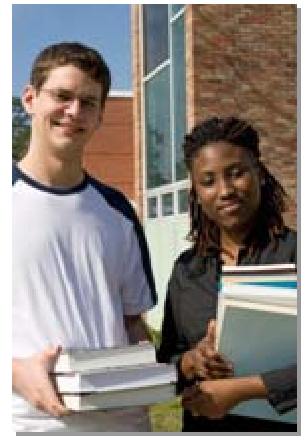


Higher Education Finance in a Changing Municipal Market

Rice Financial Products Company

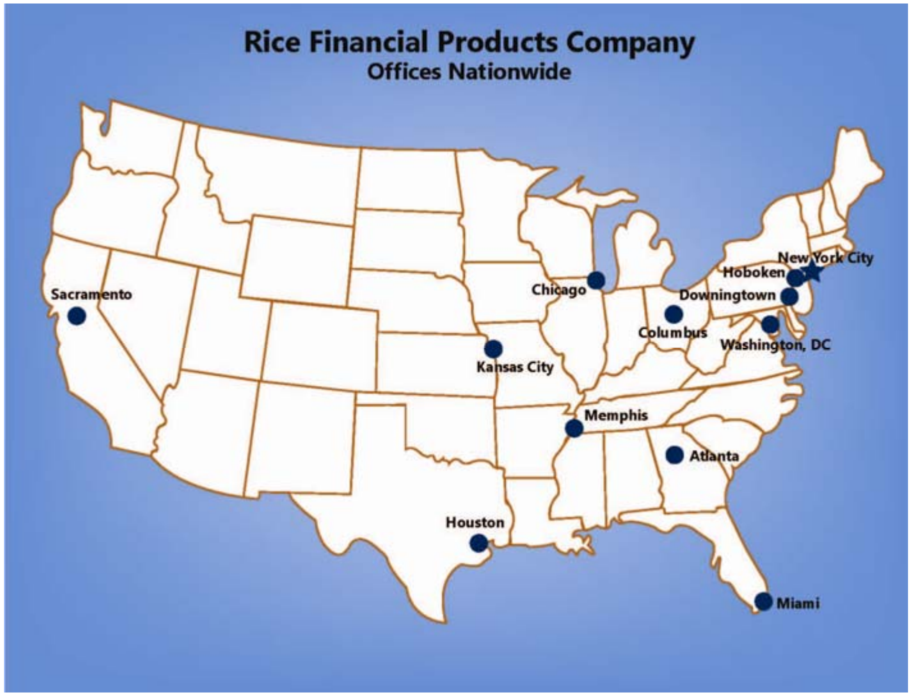
Will Fisher, Managing Director

David Womack, Managing Director

RICE
Financial Products Company

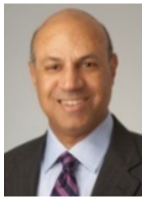
Rice Financial Products Company

- Founded in 1993 as a municipal derivatives boutique.
- First minority-owned investment bank to serve as principal and counterparty in municipal swap transactions; executed derivative transactions totaling $30 billion in aggregate notional amount.
- Acquired Apex Securities in 1998 and the municipal operations of Pryor, Counts & Co. in 1999.
- Beginning in 2006, expanded investment banking and underwriting capabilities by adding several experienced investment bankers and sales, trading and underwriting professionals, many from major Wall Street firms.
- In 2007 and 2008, served as a manager on municipal bond issues totaling $35 billion, including $1.8 billion as senior or co-senior manager.
- Leading investment banker to Historically Black Colleges and Universities (HBCUs).



Presenters

William Fisher, Managing Director
•18 years of experience
•Formerly with Public Financial Management and M. R. Beal
•BBA, Howard University



David Womack, Managing Director
•28 years of experience
•Formerly with JP Morgan and Citigroup
•MBA, Amos Tuck School at Dartmouth College
•BA, Yale University

