditions:

(a) The Representative and the Master Trustee shall have entered into a Related Supplement providing for the terms and conditions of such Obligations and the repayment thereof; and

(b) The Master Trustee receives an Officer's Certificate to the effect that:

(i) each Obligated Group Member is in full compliance with all warranties, covenants and agreements set forth in the Master Indenture and in any Related Supplement; and

(ii) neither an Event of Default nor any event which with the passage of time or the giving of notice or both would become an Event of Default has occurred and is continuing or would occur upon issuance of such Obligations under the Master Indenture or any Related Supplement; and

(iii) all requirements and conditions, if any, to the issuance of such Obligations set forth in the Related Supplement have been satisfied; and

(c) The Master Trustee receives an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that:

(i) such Obligations and Related Supplement have been duly authorized, executed and delivered by the Representative on behalf of the Obligated Group and constitute valid and binding obligations of the Obligated Group, enforceable in accordance with their terms; and

(ii) such Obligations are not subject to registration under the Securities Act of 1933, as amended, and such Related Supplement is not subject to registration under the Trust Indenture Act of 1939, as amended (or that any such registration, if required, has occurred);

(d) The Representative shall have delivered or caused to be delivered to the Master Trustee such opinions, certificates, proceedings, instruments and other documents as the Master Trustee may (but is not obligated to) reasonably request; and

(e) If such Obligation constitutes or secures Indebtedness, the requirements under the heading "Limitation on Indebtedness" below are satisfied.

(Section 2.05)

Mortgages

To secure their obligation to make Required Payments under the Master Indenture and their other obligations, agreements and covenants to be performed and observed under the Master Indenture, each Obligated Group Member grants to the Master Trustee, by way of the Mortgages, a lien on the Mortgaged Property of which such Member is the owner or lessee.

The Master Trustee and the Obligated Group may agree to amendments to the Mortgages without the consent of or notice to any of the Holders for one or more of the following purposes:

(A) to cure ambiguity or formal defect or omission in the Mortgages and which shall not materially adversely affect the interests of the Holders; and

(B) to correct or supplement any provision in the Mortgages which may be inconsistent with any other provision in the Mortgages, or to make any other provisions with respect to matters or questions arising under the Mortgages and which shall not materially adversely affect the interests of the Holders.

The Master Trustee and the Obligated Group may agree to any other amendments to the Mortgages with the consent of the Holders of not less than a majority in aggregate principal amount of Outstanding Obligations.

The Master Trustee shall also execute any consent, joinder, amendment, release, or other instrument required to be executed by the Master Trustee in its capacity as the mortgagee in order to: (i) allow, provide for, or release any Permitted Lien; (ii) subject any additional property of an Obligated Group Member to the lien of the Mortgages or modify, clarify, correct, or properly reflect the description of the property subject to the Mortgages; (iii) preserve the lien of the Mortgages or provide for the Mortgages (or replacement thereof); (iv) properly reflect the identities of the mortgagor or mortgagee; (v) release the lien of the Mortgages upon the discharge of the Master Indenture; (vi) provide or execute estoppel certificates and nondisturbance agreements requested by the Representative; or (vii) to effect or confirm any provision relating to

the Condominium Documents. The consent or approval of the Holders shall not be required in connection with items (i) through (vii) above.

Notwithstanding anything contained in the Master Indenture to the contrary, it is expressly acknowledged and agreed that the TMC Mortgage is subordinate in all respects to the Condominium Documents and shall be self-subordinating, without the need for any consent or the execution of any instrument, agreement or other document, to any amendments, supplements or other modifications to the Condominium Documents made in accordance with the terms of the Condominium Documents entered into in connection with an Expansion (as such term is defined below). TMC intends to (a) submit additional land and improvements to the Tufts Medical Center Condominium created pursuant to the Master Deed, up to and including all of the real property comprising the Tufts Medical Center campus, and (b) exercise certain development rights retained by TMC in the Master Deed (both (a) and (b) above collectively referred to as an “Expansion”), and in the event of any such Expansion the percentage interests in the common elements of the Condominium allocated to the Mortgaged Property will be ratably adjusted to reflect the real property added to the Condominium. TMC shall provide the Master Trustee written notice of an Expansion within a reasonable amount of time after the applicable amendments to the Condominium Documents have been recorded at the Suffolk County Registry of Deeds, but in no event shall any such Expansion require the consent of the Master Trustee or the Holders of the Obligations or any other Person who is a party, directly or indirectly, to this Indenture.

(Section 2.06)

Substitution and Release of Mortgaged Property

So long as there is not then an Event of Default, the Obligated Group may at any time substitute for any portion of the existing Mortgaged Property, any other real or personal property with an aggregate Appraised Value equal to or greater than the Appraised Value of the portion of the Mortgaged Property for which it is to be substituted; provided, however, that such substituted property (a) includes inpatient acute care hospital facilities, and (b) is not subject to any Liens other than Liens that are Permitted Liens for the Mortgaged Property. “Appraised Value” means a market value appraisal performed at the Obligated Group’s expense by an independent M.A.I. appraiser selected by the Obligated Group, dated not more than one year prior to the date presented. Any grant of substitute Mortgaged Property shall be accompanied by a title report, opinion or policy of title insurance reasonably satisfactory to the Master Trustee and evidence reasonably satisfactory to the Master Trustee, in the form of zoning coverage from a title insurance company or an Opinion of Counsel, or both, that the substitute Mortgaged Property meets applicable zoning requirements.

(Section 2.07)

Payment of Required Payments

Each Member jointly and severally covenants to promptly pay, or cause to be paid, all Required Payments at the place, on or before the dates and in the manner provided in the Master Indenture or in any Related Supplement or Obligation. Each Member acknowledges that the time of such payment and performance is of the essence of the Obligations under the Master Indenture.

Each Member further covenants to faithfully observe and perform all of the conditions, covenants and requirements of the Master Indenture, any Related Supplement and any Obligation.

Subject to the provisions of the Master Indenture permitting withdrawal from the Obligated Group, the obligation of each Member to make Required Payments is a continuing one and is to remain in effect until all Required Payments have been paid or deemed paid in full in accordance with the Master Indenture.

(Section 3.01)

Covenants of Corporate Existence, Maintenance of Properties, Etc.

Each Obligated Group Member agrees:

(a) Except as otherwise expressly provided in the Master Indenture, to preserve its corporate or other legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and to be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualification; provided, however, that nothing contained in the Master Indenture shall be construed to obligate it to retain or preserve any of its rights or licenses no longer used or useful in the conduct of its business or affairs.

(b) At all times to cause its Property, Plant and Equipment to be maintained, preserved and kept in good repair, working order and condition, reasonable wear and tear excepted, and all needed and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained in this paragraph shall be construed to (i) prevent it from ceasing to operate any immaterial portion of its Property, Plant and Equipment, (ii) prevent it from ceasing to operate any material portion of its Property, Plant and Equipment if in its judgment it is advisable not to operate the same, or (iii) obligate it to retain, preserve, repair, renew or replace any Property, Plant and Equipment no longer used or useful in the conduct of its business.

(c) To procure and maintain all necessary licenses and permits necessary, in the judgment of its Governing Body, to the operation of its health care Property and the status of its health care Property (other than that not currently having such status or not having such status on the date a Person becomes an Obligated Group Member) as providers of health care services eligible for payment under those third party payment programs that its Governing Body determines are appropriate; provided, however, that it need not comply with this paragraph if and to the extent that its Governing Body shall have determined in good faith, evidenced by a resolution of the Governing Body, that such compliance is not in its best interests and that lack of such compliance would not materially impair its ability to pay its Indebtedness when due.

(Section 3.02)

Gross Receivables Pledge

To secure their obligation to make Required Payments under the Master Indenture and their other obligations, agreements and covenants to be performed and observed under the Master Indenture, each Member grants to the Master Trustee security interests in the Gross Receivables.

(Section 3.03)

Against Encumbrances

Each Member has granted security interests in the Gross Receivables. Each Member, respectively, agrees to execute and deliver such other agreements as may be necessary from time to time to grant to the Master Trustee a security interest in the Gross Receivables, subject only to Permitted Liens.

Each Member agrees that it will not create or suffer to be created or permit the existence of any Lien upon the Gross Receivables and Property owned at the time of the Master Indenture or thereafter acquired by it other than Permitted Liens. Each Member, respectively, further covenants and agrees that if such a Lien (other than a Permitted Lien) is nonetheless created by someone other than an Obligated Group Member and is assumed by any Obligated Group Member, the Representative will make or cause to be made effective a provision whereby all Obligations will be secured prior to any such Indebtedness or other obligation secured by such Lien.

(Section 3.04)

Debt Service Coverage

(a) The Obligated Group agrees that the Debt Service Coverage Ratio shall be not less than 1.10:1.00 for each Fiscal Year, commencing with the Fiscal Year ending September 30, 2019, provided that an Event of Default shall occur only if (i) the Obligated Group fails to reasonably comply with the requirements of paragraphs (b) through (d) below, or (ii) the Debt Service Coverage Ratio for any two consecutive Fiscal Years is less than 1.00:1.00.

(b) The Representative covenants that, if the Debt Service Coverage Ratio, as calculated as of the end of any Fiscal Year is less than 1.10:1.00, it will cause to be retained an Independent Consultant to make recommendations to increase Income Available for Debt Service for subsequent Fiscal Years to the levels required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest practicable level. The Representative agrees to transmit a copy thereof to the Master Trustee within 20 days of the receipt of such recommendations. Each Member, respectively, agrees that it will, to the extent permitted by law, substantially follow the recommendations of the Independent Consultant or file with the Master Trustee its reasons for not following the recommendations. In no event may the Debt Service Coverage Ratio for any two consecutive Fiscal Years be less than 1.00:1.00.

(c) If the Obligated Group substantially complies with the recommendations of the Independent Consultant, as applicable under paragraph (b), the Obligated Group will be deemed to have complied with the covenants set forth in this Section for such Fiscal Year, notwithstanding that the Debt Service Coverage Ratio shall be less than 1.10:1.00; provided, however, that the Debt Service Coverage Ratio shall not be reduced to less than 1.00:1.00 for any two consecutive Fiscal Years. Notwithstanding the foregoing, the Obligated Group Members shall not be excused from taking any action or performing any duty required under the Master Indenture and no other Event of Default shall be waived by the operation of the provisions of this paragraph (c).

(d) If a report of the Representative or an Independent Consultant is delivered to the Master Trustee and the Related Bond Issuer(s), which report shall state that Government Restrictions or Industry Restrictions have been imposed that make it impossible for the Income

Available for Debt Service to satisfy the requirement of paragraph (a), then the required amount of Income Available for Debt Service shall be reduced to the maximum coverage permitted by such Government Restrictions or Industry Restrictions but in no event less than an amount to pay the Annual Debt Service on all Indebtedness of the Obligated Group for such Fiscal Year; but in no event may the Debt Service Coverage Ratio for any two consecutive Fiscal Years be less than 1.00:1.00.

(e) Notwithstanding the foregoing, an Obligated Group Member may permit the rendering of services or the use of its Property without charge or at reduced charges, at the discretion of the Governing Body of such Obligated Group Member, to the extent necessary for maintaining its tax-exempt status or the tax-exempt status of its Property, Plant and Equipment or its eligibility for grants, loans, subsidies or payments from governmental entities, or in compliance with any recommendation for free services or services for advanced fees that may be made by an Independent Consultant.

(Section 3.05)

Merger, Consolidation, Sale or Conveyance

Each Member covenants that it will not merge or consolidate with any other Person that is not an Obligated Group Member or sell or convey all or substantially all of its assets to any Person that is not an Obligated Group Member (a “Merger Transaction”) unless:

(a) After giving effect to the Merger Transaction, (i) the successor or surviving entity (hereinafter, the “Surviving Entity”) is an Obligated Group Member, or (ii) the Surviving Entity shall (A) be a corporation or other entity organized and existing under the laws of the United States of America or any state thereof, and (B) prior to or simultaneously with the merger, become an Obligated Group Member pursuant to the Master Indenture, and pursuant to the Related Supplement required by the Master Indenture, shall expressly assume in writing the due and punctual payment of all Required Payments of the disappearing Obligated Group Member under the Master Indenture and its joint and several obligation with respect to Obligations;

(b) The Master Trustee receives an Officer’s Certificate to the effect that the Transaction Test is satisfied in connection with the Merger Transaction;

(c) So long as any Related Conduit Issuer Bonds that are tax-exempt obligations are Outstanding, the Master Trustee receives an Opinion of Bond Counsel to the effect that, under then existing law, the consummation of the Merger Transaction, in and of itself, would not result in the inclusion of interest on such Related Conduit Issuer Bonds in gross income for purposes of federal income taxation;

(d) The Master Trustee receives an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that (i) all conditions under this heading relating to the Merger Transaction have been complied with; (ii) the Surviving Entity meets the conditions set forth in under this heading and in all Obligations then Outstanding; (iii) the Merger Transaction will not adversely affect the validity of any Obligations then Outstanding and such Obligations then Outstanding are enforceable against the Surviving Entity in accordance with their respective

terms; and (iv) the Merger Transaction will not cause the Master Indenture or any Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred); and

(e) The Surviving Entity shall be substituted for its predecessor in interest in all Obligations and agreements then in effect that affect or relate to any Obligation, and the Surviving Entity shall execute and deliver to the Master Trustee appropriate documents in order to effect the substitution.

From and after the effective date of such substitution (as set forth in the above-mentioned documents), the Surviving Entity shall be treated as an Obligated Group Member and shall thereafter have the right to participate in transactions under the Master Indenture relating to Obligations to the same extent as the other Obligated Group Members. All Obligations issued under the Master Indenture on behalf of a Surviving Entity shall have the same legal rank and benefit under the Master Indenture as Obligations issued on behalf of any other Obligated Group Member.

(Section 3.06)

Membership in Obligated Group

Additional Obligated Group Members may be added to the Obligated Group from time to time, provided that prior to such addition the Master Trustee receives:

(a) a copy of a resolution of the Governing Body of the proposed new Obligated Group Member that authorizes the execution and delivery of a Related Supplement and compliance with the terms of the Master Indenture; and

(b) a Related Supplement executed by the Representative, the new Obligated Group Member and the Master Trustee pursuant to which the proposed new Obligated Group Member: (i) agrees to become an Obligated Group Member, (ii) agrees to be bound by the terms of the Master Indenture, the Related Supplements and the Obligations, and (iii) irrevocably appoints the Representative as its agent and attorney-in-fact and grants to the Representative the requisite power and authority to execute Related Supplements authorizing the issuance of Obligations or Series of Obligations and to execute and deliver Obligations, and

(c) an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that (i) the proposed new Obligated Group Member has taken all necessary action to become an Obligated Group Member, and upon execution of the Related Supplement, such proposed new Obligated Group Member will be bound by the terms of the Master Indenture, (ii) the addition of such Obligated Group Member would not adversely affect the validity of any Obligation then Outstanding and (iii) the addition of such Obligated Group Member will not cause the Master Indenture or any Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred); and

(d) an Officer's Certificate to the effect that immediately after the addition of the proposed new Obligated Group Member, the Transaction Test would be satisfied; and

(e) so long as any Related Conduit Issuer Bonds that are tax-exempt obligations are Outstanding, an Opinion of Bond Counsel to the effect that the addition of the proposed new Obligated Group Member will not, in and of itself, result in the inclusion of interest on any Related Conduit Issuer Bonds in gross income for purposes of federal income taxation.

(Section 3.07)

Withdrawal from Obligated Group

Any Obligated Group Member may withdraw from the Obligated Group and be released from further liability or obligation under the provisions of the Master Indenture, provided that prior to such withdrawal the Master Trustee receives:

(a) an Officer's Certificate to the effect that the Representative has approved the withdrawal of such Obligated Group Member;

(b) an Officer's Certificate to the effect that immediately following the withdrawal of such Obligated Group Member, the Transaction Test would be satisfied; and

(c) an Opinion of Counsel, subject to customary qualifications and exceptions, to the effect that (i) the withdrawal of such Obligated Group Member would not adversely affect the validity of any Obligation then Outstanding and (ii) the withdrawal of such Obligated Group Member will not cause the Master Indenture or any Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended.

(Section 3.08)

Limitation on Disposition of Assets

(a) Each Member covenants that it will not sell, lease or otherwise dispose of any part of its Property in any Fiscal Year (other than (A) in the ordinary course of business or in compliance with the requirements imposed on any asset upon its acquisition, or (B) as part of a disposition of all or substantially all of its assets as permitted by the Master Indenture, or (C) to another Obligated Group Member), with a value in excess of 10% of the Property of the Obligated Group, unless:

(i) such Property is inadequate, obsolete, unsuitable, undesirable or unnecessary for the operation and functioning of the primary health care operations of the Obligated Group Members; or

(ii) the disposition is for Fair Market Value; or

(iii) prior to such disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that such Property is being transferred to a Person who is not an Obligated Group Member but such Person shall become a Member pursuant to the Master Indenture coincidental to such transfer; or

(iv) prior to such disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the Property transferred as described under this

paragraph (a)(iv) was transferred at fair and reasonable terms, no less favorable to the Obligated Group Member, which could have been attained in a comparable arms-length transaction; or

(v) prior to such disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the transaction would constitute and be treated as a true sale-leaseback under GAAP; or

(vi) the transfer is to any affiliate physician group practice and is used solely to support commercially reasonable salary and benefits of physician employees of such group practice; or

(vii) prior to such disposition there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that such Property is being transferred to an entity controlled by, under common control with, or contractually affiliated with, one or more Members for establishing, capitalizing, and maintaining a program of insurance that provides insurance coverage to one or more Members, provided that prior to such transfer, an Insurance Consultant shall have issued a report stating that the establishment of such insurance and the proposed funding thereof are consistent with reasonable insurance practices; which transferee entity may be organized under the laws of any jurisdiction or nation and which may include an entity providing insurance to entities other than Members.

(b) Notwithstanding the foregoing, nothing shall prohibit any disposition of assets among Members nor shall prohibit any Member from: (i) making loans, including, without limitation, employee relocation loans, physician recruitment loans or other credit/funding extensions, provided that such loans or other credit/funding extensions are in writing and (x) such loans are in furtherance of the exempt purposes of the Member (if it is a Tax-Exempt Organization) or (y) the Member reasonably expects such loans to be repaid and such loans bear interest at a reasonable rate of interest and on commercially reasonable terms; or (ii) transferring gifts restricted to a purpose inconsistent with their use for the payment of debt service on Obligations or operating expenses to a Person that has the purpose to receive and use or disburse such restricted gifts.

(Section 3.09)

Limitation on Indebtedness

Each Member covenants that it will not incur any Indebtedness except that the Members may incur the following Indebtedness:

(a) Long-Term Indebtedness, if prior to the date of incurrence of the Long-Term Indebtedness there is delivered to the Master Trustee an Officer's Certificate to the effect that:

(i) the Debt Service Coverage Ratio for the most recent Fiscal Year for which Obligated Group Financial Statements are available with respect to all Long-Term Indebtedness then Outstanding at the time of such certification and the additional Long-Term Indebtedness to be incurred, but excluding any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred, was not less than 1.20:1.00; or

(ii) (A) the Debt Service Coverage Ratio for the most recent Fiscal Year (excluding the additional Long-Term Indebtedness to be incurred) was not less than 1.20:1.00 and (B) the Debt Service Coverage Ratio for the Fiscal Year beginning with the Fiscal Year commencing after the estimated completion of the facilities to be financed by the Indebtedness to be incurred with respect to all Long-Term Indebtedness projected to be outstanding (including the additional Long-Term Indebtedness to be incurred but excluding any Long-Term Indebtedness to be refunded with the proceeds of said additional Long-Term Indebtedness to be incurred), is projected to be not less than 1.20:1.00. Notwithstanding the foregoing, if the Master Trustee receives a report of an Independent Consultant to the effect that Government Restrictions or Industry Restrictions prevent the Obligated Group Members from generating the required levels of Income Available for Debt Service sufficient to result in a Debt Service Coverage Ratio of not less than 1.20:1.00, the 1.20:1.00 ratio requirement described in this paragraph (a)(ii) shall be reduced to a ratio of not less than 1.00:1.00; or

(iii) the forecasted Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Long-Term Indebtedness proposed to be incurred, for the first complete Fiscal Year succeeding the date on which the proposed Long-Term Indebtedness is to be incurred, is not less than 1.20:1.00, as shown by forecasted statements of revenues and expenses for each such Fiscal Year, accompanied by a statement of the relevant assumptions upon which such forecasted statements are based.