Higher Education Finance

- To date, Rice Financial has participated as a managing underwriter in more than 50 negotiated higher education financings totaling $4.5 billion.
- Our recent senior managed transactions include a $45 million financing for Morehouse College, a $66 million financing for Jackson State University, a $39 million transaction for City Colleges of Chicago and a $416 million financing for the University of California (co-senior manager).
- In addition, in 2008, Rice Financial also co-managed a $46.9 million refunding transaction for DePaul University, a $375 million financing for the Trustees of the California State University and a $228 million bond issue for The Ohio State University.
- We have also served as structuring agent and financial advisor to Clark Atlanta University and Tuskegee University on HBCU loans totaling $48 million.
- We are currently appointed to senior manage three financings for Norfolk State University totaling $93 million and to co-senior manage a transaction for Alabama State University. We have also been approved by the Connecticut Health and Educational Building Authority as a qualified senior manager and assigned to the New Jersey Educational Facilities Authority underwriting pool.
- Rice Financial has placed strategic focus on building a competitive higher education finance practice, and we are dedicated to devoting every needed resource to the successful completion of every higher education financing we are involved in.

Higher Education Issuers Served

$66,405,000 Jackson State University Forward Starting SIFMA Swap	$50,000,000 Norfolk State University New Money Revenue Bonds* Senior Manager	$45,300,000 MOREHOUSE Morehouse College Series 2007 Revenue Bonds Senior Manager	$39,110,000 City of Chicago General Obligation Bonds (City Colleges Capital Improvement Project) Series 2007 Senior Manager	$33,000,000 Norfolk State University Refunding Revenue Bonds* Senior Manager	$28,000,000 Tuskegee University HBCU Loan Program Structuring Agent/ Financial Advisor
$20,000,000 Clark Atlanta University (Georgia) HBCU Loan Program Structuring Agent/ Financial Advisor	$5,000,000 Norfolk State University Refunding Revenue Bonds* Senior Manager	$4,510,000 Sullivan County Community College/ Atlantic Energy Series 2007 Certificates of Participation Sole Manager	$415,995,000 State of California (University of California Regents) Limited Project Revenue Bonds Co-Senior Manager	$25,000,000 ASU Alabama State University Revenue Bonds* Co-Senior Manager	$375,160,000 CSU Trustees of the California State University Systemwide Revenue Bonds Co-Manager
$262,970,000 University of Missouri Revenue Bonds Co-Manager	$228,000,000 The Ohio State University Revenue Bonds Co-Manager	$46,000,000 DEPAUL DePaul University Revenue Bonds Co-Manager	$21,000,000 North Carolina Central University Revenue Bonds* Co-Manager	$17,160,000 COLUMBUS STATE Community College Columbus State Community College General Receipts Bonds Co-Manager	$14,480,000 Atlanta University Center Revenue Bonds Co-Manager