(b) Completion Indebtedness without limitation provided that an Officer's Certificate is delivered to the Master Trustee stating that the Representative reasonably expected the aggregate principal amount of Long-Term or Interim Indebtedness originally issued to finance the construction or equipping of the project for which such Completion Indebtedness is being incurred, together with other funds reasonably anticipated to be available for such purposes, to be fully sufficient to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness or Interim Indebtedness was originally incurred, and in accordance with the general plans and specifications for such facility as originally prepared and approved in connection with the related financing, modified or amended only in conformance with the provisions of the documents pursuant to which the related financing was undertaken.

(c) Short-Term Indebtedness provided that the provisions described in paragraph (a) above are satisfied calculated as if such Short-Term Indebtedness was Long-Term Indebtedness or an Officer's Certificate is delivered to the Master Trustee stating that: (i) the total amount of such Short-Term Indebtedness shall not exceed 20% of Total Revenues; and (ii) in every Fiscal Year, there shall be at least a consecutive 20 day period when the balances of such Short-Term Indebtedness (excluding Short-Term Indebtedness consisting of commercial paper that is intended to be refinanced with additional commercial paper) is reduced to an amount that shall not exceed 10% of Total Revenues.

(d) Nonrecourse Indebtedness without limitation.

(e) Long-Term Indebtedness, if such Long-Term Indebtedness is issued or incurred to refund Long-Term Indebtedness and the Master Trustee receive an Officer's Certificate to the effect that the issuance of such Long-Term Indebtedness would not increase Maximum Annual Debt Service by more than 10%.

- (f) Subordinated Indebtedness without limitation.
- (g) Reimbursement or other repayment obligations under reimbursement agreements or similar agreements relating to credit facilities and/or liquidity facilities that provide credit support and/or liquidity for Indebtedness or for Financial Products Agreements.
- (h) Indebtedness incurred in connection with the Series 2019 Bonds.
- (i) Indebtedness to any Obligated Group Member.
- (j) Pre-existing Indebtedness of a Member assumed in connection with a Merger Transaction as described under “Merger Consolidation, Sale, or Conveyance.”
- (k) Indebtedness incurred for the purpose of funding a debt service reserve fund established in connection with any series of Related Conduit Issuer Bonds or any other Obligation.
- (l) Any other Indebtedness, provided that an Officer’s Certificate is delivered to the Master Trustee stating that the aggregate principal amount of such Indebtedness, together with the aggregate principal amount of Indebtedness incurred pursuant to the provisions of paragraph (c) under this heading, does not, as of the date of incurrence, exceed 10% of Total Revenues.

(Section 3.10)

Filing of Financial Statements, Certificate of No Default, Other Information

The Representative covenants and agrees that it will:

- (a) As soon as practicable, but in no event later than 150 days after the end of each Fiscal Year, file, or cause to be filed, with the Master Trustee combined or consolidated audited financial statements of the Obligated Group for such Fiscal Year or, if audited combined or consolidated statements are not available because the Obligated Group does not have a single audit of its combined financial statements conducted, (i) an unaudited combined revenue and expense statement and statement of cash flow of such Fiscal Year for the Obligated Group, (ii) an unaudited combined balance sheet as of the end of such Fiscal Year for the Obligated Group, and (iii) audited financial statements for each Member of the Obligated Group (except that separate audited statements shall not be required as to any portion of a Member's statements which are included in the audited statements of another Member or the Representative);
- (b) As soon as practicable but in no event later than 165 days after the end of each Fiscal Year, file, or cause to be filed, with the Master Trustee an Officer’s Certificate stating the Debt Service Coverage Ratio for such Fiscal Year, calculated as of the end of such Fiscal Year, and also stating whether or not to the best knowledge of the signer each Member of the Obligated Group is in default in the performance of any covenant contained in the Master Indenture, and, if so, specifying each such default of which the signer may have knowledge;
- (c) If an Event of Default shall have occurred and be continuing, (i) file with the Master Trustee such other financial statements and information concerning the operations and financial affairs of the Members as the Master Trustee may from time to time reasonably request, excluding

specifically donor records, patient records and personnel records, and (ii) provide access to the facilities of the Members for the purpose of inspection by the Master Trustee during regular business hours or at such other times as the Master Trustee may reasonably request; and

(d) Within 10 days after its receipt thereof, file with the Master Trustee a copy of each report which any provision of the Master Indenture requires to be prepared by an Independent Consultant or an Insurance Consultant.

(Section 3.11)

Substitution of Master Trust Indenture

Notwithstanding anything in the Master Indenture to the contrary, each then-Outstanding Obligation may, upon the request of the Representative (and without the consent of any Holder) and the satisfaction of all terms and conditions described below, be substituted with an original replacement Obligation or Obligations or similar obligations (collectively, a “Replacement Obligation”) issued by an obligated issuer or group of obligated issuers or other obligated entities (collectively, the “New Obligated Group”) under and pursuant to and secured by a master trust indenture or another agreement or agreements pursuant to which entities may become jointly and severally liable on specified obligations and which provide that financial and operational covenants be measured on the basis of the results of the entities that are party to such agreement or agreements (the “New Master Indenture”) executed by the New Obligated Group and an independent corporate trustee (the “New Master Trustee”), upon receipt by the Master Trustee of the following:

(a) (i) if the Master Trustee receives written confirmation from each Rating Agency then rating each series of Related Conduit Issuer Bonds that, upon consummation of the proposed transaction, the ratings on each such series of Related Conduit Issuer Bonds (without regard to any credit enhancement of each such series of Related Conduit Issuer Bonds) by each Rating Agency then rating each series of Related Conduit Issuer Bonds will be no less than “A3” or “A-” or its equivalent as a result of the execution of the New Master Indenture and the substitution of each then-Outstanding Obligation with a Replacement Obligation (a “Rating Upgrade”), then an Officer’s Certificate certifying that (A) after giving effect to each such Replacement Obligation and assuming that the New Obligated Group constituted the Obligated Group under the original Master Indenture, the New Obligated Group could demonstrate compliance with the Transaction Test, assuming the incurrence of \$1.00 of additional Indebtedness and (B) the New Master Indenture contains a pledge of Gross Receivables substantially similar to the pledge of Gross Receivables under the original Master Indenture as of the date thereof; provided, however, that in the event that the Master Trustee receives written confirmation from each Rating Agency then rating each series of Related Conduit Issuer Bonds that, upon consummation of the proposed transaction, the ratings on each such series of Related Conduit Issuer Bonds (without regard to any credit enhancement of each such series of Related Conduit Issuer Bonds) by each Rating Agency then rating each series of Related Conduit Issuer Bonds will be no less than “AA-” or its equivalent as a result of the execution of the New Master Indenture and the substitution of each then-Outstanding Obligation with a Replacement Obligation, then a Gross Receivables pledge shall not be necessary; or

(ii) if the Master Trustee does not receive written confirmation from each Rating Agency then rating each series of Related Conduit Issuer Bonds of a Rating Upgrade, then (A) written confirmation from each Rating Agency then rating each series of Related Conduit Issuer Bonds that, upon consummation of the proposed transaction, the ratings on each such series of Related Conduit Issuer Bonds (without regard to any credit enhancement of each such series of Related Conduit Issuer Bonds) will not be decreased or withdrawn (including instances in which the Rating Category level remains unchanged but the rating modifier (such as “+” or “-”) is decreased as a result of the entry into the New Master Indenture and the substitution of each then-Outstanding Obligation with a Replacement Obligation, but not including instances in which the outlook alone is decreased), (B) an Officer’s Certificate certifying that after giving effect to each such Replacement Obligation and assuming that the New Obligated Group constituted the Obligated Group under the original Master Indenture, the New Obligated Group could demonstrate compliance with the Transaction Test, and (C) an Officer’s Certificate confirming that (1) the New Master Indenture contains (x) a pledge of Gross Receivables substantially similar to the pledge of Gross Receivables in the original Master Indenture as of the date thereof, and (y) affirmative and negative covenants that are materially consistent with the covenants described in the Master Indenture under headings “Against Encumbrances”, “Debt Service Coverage”, and “Limitation on Disposition of Assets” as of the date of the original Master Indenture (except for modifications to such covenants in accordance thereof), and (2) the Mortgages, or mortgages substantially similar thereto in all material respects, will secure obligations issued under the New Master Indenture;

(b) an original executed counterpart of the New Master Indenture;

(c) an original Replacement Obligation for each then-Outstanding Obligation issued by or on behalf of the New Obligated Group under and pursuant to and secured by the New Master Indenture, which Replacement Obligation has been duly authenticated by the New Master Trustee under the terms of the New Master Indenture;

(d) an Opinion of Counsel addressed to the Master Trustee to the effect that: (1) the New Master Indenture has been duly authorized, executed and delivered by each member of the New Obligated Group, each Replacement Obligation has been duly authorized, executed and delivered by or on behalf of the New Obligated Group and the New Master Indenture and each Replacement Obligation are each a legal, valid and binding obligation of each member of the New Obligated Group, subject in each case to customary exceptions for bankruptcy, insolvency and other laws generally affecting enforcement of creditors’ rights and application of general principles of equity and to any other exceptions set forth in the original Master Indenture; (2) all requirements and conditions to the issuance of each Replacement Obligation set forth in the New Master Indenture have been complied with and satisfied; and (3) registration of each Replacement Obligation under the Securities Act of 1933, as amended, is not required; and

(e) an Opinion of Bond Counsel to the effect that the surrender of each Obligation and the acceptance of each Replacement Obligation will not adversely affect the validity of any series of Related Conduit Issuer Bonds or any exemption for the purposes of federal income taxation to which interest on each series of Related Conduit Issuer Bonds would otherwise be entitled.

Upon receipt of the items described above, the Master Trustee will mail to each Holder notice that the requirements described above have been satisfied and that each Obligation has been

replaced with a Replacement Obligation, and direct such Holder to surrender the applicable Obligation to the Master Trustee for cancellation in exchange for a Replacement Obligation. Upon receipt of such notice from the Master Trustee, the Holders of all Obligations are required to surrender the Obligations to the Master Trustee for cancellation in exchange for a Replacement Obligation. Following the surrender of the Obligations, and satisfaction of the conditions set forth above in under this heading, and receipt of security and indemnity satisfactory to the Master Trustee, the Master Trustee shall cancel the Obligations and the Master Indenture shall terminate. Then and thereafter, Holders shall no longer be entitled to any rights and remedies under the Master Indenture, but shall have all of the rights and remedies granted under the New Master Indenture. Upon the release of the Master Indenture, the Master Trustee shall provide written notice thereof to the Holders of all Obligations.

(Section 3.13)

Events of Default

Each of the following events shall be an Event of Default:

(a) Failure on the part of the Obligated Group Members to make due and punctual payment of the principal of, redemption premium, if any, interest on or any other Required Payment on any Obligation.

(b) Failure on the part of the Obligated Group Members to attain a Debt Service Coverage Ratio of at least 1.00:1.00 for any two consecutive Fiscal Years.

(c) Any Obligated Group Member shall fail to observe or perform any other covenant or agreement under the Master Indenture (including covenants or agreements contained in any Related Supplement or Obligation) and shall not have cured such failure within 60 days after the date on which written notice of such failure, requiring the failure to be remedied, shall have been given to the Representative by the Master Trustee or to the Representative and the Master Trustee by the Holders of 25% in aggregate principal amount of Outstanding Obligations (provided that if such failure can be remedied but not within such 60 day period, such failure shall not become an Event of Default for so long as the Representative or Obligated Group Members shall diligently proceed to remedy the failure).

(d) Any Obligated Group Member shall default in the payment of Indebtedness (other than (i) Subordinated Indebtedness, (ii) Nonrecourse Indebtedness, and (iii) Indebtedness secured by an Obligation, which shall be governed by paragraph (a) under this heading) in an aggregate outstanding principal amount equal to the greater of 1% of the aggregate principal amount of Total Revenues of the Obligated Group, and any grace period for such payment shall have expired; provided, however, that such default shall not constitute an Event of Default within the meaning of this Section if, within 60 days or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, (x) any Obligated Group Member in good faith commences proceedings to contest the existence or payment of such Indebtedness, and (y) sufficient moneys are deposited in escrow with a bank or trust company or a bond acceptable to the Master Trustee is posted for the payment of such Indebtedness.

(e) A court having jurisdiction shall enter a decree or order for relief in respect of any Obligated Group Member in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of any Obligated Group Member or for any substantial part of the Property of any Obligated Group Member, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days.

(f) Any Obligated Group Member shall commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of any Obligated Group Member or for any substantial part of its Property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of the foregoing.

(g) An event of default shall exist under any Related Bond Indenture.

(Section 4.01)

Acceleration; Annulment of Acceleration

Upon the occurrence and during the continuation of an Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Outstanding Obligations shall, by notice to the Representative, declare all Outstanding Obligations immediately due and payable. Upon such declaration of acceleration, all Outstanding Obligations shall be immediately due and payable. If the terms of any Related Supplement give a Person the right to consent to acceleration of the Obligations issued pursuant to such Related Supplement, the Obligations issued pursuant to such Related Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained pursuant to the terms of such Related Supplement. In the event of acceleration, an amount equal to the aggregate principal amount of all Outstanding Obligations, plus all interest accrued thereon and, to the extent permitted by applicable law, that accrues on such principal and interest to the date of payment, and all other amounts due thereunder, shall be due and payable on the Obligations.

At any time after the Obligations have been declared to be due and payable, and before the entry of a final judgment or decree in any proceeding instituted with respect to the Event of Default that resulted in the declaration of acceleration, the Master Trustee may annul such declaration and its consequences if:

(a) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all payments then due on all Outstanding Obligations (other than payments then due only because of such declaration); and

(b) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all fees and expenses of the Master Trustee then due; and

(c) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all other amounts then payable by the Obligated Group under the Master Indenture; and

(d) every Event of Default (other than a default in the payment of the principal or other payments of such Obligations then due only because of such declaration) has been remedied.

No such annulment shall extend to or affect any subsequent Event of Default or impair any right with respect to any subsequent Event of Default.

(Section 4.02)

Additional Remedies and Enforcement of Remedies

Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Obligations (and upon indemnification of the Master Trustee to its satisfaction for any such request), shall, proceed to protect and enforce its rights and the rights of the Holders under the Master Indenture by such proceedings as may be deemed expedient.

(Section 4.03)

Application of Moneys After Default

During the continuance of an Event of Default, all moneys received by the Master Trustee pursuant to any right given or action taken as a result of such Event of Default (after payment of the costs of the proceedings resulting in the collection of such moneys and payment of all fees, expenses and other amounts owed to the Master Trustee) shall be applied as follows:

Unless all Outstanding Obligations have become or have been declared due and payable (or if any such declaration is annulled in accordance with the terms of the Master Indenture):

First: To the payment of all Required Payments then due on the Obligations (including Financial Product Payments to the extent made pursuant to a Financial Product Agreement secured or evidenced by an Obligation and Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Required Payments due on the same date, then to the payment thereof ratably, according to the amount Required Payments due on such date, without any discrimination or preference;

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Product Agreement secured or evidenced by an Obligation (other than Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Financial Product Extraordinary Payments due on the same date, then to the payment thereof ratably, according to the amounts of Financial Product Extraordinary Payments due on such date, without any discrimination or preference.

If all Outstanding Obligations have become or have been declared due and payable (and such declaration has not been annulled under the terms of the Master Indenture):

First: To the payment of all Required Payments then due on the Obligations (including (i) Financial Product Payments to the extent made pursuant to a Financial Product Agreement secured or evidenced by an Obligation and (ii) Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full the whole amount then due and unpaid, then to the payment thereof ratably, without preference or priority, according to the amounts due respectively, without any discrimination or preference; and

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Product Agreement secured or evidenced by an Obligation (other than Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full all such Financial Product Extraordinary Payments, then to the payment thereof ratably, without any discrimination or preference.

Such moneys shall be applied at such times as the Master Trustee shall determine, having due regard for the amount of moneys available and the likelihood of additional moneys becoming available in the future. Upon any date fixed by the Master Trustee for the application of such moneys to the payment of principal, interest on the amounts of principal to be paid on such date shall cease to accrue.

(Section 4.04)

Holders' Control of Proceedings

If an Event of Default has occurred and is continuing, notwithstanding anything in the Master Indenture to the contrary, the Holders of at least a majority in aggregate principal amount of Outstanding Obligations shall have the right (upon the indemnification of the Master Trustee to its satisfaction) to direct the method and/or place of conducting any proceeding to be taken in connection with the enforcement of the terms of the Master Indenture.

(Section 4.08)

Waiver of Event of Default

No delay or omission of the Master Trustee or of any Holder to exercise any right with respect to any Event of Default shall impair such right or shall be construed to be a waiver of or acquiescence to such Event of Default.

The Master Trustee may waive any Event of Default that in its opinion has been remedied before the entry of a final judgment or decree in any proceeding instituted by it under the provisions of the Master Indenture, or before the completion of the enforcement of any other remedy under the Master Indenture.

Upon the written request of the Holders of at least a majority in aggregate principal amount of Outstanding Obligations, the Master Trustee shall waive any Event of Default under the Master Indenture and its consequences; provided, however, that, except under the circumstances set forth in the Master Indenture, the failure to pay the principal of, premium, if any, or interest on any Obligation when due may not be waived without the written consent of the Holders of all Outstanding Obligations.

(Section 4.10)

Removal and Resignation of the Master Trustee

The Master Trustee may be removed with 30 days' notice by an instrument or instruments in writing signed by (i) the Holders of not less than a majority of the principal amount of Outstanding Obligations or (ii) (unless an Event of Default has occurred and is then continuing) the Representative. The Master Trustee may at any time resign by giving written notice of such resignation to the Representative. No such resignation or removal shall become effective unless and until a successor Master Trustee has been appointed and has assumed the trusts created by the Master Indenture.

(Section 5.04)

Supplements Not Requiring Consent of Holders

The Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Related Supplements for any of the following purposes:

- (a) To correct any ambiguity or formal defect or omission in the Master Indenture or the Mortgages;
- (b) To correct or supplement any provision in the Master Indenture or in the Mortgages that may be inconsistent with any other provision, or to make any other provision with respect to matters or questions arising under the Master Indenture and that does not materially and adversely affect the interests of the Holders;
- (c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority, or to add to the covenants of and restrictions on the Obligated Group Members;
- (d) To qualify the Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal law from time to time in effect;
- (e) To create and provide for the issuance of an Obligation or Series of Obligations as permitted by the Master Indenture;
- (f) To obligate a successor to any Obligated Group Member as provided in the Master Indenture;

- (g) To add a new Obligated Group Member as provided in the Master Indenture;
- (h) To make any change necessary or advisable to preserve the intent or effect of any provision of the Master Indenture affected by amendment or replacement of the Code; or
- (i) To replace or release all or any portion of the Mortgaged Property as permitted pursuant to the Master Indenture.
- (j) To make any other change that does not materially and adversely affect the interests of the Holders.

(Section 6.01)

Supplements Requiring Consent of Holders

(a) Other than Related Supplements referred to under the heading “Supplements Not Requiring Consent of Holders” and subject to the terms the Master Indenture, the Holders of not less than a majority in aggregate principal amount of the Outstanding Obligations shall have the right to consent to and approve the execution by the Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee of such Related Supplements as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding any of the terms contained in the Master Indenture; provided, however, that nothing in this Section shall permit or be construed as permitting a Related Supplement that would:

- (i) Extend the stated maturity of or time for paying interest on any Obligation or reduce the principal amount of or the redemption premium or rate of interest or change the method of calculating interest payable on or reduce any other Required Payment on any Obligation without the consent of the Holder of such Obligation;

- (ii) Modify, alter, amend, add to or rescind any of the terms or provisions related to the making of required payments or the Events of Default or remedies therefor so as to affect the right of the Holders of any Obligations in default as to payment to compel the Master Trustee to declare the principal of all Obligations to be due and payable, or the priority of payment of Obligations, without the consent of the Holders of all Outstanding Obligations; or

- (iii) Reduce the aggregate principal amount of Outstanding Obligations the consent of the Holders of which is required to authorize such Related Supplement without the consent of the Holders of all Obligations then Outstanding.

(b) The Master Trustee may execute a Related Supplement (in substantially the form delivered to it as described below) without liability or responsibility to any Holder (whether or not such Holder has consented to the execution of such Related Supplement) if the Master Trustee receives:

- (i) a request of the Representative to enter into such Related Supplement; and
- (ii) a certified copy of the resolution of the Governing Body of the Representative approving the execution of such Related Supplement; and

(iii) the proposed Related Supplement; and

(iv) an instrument or instruments executed by the Holders of not less than the aggregate principal amount or number of Obligations for the Related Supplement in question which instrument or instruments shall refer to the proposed Related Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee.