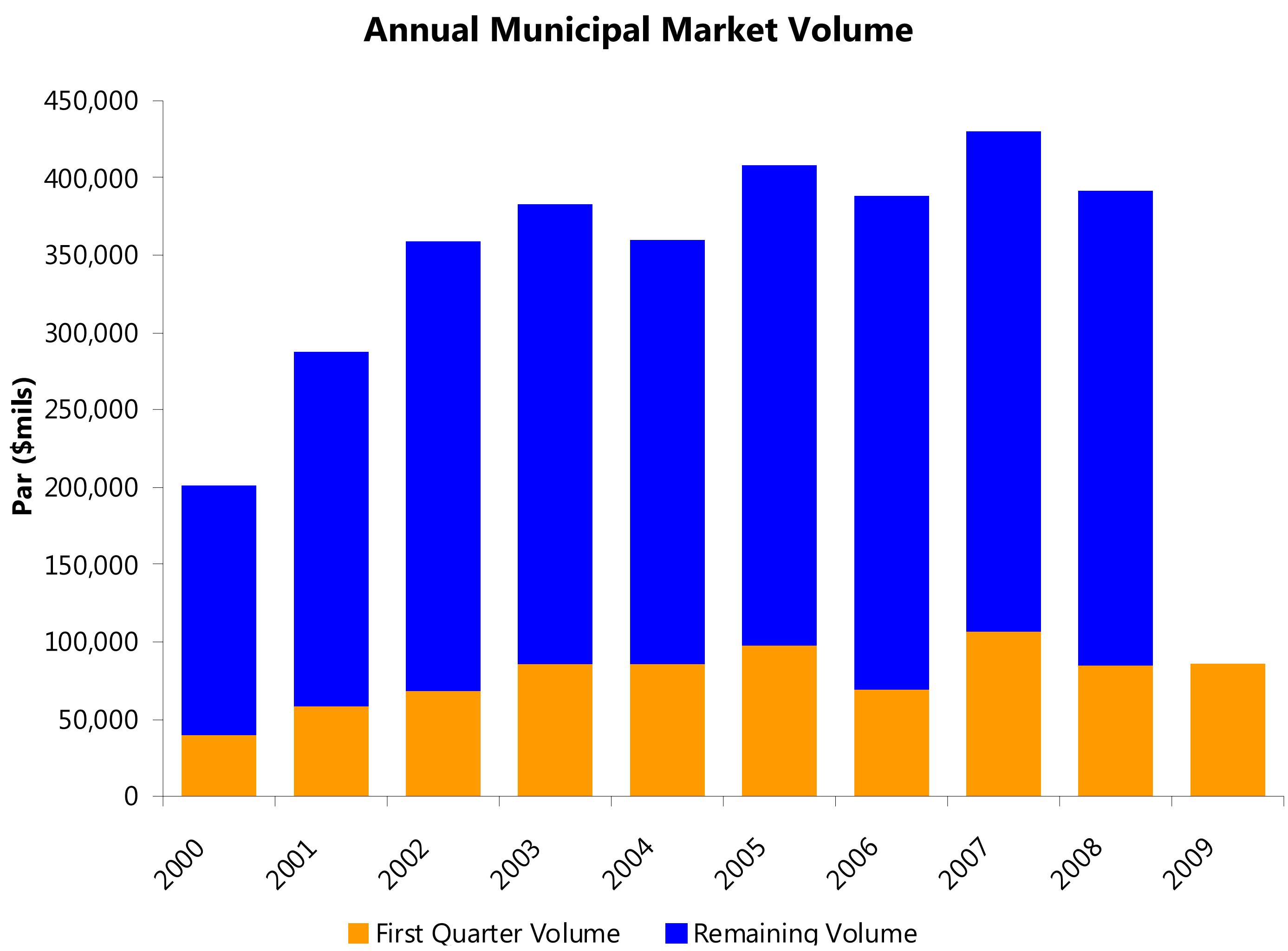
** Not yet completed*

Approved senior manager: Connecticut Health and Educational Building Authority
Syndicate member: New Jersey Educational Facilities Authority

Overview of Municipal Market

- **The municipal market is functioning.**
  - ✓ Volume through 1Q 2009 was not markedly different from 1Q 2008.
  - ✓ Long-term fixed rate yields are attractive.
  - ✓ Retail has been active, institutional investors returning.
- **Some segments are still having challenges.**
  - ✓ Variable rate markets are still weak following auction rate failure
  - ✓ Credit enhancement is in limited supply
- **Credit is king.**
  - ✓ Highly rated issuers and institutions have ready market access
  - ✓ Lower rated issuers and institutions pay much higher costs, have fewer options

Market Volume is Holding



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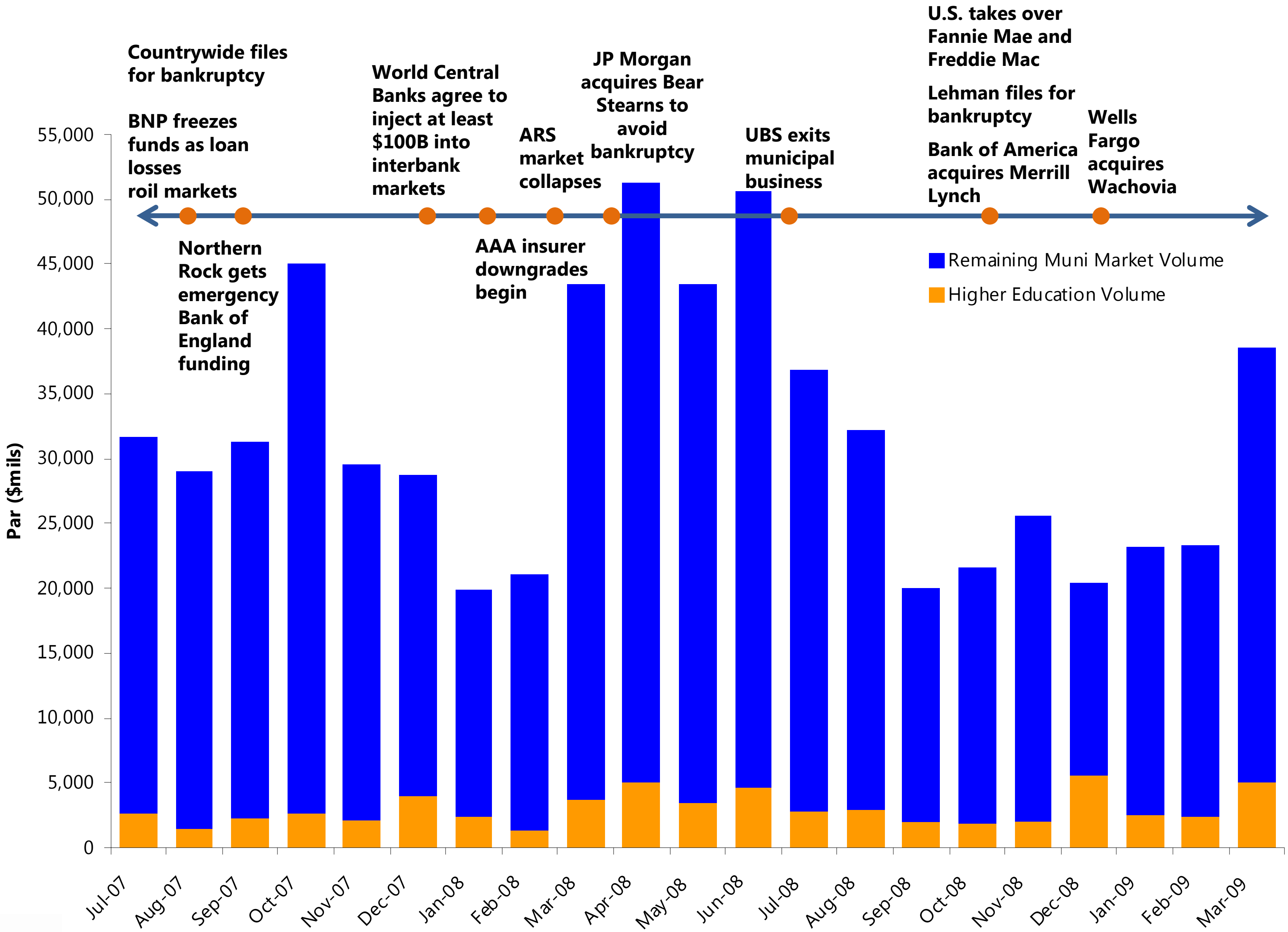
Municipal Market Volume Has Recovered

- After declining sharply in 3Q 2008, volume has recovered in the first quarter of 2009.
- Higher education volume is holding steady at 7-9% of overall volume.



The Municipal Bond Business is Consolidating

- The municipal bond industry is consolidating as firms exit or are merged into one another.
- As municipal desks shrink, investors lose liquidity, and issuers have to adjust to new coverage patterns.
- Many bankers and sales and trading professionals have migrated to smaller firms.