Any such consent shall be binding upon the Holder of the Obligation giving such consent and upon any subsequent Holder of such Obligation and of any Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Related Supplement, such revocation and, if such Obligation or Obligations are transferable by delivery, proof that such Obligations are held by the signer of such revocation. At any time after the Holders of the required principal amount or number of Obligations shall have filed their consents to the Related Supplement, the Master Trustee shall file a written statement to that effect with the Representative. Such written statement shall be conclusive evidence that such consents have been so filed.

If the Holders of the required principal amount or number of the Outstanding Obligations have consented to the execution of such Related Supplement, no Holder shall have any right to object to the execution thereof, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution thereof or to enjoin or restrain the Master Trustee or the Representative from executing such Related Supplement or from taking any action pursuant to the provisions thereof.

(Section 6.02)

Satisfaction and Discharge of Master Indenture

Other than the Section titled “Compensation and Reimbursement,” the Master Indenture shall cease to be of further effect if:

(a) all Obligations previously authenticated (other than any Obligations that have been mutilated, destroyed, lost or stolen and that have been replaced or paid as provided in any Related Supplement) and not cancelled are delivered to the Master Trustee for cancellation; or

(b) all Obligations not previously cancelled or delivered to the Master Trustee for cancellation are paid; or

(c) an Irrevocable Deposit is made in trust with the Master Trustee (or with one or more banks, national banking associations or trust companies acceptable to the Master Trustee pursuant to one or more agreements between an Obligated Group Member and such national banking associations or trust companies in form acceptable to the Master Trustee) in cash or Government Obligations or both, sufficient to pay at maturity or upon redemption all Obligations not previously cancelled or delivered to the Master Trustee for cancellation, including principal and interest or other payments (including Financial Product Payments and Financial Product Extraordinary

Payments evidenced by an Obligation) due or to become due to such date of maturity, redemption date or payment date, as the case may be; and all other sums payable under the Master Indenture by the Obligated Group Members are also paid.

(Section 7.01)

Credit Enhancer Deemed Holder of Obligation

Except to the extent a Related Supplement or an Obligation provides otherwise, any credit enhancer of Related Conduit Issuer Bonds shall be deemed the Holder of the related Obligation for purposes of the Master Indenture for so long as the credit enhancement is in effect and the credit enhancer is not in default thereunder. If the credit enhancement is applicable to a portion of Related Conduit Issuer Bonds, such related Obligation shall be treated as if such related Obligation were two Obligations, one in the principal amount of the Related Conduit Issuer Bonds for which the credit enhancement is applicable and another in the principal amount of the remainder of the Related Conduit Issuer Bonds.

(Section 8.04)

APPENDIX C-3

**SUMMARY OF CERTAIN PROVISIONS OF THE
SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 12**

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SUMMARY OF CERTAIN PROVISIONS OF THE SUPPLEMENTAL MASTER TRUST INDENTURE FOR OBLIGATION NO. 12

The following is a summary of certain provisions of the Supplemental Master Trust Indenture for Obligation No. 12 (the “Related Supplement”) between Tufts Medicine, Inc., as Representative of the Obligated Group (the “Representative”), and U.S. Bank Trust Company, National Association, as Master Trustee (the “Master Trustee”).

This summary does not purport to be complete, and reference is made to the Related Supplement for full and complete statement of such and all provisions.

Definitions of Certain Terms

“Agreement” means the Loan and Trust Agreement dated as of July 1, 2024 among the Agency, the Representative, each member of the Obligated Group and U.S. Bank Trust Company, National Association, as bond trustee (the “Bond Trustee”).

“Fitch” means Fitch Ratings, and its successors and assigns.

“Master Indenture” means that certain Amended and Restated Master Trust Indenture dated as of February 1, 2019 by and among the Representative, the Obligated Group, and the Master Trustee, as amended and supplemented, including by the Related Supplement.

“Obligated Group” means Home Care, Inc., Tufts Medicine Care at Home Parent, Inc., Home Health VNA, Inc., MelroseWakefield Healthcare, Inc., Tufts Medicine Care at Home, Inc., The Lowell General Hospital and Tufts Medical Center, Inc.

“Obligation No. 12” means the Tufts Medicine Obligated Group Obligation No. 12 issued under the Related Supplement.

“Rating” means the long-term credit rating assigned by S&P or Fitch to the Series 2024 Bonds.

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, and its successors and assigns.

“Series 2024 Bonds” means the Massachusetts Development Finance Agency Revenue Bonds, Tufts Medicine Issue, Series E (2024) (Federally Taxable).

Issuance of Obligation No. 12

One Obligation under the Master Indenture is created and authorized to be issued Obligation No. 12 under the Master Indenture, in the aggregate principal amount of \$150,000,000. Obligation No. 12 will be dated the date of original delivery of the Series 2024 Bonds, will be designated the “Tufts Medicine Obligated Group Obligation No. 12” and will be payable in such amounts, at such times and in such manner and will have such other terms and provisions as are set forth in the form of Obligation No.12 as provided in the Related Supplement. (Section 3)

Payments on Obligation No. 12; Credits

Principal of, premium, if any, and interest on Obligation No. 12 are payable in lawful money of the United States of America as set forth in the Related Supplement. Principal of, premium, if any, and interest on Obligation No. 12 will be payable on such dates and in such amounts as are required under the Agreement to provide for payment of the principal, premium, if any, and interest on the Series 2024 Bonds when due, whether at maturity, upon redemption or acceleration or otherwise.

Obligation No. 12 will be prepayable in the same manner, with the same effect and in the same principal amount as the Series 2024 Bonds.

The Obligated Group will receive credit as provided in this subsection for payments of principal, premium, if any, or interest on Obligation No. 12, in an amount equal to the payments of principal of, premium, if any, or interest on the Series 2024 Bonds, except to the extent such amounts have previously been credited against payments on Obligation No. 12, and except for payments of principal of, premium or interest on the Series 2024 Bonds made from the proceeds of payments made on Obligation No. 12. Unless advised to the contrary by the Bond Trustee in writing, the Master Trustee (unless the Master Trustee is also the Bond Trustee) will presume that all scheduled payments of principal of, premium, if any, and interest on the Series 2024 Bonds are made as and when due from such other sources and will so credit such payments against the Obligated Group's obligations under the Related Supplement.

On the date of any payment of interest or premium on the Series 2024 Bonds, the Obligated Group will receive credit for payment on such date of a like amount of interest or premium on Obligation No.12. On the date of any payment of principal of the Series 2024 Bonds, whether at maturity or upon acceleration or redemption, the Obligated Group will receive credit as provided below for the payment of a like principal amount of the Obligation No. 12. If a Series 2024 Bond is purchased and delivered to the Bond Trustee for cancellation, the Obligated Group will receive credit for payment of a like principal amount (and any applicable premium) of Obligation No. 12 maturing on the same date as the Series 2024 Bonds so purchased and canceled. Such credit for a payment of principal of the Series 2024 Bonds or a delivery for cancellation of a purchased Series 2024 Bond will be applied to reduce the payments that would otherwise be required to provide for the payment of the principal of and interest on the Series 2024 Bonds so paid. Principal of or interest or premium on Obligation No. 12 as to which a credit is made as provided in this subsection will be deemed *pro tanto* to be paid for all purposes of the Master Indenture and no interest will accrue thereafter on such principal. (Section 4)

Additional Collateral Relating to Obligation No. 12

For so long, and only for so long, as Obligation No. 12 remains Outstanding (as defined in the Master Indenture), if either (i) each of the Ratings fall below "BB" (a "Ratings Downgrade Event") or (ii) an Event of Default occurs under the Master Indenture, regardless of any applicable cure period (an "Event of Default Event" and together with a Ratings Downgrade Event, and in each case, a "Mortgage Filing Event"), the Obligated Group will, within 30 days thereof grant in favor of the Bond Trustee for the benefit of the Holders of Obligation No. 12 one or more Mortgages (as defined in the Master Indenture) on real property of the Obligated Group other than

the Mortgaged Property (as defined in the Master Indenture) with an Agreed-Upon Value (as defined below) equal to 1.10 times the then-outstanding principal amount of Obligation No. 12 (the “Required Value”). Such real property will consist of any one or more properties, selected by the Obligated Group from the table set forth below, constituting the Required Value from the agreed-upon values identified therein (the “Agreed-Upon Values”), which, for the avoidance of doubt, may exceed the Book Value (as defined in the Master Indenture) of such property. Such Mortgages will be solely for the benefit of the Holders of Obligation No. 12 for the purpose of further securing the Obligated Group’s payment obligations thereunder.

The Obligated Group represents on that date hereof that it has not incurred Liens pursuant to subsection (kk) of the definition of Permitted Liens (as set forth in the Master Indenture and summarized in Appendix C-2 – “Definitions of Certain Terms in the Master Indenture and Summary of Certain Provisions of the Master Indenture”) in an amount that would render subsection (kk) unavailable as a basis for filing of the Mortgages related to and as required by a Mortgage Filing Event. Additionally, the Obligated Group covenants that while the Series 2024 Bonds are outstanding, it will not incur Liens pursuant to subsection (kk) of the definition of Permitted Liens or otherwise dispose of assets in an amount that would render subsection (kk) unavailable as a basis for filing of the Mortgages related to and as required by a Mortgage Filing Event.