Top 50 Underwriters, 2007

Industry Ranking	Firm	Par Amount (in millions)	Industry Ranking	Firm	Par Amount (in millions)
1	Citi	135,844.7	26	Fidelity Capital Markets	21,667.1
2	**Merrill Lynch**	**119,872.6**	27	Cabrera Capital Markets	20,038.4
3	**UBS Securities**	**117,831.8**	28	Roosevelt & Cross Inc.	18,705.3
4	Banc of America	100,577.4	29	Rice Financial Products Co.	17,972.4
5	Goldman Sachs	97,777.2	30	KeyBanc Capital Markets	16,083.3
6	Morgan Stanley	95,819.6	31	George K. Baum & Co.	15,915.2
7	**Wachovia Securities**	**93,530.6**	32	First Southwest Co.	13,445.0
8	J P Morgan Securities	93,452.1	33	Fifth Third Securities Inc.	11,937.6
9	RBC Capital Markets	92,779.9	34	**Wells Fargo Brokerage**	**11,935.9**
10	**Bear Stearns**	**88,337.1**	35	PNC Capital Markets Inc.	11,814.6
11	**Lehman Brothers**	**84,148.6**	36	Grigsby & Associates	11,662.8
12	Siebert Brandford Shank	65,105.3	37	**Alta Capital Group LLC**	**11,516.8**
13	Loop Capital Markets	60,530.0	38	SBK-Brooks Investment Corporation	10,941.9
14	Ramirez & Co.	52,771.0	39	Estrada Hinojosa & Co.	10,900.9
15	**DEPFA First Albany Securities**	**47,435.9**	40	Santander Securities	10,660.2
16	Raymond James & Associates	45,347.7	41	**Butler Wick & Co.**	**10,542.1**
17	Morgan Keegan & Co.	39,372.0	42	Backstrom McCarley Berry & Co.	9,937.9
18	M R Beal	38,088.2	43	**Ferris Baker Watts Inc.**	**9,786.2**
19	**Popular Securities**	**27,344.5**	44	**NatCity Investments Corp**	**8,927.5**
20	Piper Jaffray & Co.	26,941.3	45	BBVA Capital Markets of Puerto Rico	8,731.3
21	Southwest Securities	26,305.4	46	Great Pacific Securities Corp	8,695.3
22	Jackson Securities	25,358.5	47	Janney Montgomery Scott LLC	8,407.1
23	Stone & Youngberg	24,310.0	48	TD Securities	8,126.3
24	Prager Sealy & Co.	23,953.3	49	Edward Jones & Co.	8,121.0
25	E J De La Rosa & Co	23,507.7	50	**LaSalle Financial Services**	**8,069.5**

Source: Thomson Financial Securities Data

** Full Credit to Each Manager, Based on Total Dollar Volume*

Red type indicates firms that have been acquired or left the municipal business

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Bond Insurers Continue to Face Major Challenges

- The credit crisis has had its greatest impact on the monoline bond insurers—nearly all have been downgraded or are at risk of a downgrade.
- Most companies have effectively ceased to offer new insurance policies.
- MBIA announced a spinoff of its municipal business to National Public Finance Guarantee
- The ability to solicit cost effective bids from the insurers, while monitoring trading spreads for both insured and uninsured bonds has become increasingly important.
- This credit market dislocation has also placed greater focus on the underlying credit quality of municipal issuers.

Summary of Bond Insurer Ratings

	Moody's		Standard & Poor's		Fitch	
Insurer	**Rating**	**Status**	**Rating**	**Status**	**Rating**	**Status**
Berkshire Hathaway	Aa1	Stable outlook	AAA	Negative outlook	NR	-
Assured Guaranty	Aa2	Stable outlook	AAA	Stable outlook	AAA	Stable outlook
FSA*	Aa3	Outlook developing	AAA	Negative watch	AAA	Negative watch
Radian	Ba1	Stable outlook	BBB+	Negative watch	NR	-
Ambac	Baa1	Under review for downgrade	A	Negative outlook	NR	-
MBIA**	B3	Outlook developing	BBB+	Negative outlook	NR	-
FGIC	NR	-	CCC	Negative outlook	NR	-
CIFG	Ba3	Outlook developing	BB	Outlook developing	NR	-
ACA	NR	-	NR	-	NR	-
Syncora Guarantee Inc. *(formerly XL Capital Assurance)*	Ca	Outlook developing	CC	Developing watch	NR	-

As of April 8, 2009

** Municipal portfolio being acquired by Assured Guaranty.*

*** Municipal business being reorganized into National Public Finance Guarantee (Baa1/AA-). Moody's has NPFG on review for upgrade.*

Variable Rate Market

Auction Rate Securities (ARS)

- In early 2008, the auction rate market experienced a widespread series of failed auctions, with insufficient bids available to clear the market amid intense selling pressure from existing holders.
- The factors that led to the unraveling of the market include:
  - Severe pressures on monoline bond insurers, which heightened concerns about the credit strengths of issuers
  - Constrained balance sheets at banks and dealers that historically provided liquidity during periods of supply/demand imbalances