Notwithstanding anything in the Related Supplement to the contrary, the Obligated Group may sell or otherwise dispose of one or more of the properties included in the table set forth below; provided that, the Obligated Group may not sell or otherwise dispose of any such property to the extent such sale or disposal would cause the Agreed-Upon Value of the remaining properties listed on the table set forth below that are owned by the Obligated Group to be less than the Required Value. (Section 8)

<u>Record Name</u>	<u>Building Name</u>	<u>Sum of Size (SF)</u>	<u>Agreed-Upon Value</u>
Boston - 171 Harrison Avenue	Farnsworth	100,030	\$ 30,778,462
Boston - 34 Bennett Street	Pratt	66,852	20,569,846
Boston - 755 Washington Street	Floating	301,521	92,775,692
Boston - 10 -14 Nassau Street	Center Building	50,061	15,403,385
Boston - 185 Harrison Avenue	Rehabilitation	57,538	17,704,000
Boston - 25 Harvard Street	Ziskind	101,375	31,192,308
Boston - 29 Bennett Street	Boston Dispensary	43,870	13,498,462
Boston - 35 Kneeland Street	35 Kneeland	113,803	35,016,308
Boston - 37 Bennett Street	Bennett	14,382	4,425,231
Boston - 49 Bennett Street	Holmes	16,717	5,143,692
Boston - 860 Washington Street	South	165,320	50,867,692

(Schedule A)

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APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

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MINTZ

One Financial Center
 Boston, MA 02111
 617 542 6000
 mintz.com

[Date of Closing]

Massachusetts Development Finance Agency
 99 High Street
 Boston, Massachusetts 02110

Re: \$150,000,000 Massachusetts Development Finance Agency Revenue Bonds, Tufts Medicine Issue, Series E (2024) (Federally Taxable) (the "Bonds")

We have acted as bond counsel to the Massachusetts Development Finance Agency (the "Issuer") in connection with the issuance by the Issuer of the above-referenced Bonds. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion, including the Loan and Trust Agreement dated as of July 1, 2024 (the "Agreement"), among the Issuer, Tufts Medical Center, Inc. ("TMC"), Tufts Medicine, Inc., as representative of the Obligated Group (the "Representative"), and U.S. Bank Trust Company, National Association, as bond trustee (the "Bond Trustee").

The Bonds are being issued pursuant to Chapter 23G, and to the extent incorporated therein, Chapter 40D of the General Laws of The Commonwealth of Massachusetts, as amended (the "Act"), the Agreement and a resolution of the Issuer adopted on June 13, 2024. The Bonds are payable solely from funds to be provided therefor pursuant to the Agreement. Under the Agreement, TMC has agreed to make payments sufficient to pay when due the principal, premium, if any, and interest on the Bonds. Such payments and other moneys payable to the Issuer or the Trustee under the Agreement, including proceeds derived from any security provided thereunder (collectively, the "Revenues"), and the rights of the Issuer under the Agreement to receive the same (excluding, however, certain administrative fees, indemnification, and reimbursements), are pledged and assigned by the Issuer as security for the Bonds. The Bonds are payable solely from the Revenues.

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

We express no opinion with respect to compliance by TMC with applicable legal requirements with respect to the Agreement and the Master Indenture or in connection with the construction or operation of the Project being financed and refinanced by the Bonds. Reference is made to the opinion of even date of Ropes & Gray LLP, counsel to TMC, the Obligated Group and the Representative, with respect to, among other matters, the corporate existence of TMC, the Representative and the Members of the Obligated Group, the power of TMC to carry out the Project, the power of the Representative, TMC and each of the Members of the Obligated Group to enter into and perform its obligations under the Agreement and the Master Indenture, as applicable, the authorization, execution and delivery of the Agreement and the Master Indenture by each of the Representative and the Members of the Obligated Group, as applicable, and the current qualification of TMC as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). We note that such opinion is subject to the limitations and conditions described therein.

As to questions of fact material to our opinion, we have relied upon representations and covenants of the Issuer, the Representative and each member of the Obligated Group contained in the Agreement, the Master Indenture and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law:

1. The Issuer is a validly existing body corporate and politic and a public instrumentality of The Commonwealth of Massachusetts with the power to enter into and perform the Agreement and to issue the Bonds.

2. The Agreement has been duly authorized, executed and delivered by the Issuer and is a valid and binding obligation of the Issuer enforceable against the Issuer. As provided in Chapter 23G of the General Laws of The Commonwealth of Massachusetts, the Agreement creates a valid lien on the Revenues and on the rights of the Issuer or the Trustee on behalf of the Issuer to receive Revenues under the Agreement (except certain rights to indemnification, reimbursements and fees).

3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the Revenues and other funds provided therefor in the Agreement.

4. Interest on the Bonds is not excluded from the gross income of the owners of the Bonds for federal income tax purposes. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

5. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Bond Documents may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, to the application of equitable principles, whether considered at law or in equity, and to the exercise of judicial discretion in appropriate cases.

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

MINTZ, LEVIN, COHN, FERRIS, GLOVSKY AND POPEO, P.C.

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT (the “*Agreement*”) is made and entered into as of July 11, 2024, between U.S. Bank Trust Company, National Association, as Disclosure Agent (the “*Disclosure Agent*”), and an obligated group consisting of Home Care, Inc. (with its successors, “*Home Care*”), Tufts Medicine Care at Home Parent, Inc. (f/k/a/ Home Health Foundation, Inc.) (with its successors, “*TMCHP*”), Home Health VNA, Inc. (with its successors, “*HHVNA*”), MelroseWakefield Healthcare, Inc. (with its successors, “*MWHC*”), Tufts Medicine Care At Home, Inc. (f/k/a Merrimack Valley Hospice, Inc.) (with its successors, “*MVH*”), The Lowell General *Hospital* (with its successors, “*LGH*”), and Tufts Medical Center, Inc. (with its successors, “*TMCH*” and, together with Home Care, TMCHP, HHVNA, MWHC, MVH, LGH, and any future member of the obligated group, the “*Members*,” and, collectively, the “*Obligated Group*”)

RECITALS

WHEREAS, this Agreement is being executed and delivered in connection with the issuance by Massachusetts Development Finance Agency (the “*Issuer*”) of its \$150,000,000 aggregate principal amount of Revenue Bonds, Tufts Medicine Issue, Series E (2024) (Federally Taxable) (the “*Bonds*”).

WHEREAS, the Members and Disclosure Agent are entering into this Agreement for the benefit of the Beneficial Owners of the Bonds and in order to assist the underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “*Rule*”) as defined below.

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Rule, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions; Scope of this Agreement

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Rule, as amended and supplemented from time to time. Notwithstanding the foregoing, the term “Disclosure Agent” shall initially mean U.S. Bank Trust Company, National Association and thereafter any such successor disclosure agent. Any successor disclosure agent may be named with the consent of the Obligated Group and the then-current Disclosure Agent and shall automatically succeed to the rights and duties of the Disclosure Agent hereunder upon an assignment of this Agreement to such successor disclosure agent, whereby such successor disclosure agent agrees to assume all rights, duties and obligations of the Disclosure Agent under this Agreement. Such assignment may occur without any further amendment hereto pursuant to Section 3 or termination of this Agreement pursuant to Section 4(E).

The following capitalized terms shall have the following meanings:

“*Annual Financial Information*” shall mean a copy of the annual audited financial information of Tufts Medicine, Inc. (the “*Corporation*”) and Consolidated Subsidiaries, including Supplemental Consolidating Information, and Independent Auditors’ Report, similar in form and scope to the statements and reports included in Appendix B-1 to the Official Statement. All such financial information shall be prepared using generally accepted accounting principles as applied to governmental units, provided, however, that the Corporation may change the accounting principles used for preparation of such financial information so long as the Corporation includes as information provided to the public, a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles.

Any or all of the items listed above may be incorporated by reference from other documents, including offering documents of debt issues of the Corporation, any of the Members or their related public entities, which have been transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's website or filed with the SEC.

“*Beneficial Owner*” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“*Bondholders*” shall mean any holder of the Bonds and any Beneficial Owner thereof.

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

“*Event*” shall mean any of the Events listed in items (i) through (xvi) below, the occurrence in which the Corporation or any of the Members obtains knowledge, which Events shall be reported to the Disclosure Agent for further reporting to EMMA. To the extent any Event requires a materiality determination, such determination shall be made by the Corporation, as Representative of the Obligated Group.

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity facility providers, or their failure to perform;
- (vi) Adverse tax opinions, or other material notices or determinations with respect to the tax status of the security, or other material events affecting the state tax-exempt status of the security;
- (vii) Modifications to rights of the Bondholders, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an Event);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar Event of any of the Members (Note: For the purposes of this Event, the Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for any of the Members in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of any of the Members, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization,

arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of any of the Members);

(xiii) The consummation of a merger, consolidation, or acquisition involving any of the Members or the sale of all or substantially all of the assets of any of the Members, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a Financial Obligation of any of the Members, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of any of the Members, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of any of the Members, any of which reflect financial difficulties.

The SEC requires the listing of (i) through (xvi) although some of such Events may not be applicable to the Bonds.

“Financial Obligation” means a (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Operating Data” shall mean an update of the financial and operating data for the applicable fiscal year of the type included under the following headings in Appendix A: (i) in the tables set forth under “UTILIZATION – Summary Utilization and Operating Statistics”; (ii) in the table set forth under “SOURCES OF PATIENT SERVICE REVENUE – Payment for Hospital and Professional Care”; (iii) revenue and expense data of the type set forth under the heading “FINANCIAL INFORMATION – Summary of Consolidated Statements of Revenues and Expenses Tufts Medicine Obligated Group”; (iv) financial information of the type set forth under the heading “FINANCIAL INFORMATION – Summary of Consolidated Balance Sheets Tufts Medicine Obligated Group”; and (v) financial information of the type set forth under the subheadings “Liquidity - Days Cash on Hand Tufts Medicine Obligated Group (\$ in thousands)”, “Debt Service Coverage” and “Debt Structure and Capitalization” under the heading “FINANCIAL INFORMATION” (excluding the “Pro-Forma” column in each such table), together with a narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of such Operating Data concerning the Obligated Group, and in each case to the extent such information is not contained in the audited financial statements and related notes.

“Quarterly Information” shall mean the unaudited interim financial statements of the Corporation and its consolidated subsidiaries (including statements of financial position, activities, and changes in net assets), and quarterly utilization and operating data for the applicable fiscal quarter of the Obligated Group of the type contained in the tables set forth in Appendix A under the heading “UTILIZATION – Summary Utilization and Operating Statistics” and “SOURCES OF PATIENT SERVICE REVENUE – Payment for Hospital and Professional Care”. Any or all of the items listed above

may be incorporated by reference from other documents, including offering documents of debt issues of the Corporation, any of the Members or their related public entities, which have been transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's website or filed with the SEC.

“*Participating Underwriter*” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*SEC*” shall mean the Securities and Exchange Commission.

“*State*” shall mean the Commonwealth of Massachusetts.

(B) This Agreement applies to the Bonds.

(C) The Disclosure Agent shall have no obligation to disclose information about the Bonds except as expressly provided herein. The fact that the Disclosure Agent or any affiliate thereof may have any fiduciary or banking relationship with any of the Members apart from the relationship created by the Rule shall not be construed to mean that the Disclosure Agent has actual knowledge of any event or condition except as may be provided by written notice from any of the Members.