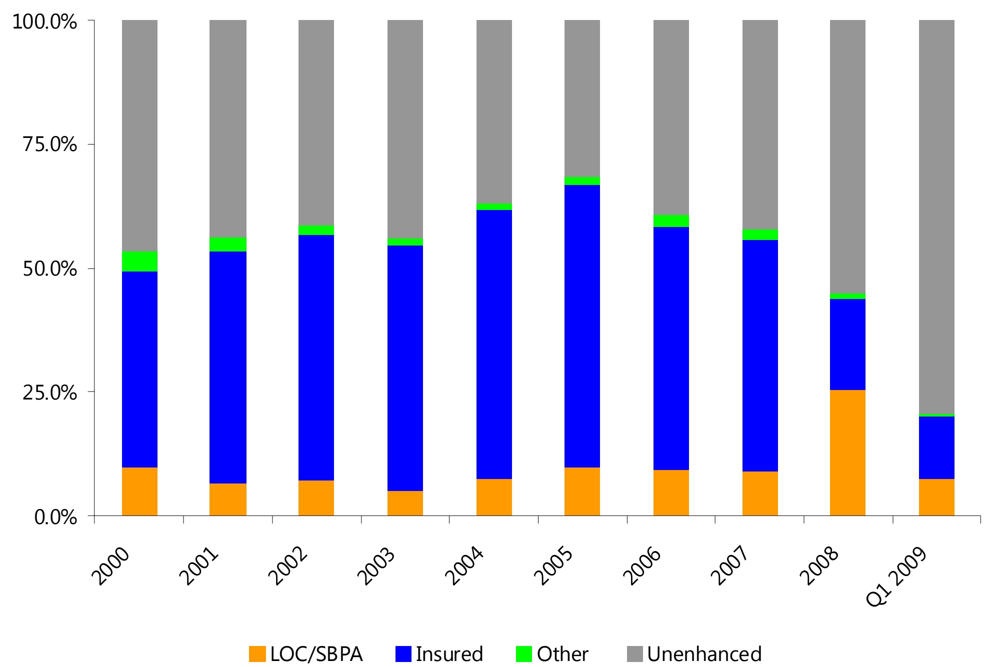
Variable Rate Demand Obligations (VRDOs)

- Draws on liquidity facilities, which were rare previously, now occur frequently.
- Issuers pay higher interest rates because of downgraded insurers.
- Bonds are regularly being tendered to liquidity providers.
- Issuers pay penal bank bond rates.
- Remarketing agents no longer provide liquidity as a "courtesy," ie. warehousing bonds on their balance sheets.

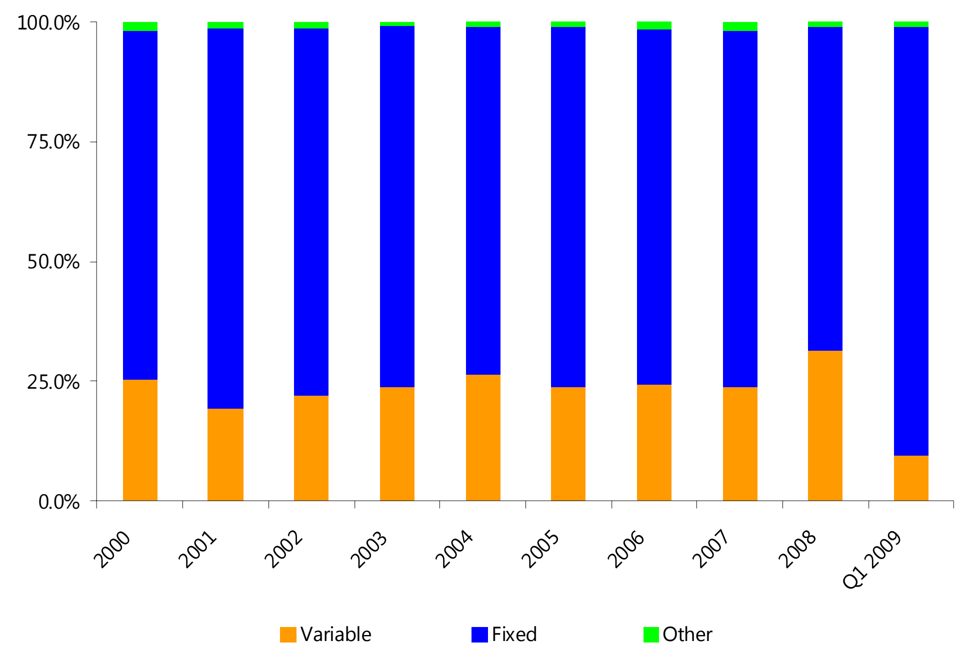
Variable Rate and Insured Volume Have Declined