SECTION 2. Disclosure of Information

(A) General Provisions: This Agreement governs the Obligated Group's direction to the Disclosure Agent, with respect to information to be made public. In its actions under this Agreement, the Disclosure Agent is acting as the Obligated Group's agent.

(B) Information Provided to the Public: Except to the extent this Agreement is modified or otherwise altered in accordance with Section 3 hereof, the Obligated Group shall make or cause to be made public the information set forth in subsection B (1), (2) and (3) of this Section 2.

(1) Annual Financial Information, Operating Data and Quarterly Information

(a) Annual Financial Information, Operating Data and Quarterly Information provided annually with respect to the Annual Financial Information and Operating Data and quarterly with respect to the Quarterly Information, accompanied with a written certification substantially in the form of Exhibit C hereto from the Corporation, as Representative of the Obligated Group, furnished to the Disclosure Agent that such Annual Financial Information, Operating Data and Quarterly Information complies with the requirements of this Agreement. Commencing with the fiscal year ended September 30, 2023 and continuing with each fiscal year end thereafter, the Annual Financial Information and Operating Data is to be provided to the Disclosure Agent no later than five (5) business days prior to the filing date of one hundred fifty (150) days after the end of each fiscal year. Commencing with the Corporation's fiscal quarter ending June 30, 2024, the Obligated Group shall provide to the Disclosure Agent no later than two (2) business days prior to the filing date of sixty (60) days after the end of each of the first three fiscal quarters (i.e., the fiscal quarters ending December 31, March 31, and June 30) and seventy-five (75) days after the end of the fourth quarter (i.e., the fiscal quarter ending September 30) the Quarterly Information.

(2) Notwithstanding anything to the contrary contained in this Agreement, in order to expedite the transmission of the Annual Financial Information, Operating Data and Quarterly Information to the MSRB, as set forth in subsection (B)(1) of this Section 2, the Obligated Group shall have the option, but shall not be obligated, to submit the Annual Financial Information and Operating Data directly to the MSRB no later than one hundred fifty (150) days after the end of each fiscal year with respect to the Annual Financial Information and Operating Data and the Quarterly Information directly to the MSRB no later than sixty (60) days after the end of each of the first three fiscal quarters (i.e., the fiscal quarters ending December 31, March 31, and June 30). In the event the Obligated Group elect to submit the Annual Financial Information, Operating Data or Quarterly Information directly to the MSRB, the Obligated Group shall submit the Annual Financial Information, Operating Data or Quarterly Information, as applicable, to the Disclosure Agent accompanied with a written certification of the Corporation, as Representative of the Obligated Group, substantially in the form of Exhibit D. The written certification shall state that such Annual Financial Information, Operating Data and Quarterly Information, as applicable, has been disclosed as required per this Agreement, upon which the Disclosure Agent may conclusively rely. Such written certification shall be provided at the same time that the Obligated Group submits the Annual Financial Information, Operating Data or Quarterly Information, as applicable, to the MSRB. In the event that the Obligated Group elects not to submit the Annual Financial Information, Operating Data or Quarterly Information, as applicable, directly to the MSRB, the Obligated Group shall provide the Annual Financial Information, Operating Data and Quarterly Information, as applicable, to the Disclosure Agent within the time period specified in subsection (B)(1) of this Section 2.

If the Obligated Group are unable to provide the audited Annual Financial Information and Operating Data within the time period specified in subsection (B)(1) of this Section 2 and the Obligated Group provides to the Disclosure Agent the unaudited Annual Financial Information and Operating Data, the Disclosure Agent shall file the unaudited Annual Financial Information and Operating Data in lieu of the audited Annual Financial Information and Operating Data. Upon receipt of the audited Annual Financial Information and Operating Data, the Disclosure Agent shall file the same as soon thereafter as practicable.

Notwithstanding anything to the contrary in this Agreement, the Obligated Group reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Obligated Group, including, without limitation, condensing or expanding line items in the Annual Financial Information or Quarterly Information in order to (i) conform to changes in generally accepted accounting principles, (ii) reformat categories of revenue or expense to accommodate changes in data that are no longer maintained separately or no longer used by management of the Obligated Group, or (iii) with respect to Operating Data, to expand or collapse line items included in such data, provided that in all events, total discharges, total average length of stay, total emergency room visits, and total outpatient visits shall be reported; provided that the Obligated Group agrees that any such modification will be done in a manner consistent with the Rule as provided in Section 3 hereof.

(3) Event Notices: Notice of the occurrence of an Event, in a timely manner, not in excess of ten (10) business days after the occurrence of the Event.

(4) Failure to Provide Annual Financial Information and Operating Data: Notice of the failure of the Obligated Group to provide the Annual Financial Information, Operating Data or Quarterly Information, as applicable, by the date in subsection (B)(1) and (B)(2) of this Section 2, shall be provided to the Disclosure Agent (a “*Notice of Failure to File*”). To the extent the Obligated Group does not provide to the Disclosure Agent a Notice of Failure to File the Annual Financial Information, Operating Data or Quarterly Information, as applicable, the terms of Section 2(C)(4) below shall apply.

(C) Information Provided by Disclosure Agent to the Public:

(1) The Obligated Group hereby directs the Disclosure Agent on its behalf to make public in accordance with subsection (D) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Agent agrees to act as the Obligated Group’s agent in so making public, the following:

(a) Annual Financial Information, Operating Data and Quarterly Information;

(b) Event occurrences;

(c) Notices of failure to provide information which the Obligated Group has agreed to make public pursuant to subsection (C)(1) of this Section 2 and;

(d) such other information as the Obligated Group shall determine to make public through the Disclosure Agent and shall provide to the Disclosure Agent in the form required by subsection (C)(2) of this Section 2. If the Obligated Group chooses to include any information in any Annual Financial Information, Operating Data or Quarterly Information, as applicable, report or in any notice of occurrence of an Event, in addition to that which is specifically required by this Agreement, the Obligated Group shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information, Operating Data or Quarterly Information, as applicable, report or notice of occurrence of an Event.

(2) The information which the Obligated Group has agreed to make public shall be in the following form:

(a) as to all notices, reports and financial information to be provided to the Disclosure Agent by the Obligated Group, as referenced in Exhibit A, in a word searchable portable document format (PDF) as required by the Rule.

(b) as to all other notices or reports, in such form as the Disclosure Agent shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Agent shall make public the Annual Financial Information, Operating Data and Quarterly Information, as applicable, and Event occurrences within the following time periods:

(a) with respect to Annual Financial Information, Operating Data and Quarterly Information, five (5) business days upon receipt by the Disclosure Agent

of the Annual Financial Information, Operating Data and Quarterly Information, as applicable, disclosure from the Obligated Group.

(b) with respect to Event occurrences, two (2) business days upon receipt by the Disclosure Agent of the Event disclosure from the Obligated Group.

If, on any such date, information required to be provided by the Obligated Group to the Disclosure Agent has not been provided as required per this Agreement, the Disclosure Agent shall make such information public as soon thereafter as it is provided to the Disclosure Agent.

(4) If the Disclosure Agent does not receive 1) the audited or unaudited Annual Financial Information and Operating Data or a written certification, substantially in the form of Exhibit D, from the Corporation, as Representative of the Obligated Group, that it has provided the audited or unaudited Annual Financial Information and Operating Data to the MSRB by the date required in subsection (B)(1) or (B)(2) of this Section 2, or 2) a Notice of Failure to File the Annual Financial Information and Operating Data, then the Disclosure Agent shall send a notice to the MSRB in substantially the form herein attached as Exhibit B.

(D) Means of Making Information Public:

(1) Information shall be deemed to be made public by the Obligated Group or the Disclosure Agent under this Agreement if it is transmitted as provided in subsection (D)(2) of this Section 2 by the following means:

(a) To the Bondholders of outstanding Bonds, by the method prescribed by the Rule;

(b) To the MSRB in a word searchable portable document format (PDF) as required by the Rule, or other applicable document or agreement, accompanied by identifying information as prescribed by the MSRB (a description of such format and information is included in Exhibit A hereto) and/or;

(c) To the SEC by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Obligated Group or the Disclosure Agent is authorized to transmit information to the SEC by whatever means are mutually acceptable to the Disclosure Agent or the Obligated Group, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) information to be provided to the public in accordance with subsection (B) of this Section 2 shall be transmitted to the MSRB;

(b) all information described in clause (a) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request;

(c) to the extent the Obligated Group is obligated to file any Annual Financial Information, Operating Data or Quarterly Information, as applicable,

with the MSRB pursuant to this Agreement, such Annual Financial Information, Operating Data or Quarterly Information, as applicable, may be set forth in the document or set of documents transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's website or filed with the SEC.

(3) Nothing in this Agreement shall be construed to require the Disclosure Agent to interpret or provide an opinion concerning any information made public. If the Disclosure Agent receives a request for an interpretation or opinion, the Disclosure Agent may refer such request to the Obligated Group for response.

(E) Disclosure Agent Compensation: The Obligated Group shall pay or reimburse the Disclosure Agent for its fees and expenses for the Disclosure Agent's services rendered in accordance with this Agreement.

(F) Indemnification of Disclosure Agent: In addition to any and all rights of the Disclosure Agent for reimbursement, indemnification and other rights pursuant to the Rule or under law or equity, the Obligated Group shall indemnify and hold harmless the Disclosure Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Disclosure Agent's performance under this Agreement; provided that the Obligated Group shall not be required to indemnify the Disclosure Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or negligence of the Disclosure Agent in such disclosure of information hereunder. The obligations of the Obligated Group under this Section shall survive resignation or removal of the Disclosure Agent and payment of the Bonds.

The Disclosure Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Obligated Group, the Bondholder or any other party.

The Disclosure Agent has no power to enforce non-performance on the part of the Obligated Group and shall not be responsible in any manner for the content of any notice or report prepared by the Obligated Group pursuant to this Agreement.

SECTION 3. Amendment or Waiver

Notwithstanding any other provision of this Agreement, the Obligated Group and the Disclosure Agent may amend this Agreement and the Disclosure Agent shall agree to any reasonable amendment requested by the Obligated Group and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws acceptable to both the Obligated Group and the Disclosure Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule as well as any change in circumstance.

Subject to the provisions of this Section 3, the parties hereto may enter into any amendment, change or modification of this Agreement in connection with curing any ambiguity or formal defect or omission, in order to comply with the requirements of federal or state securities laws. In making a determination above, the Disclosure Agent may rely on the advice of counsel.

SECTION 4. Miscellaneous

(A) Representations: Each of the parties hereto represents and warrants to the other party that it has (i) duly authorized the execution and delivery of this Agreement by the officer of such party whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver, and perform this Agreement under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of this Agreement and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the Bonds.

(B) Governing Law: This Agreement shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Agreement shall be interpreted and construed in a manner consistent therewith.

(C) Severability: If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Counterparts: This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(E) Termination: This Agreement may be terminated by any party to this Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Agreement; provided the termination of this Agreement is not effective until (i) the Obligated Group, or its successor, enters into a new continuing disclosure agreement with a disclosure agent who agrees to continue to provide, to the MSRB and the Bondholders, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) a nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all applicable state and federal securities laws, and (iii) notice of the termination of this Agreement is provided to the MSRB.

This Agreement shall terminate automatically upon the defeasance, prior redemption or payment in full of all of the Bonds or upon the delivery to the Disclosure Agent of an opinion of counsel expert in federal securities laws selected by the Obligated Group and acceptable to the Disclosure Agent to the effect that compliance with this Agreement no longer is required by the Rule.

The Disclosure Agent shall be fully discharged at the time any such termination is effective.

(F) Default: In the event of failure of any of the Members to comply with any provision of this Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Members to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an Event of Default under the Loan and Trust Agreement dated July 1, 2024 among the Issuer, TMC, the Corporation, solely in its capacity as Representative of the Obligated Group, and U.S. Bank Trust Company, National Association, or the Bonds and the sole remedy under this Agreement in the event of any failure of any of the Members to comply with this Agreement shall be an action to compel performance, and in no event, shall the remedy be a suit for money damages.

(G) Beneficiaries: This Agreement is entered into by the parties hereto and shall inure solely to the benefit of the Obligated Group, the Disclosure Agent, the Participating Underwriter and the Bondholders and shall create no rights in any other person or entity.

SECTION 5. Notices

Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To the Corporation and/or
the Obligated Group:

Tufts Medicine, Inc.
1600 District Avenue
Burlington, Massachusetts 01803
Attention: Chief Financial Officer
Phone: 508-572-6790
Fax: 978-942-2226

To the Disclosure Agent:

U.S. Bank Trust Company, National Association
One Federal Street, 3rd Floor
Boston, MA 02110
Attention: Donald F. Higgins, Vice President,
Global Corporate Trust Services
Phone: 617-602-6573
Fax: 617-603-6667

To the Issuer:

Massachusetts Development Finance Agency
99 High Street
Boston, Massachusetts 02110
Attention: Simmee Silton, First Vice President, Institutional Finance
Phone: 617-330-2006
Fax: 617-330-2001

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

IN WITNESS WHEREOF, the Disclosure Agent and the Members have each caused their duly authorized officers to execute this Agreement, as of the day and year first above written.

HOME CARE, INC., a Member

By: _____
Name: Andrew DeVoe
Title: Authorized Officer

**TUFTS MEDICINE CARE AT HOME
PARENT, INC., a Member**

By: _____
Name: Andrew DeVoe
Title: Authorized Officer

HOME HEALTH VNA, INC., a Member

By: _____
Name: Andrew DeVoe
Title: Authorized Officer

**MELROSEWAKEFIELD HEALTHCARE,
INC., a Member**

By: _____
Name: Andrew DeVoe
Title: Authorized Officer

**TUFTS MEDICINE CARE AT HOME, INC., a
Member**

By: _____
Name: Andrew DeVoe
Title: Authorized Officer

**THE LOWELL GENERAL HOSPITAL, a
Member**

By: _____
Name: Andrew DeVoe
Title: Authorized Officer

TUFTS MEDICAL CENTER, INC., a Member

By: _____
Name: Andrew DeVoe
Title: Authorized Officer

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Disclosure Agent**

By: _____

Title: _____

EXHIBIT A
MSRB Procedures for Submission of Continuing Disclosure Documents
and Related Information

Securities and Exchange Commission Release No. 34-59061 (the “*Release*”) approves an MSRB rule change establishing a continuing disclosure service of the MSRB’s Electronic Municipal Market Access system (“*EMMA*”). The rule change establishes, as a component of EMMA, the continuing disclosure service for the receipt of, and for making available to the public, continuing disclosure documents and related information to be submitted by issuers, obligated persons and their agents pursuant to continuing disclosure undertakings entered into consistent with Rule 15c2-12 (“*Rule 15c2-12*”) under the Securities Exchange Act of 1934. The following discussion summarizes procedures for filing continuing disclosure documents and related information with the MSRB as described in the Release.

All continuing disclosure documents and related information is to be submitted to the MSRB, free of charge, through an Internet-based electronic submitter interface or electronic computer-to-computer data connection, at the election of the submitter. The submitter is to provide, at the time of submission, information necessary to accurately identify: (i) the category of information being provided; (ii) the period covered by any annual financial information, quarter information, financial statements or other financial information and operating data; (iii) the issues or specific securities to which such document is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate); (iv) the name of any obligated person other than the issuer; (v) the name and date of the document; and (vi) contact information for the submitter.

Submissions to the MSRB are to be made in a portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. If the submitted file is a reproduction of the original document, the submitted file must maintain the graphical and textual integrity of the original document. In addition, such PDF files must be word-searchable (that is, allowing the user to search for specific terms used within the document through a search or find function), provided that diagrams, images and other non-textual elements will not be required to be word-searchable.

All submissions to the MSRB’s continuing disclosure service are to be made through password protected accounts on EMMA by (i) issuers, which may submit any documents with respect to their municipal securities; (ii) obligated persons, which may submit any documents with respect to any municipal securities for which they are obligated; and (iii) agents, designated by issuers and obligated persons to submit documents and information on their behalf. Such designated agents are required to register to obtain password-protected accounts on EMMA in order to make submissions on behalf of the designating issuers or obligating persons. Any party identified in a continuing disclosure undertaking as a dissemination agent or other party responsible for disseminating continuing disclosure documents on behalf of an issuer or obligated person will be permitted to act as a designated agent for such issuer or obligated person, without a designation being made by the issuer or obligated person as described above, if such party certifies through the EMMA on-line account management utility that it is authorized to disseminate continuing disclosure documents on behalf of the issuer or obligated person under the continuing disclosure undertaking. The issuer or obligated person, through the EMMA on-line account management utility, is able to revoke the authority of such party to act as a designated agent.

The MSRB’s Internet-based electronic submitter interface (EMMA Dataport) is at www.emma.msrb.org.

EXHIBIT B
**NOTICE OF FAILURE TO FILE [ANNUAL FINANCIAL INFORMATION, OPERATING
DATA OR QUARTERLY INFORMATION]**

Massachusetts Development Finance Agency
Revenue Bonds, Tufts Medicine Issue
Series E (2024) (Federally Taxable)

CUSIP Number(s):

Date of Issuance:

NOTICE IS HEREBY GIVEN that Home Care, Inc., Home Health Foundation, Inc., Home Health VNA, Inc., MelroseWakefield Healthcare, Inc., Merrimack Valley Hospice, Inc., The Lowell General Hospital, Tufts Medical Center, Inc., and any future member of the obligated group (collectively, the “*Obligated Group*”) has not provided its [Annual Financial Information, Operating Data or Quarterly Information, as applicable,] with respect to the above named Bond issue as required by Section 2 of the Continuing Disclosure Agreement, dated as of July 11, 2024, between the Obligated Group and the Disclosure Agent. [TO BE INCLUDED IF THE DISCLOSURE AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE – The Obligated Group anticipates that the specified [Annual Financial Information, Operating Data or Quarterly Information, as applicable,] will be filed by _____.]

Dated_____, 20__

U.S. Bank Trust Company, National Association,
as Disclosure Agent

cc: Obligated Group

EXHIBIT C
FORM OF COMPLIANCE CERTIFICATE
NAME OF ISSUE

[Date]

U.S. Bank Trust Company, National Association, as Disclosure Agent
One Federal Street, 3rd Floor
Boston, MA 02110
Attention: Donald F. Higgins, Vice President,
Global Corporate Trust Services

Re: Compliance Certificate for Annual Financial Information and Operating Data

Dear _____:

Pursuant to the Continuing Disclosure Agreement (the “*Agreement*”) dated July 11, 2024 among Home Care, Inc., Home Health Foundation, Inc., Home Health VNA, Inc., MelroseWakefield Healthcare, Inc., Merrimack Valley Hospice, Inc., The Lowell General Hospital, Tufts Medical Center, Inc., and any future member of the obligated group (collectively, the “*Obligated Group*”) and U.S. Bank Trust Company, National Association (the “*Disclosure Agent*”), the undersigned authorized officer of Tufts Medicine, Inc., as Representative of the Obligated Group, does hereby certify that the enclosed [Annual Financial Information, Operating Data or Quarterly Information, as applicable,] for the fiscal year-end _____, of the Obligated Group, complies with the requirements of the Agreement.

TUFTS MEDICINE, INC., solely in its capacity as Obligated
Group Representative

By: _____
Name:
Title:

Enclosure

EXHIBIT D
FORM OF COMPLIANCE CERTIFICATE
NAME OF ISSUE

[Date]

U.S. Bank Trust Company, National Association, as Disclosure Agent
One Federal Street, 3rd Floor
Boston, MA 02110
Attention: Donald F. Higgins, Vice President,
Global Corporate Trust Services

Re: Compliance Certificate for Annual Financial Information [and Operating Data]

Dear _____:

Pursuant to the Continuing Disclosure Agreement (the “*Agreement*”) dated July 11, 2024 among Home Care, Inc., Home Health Foundation, Inc., Home Health VNA, Inc., MelroseWakefield Healthcare, Inc., Merrimack Valley Hospice, Inc., The Lowell General Hospital, Tufts Medical Center, Inc., and any future member of the obligated group (collectively, the “*Obligated Group*”) and U.S. Bank Trust Company, National Association (the “*Disclosure Agent*”), the undersigned authorized officer of Tufts Medicine, Inc., as Representative of the Obligated Group, does hereby certify that the enclosed [Annual Financial Information, Operating Data or Quarterly Information, as applicable,] of the Obligated Group, complies with the requirements of the Agreement and was submitted directly to the MSRB on _____ (date).

TUFTS MEDICINE, INC., solely in its capacity as Obligated
Group Representative

By: _____
Name:
Title:

Enclosure

TuftsMedicine



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