- As a consequence of rating downgrades of bond insurers, insured volume has declined dramatically.
- Variable rate debt issuance is also down considerably in 1Q 2009 due to lack of available liquidity support and the collapse of the auction rate market.

Annual Volume by Credit Enhancement Type

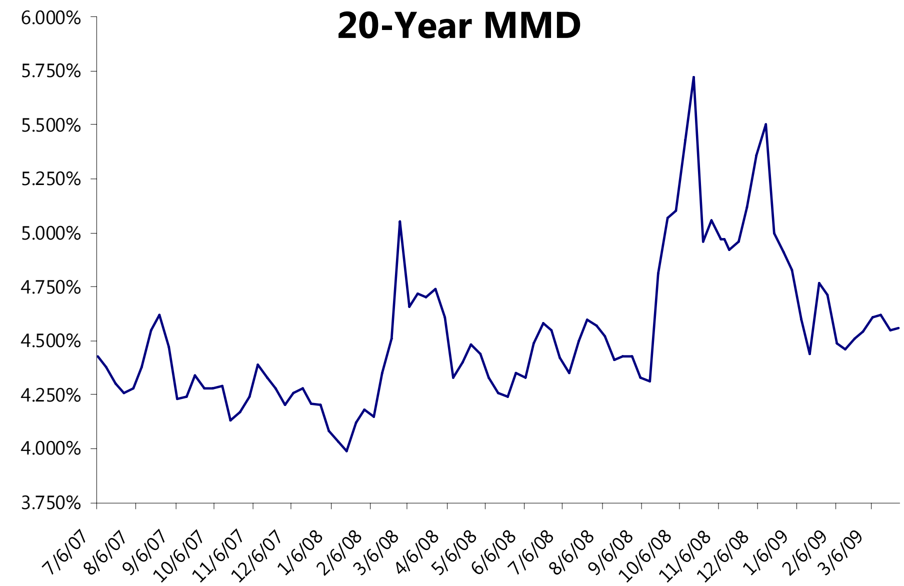


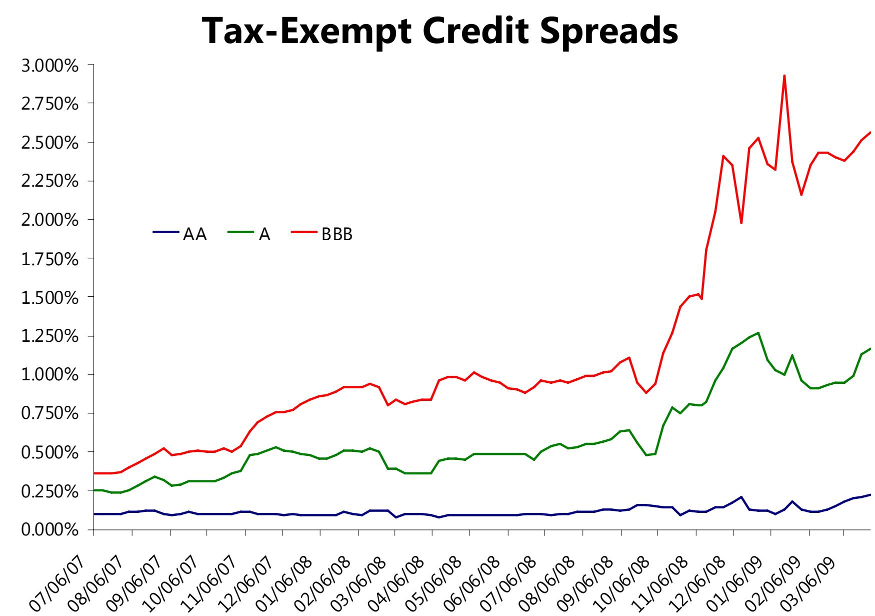
Annual Volume by Debt Type



Municipal Market Trends

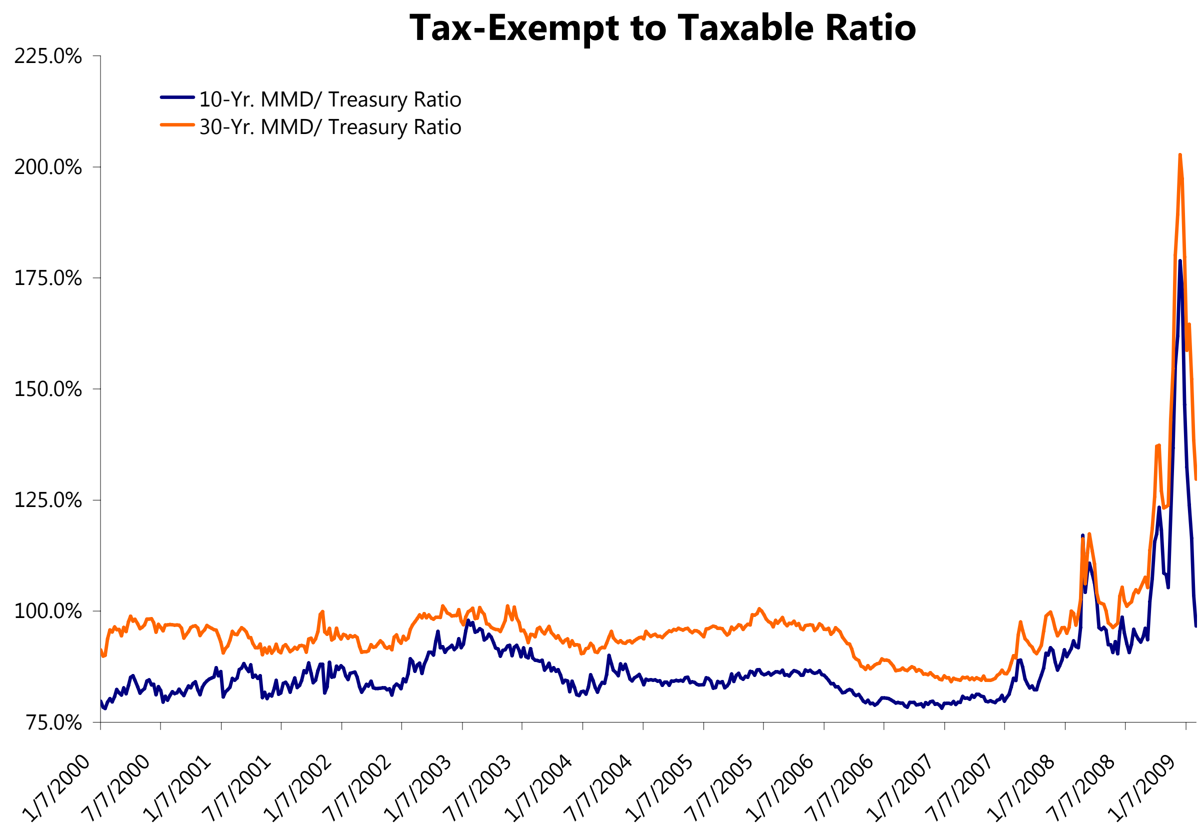
- Municipal yields have suffered during the credit crisis.
- Insurer downgrades and the collapse of the auction rate market continue to cause an ongoing wave of restructuring.
- Arbitrage funds and hedge funds, weakened by their sub-prime investments, have reduced overall institutional demand, creating a larger retail presence in the investor market.
- In 2008, 20-Year MMD rose from 4.08% to as high as 5.74%. 20-year MMD was 4.44% as of 4/14/2009 versus a 20-year Treasury bond yield of 3.85%.
- Since the fall of 2008, yields have gradually decreased. Meanwhile, "A" and "BBB" credit spreads to "AAA" MMD have widened considerably.





Tax-Exempt vs. Taxable Yields

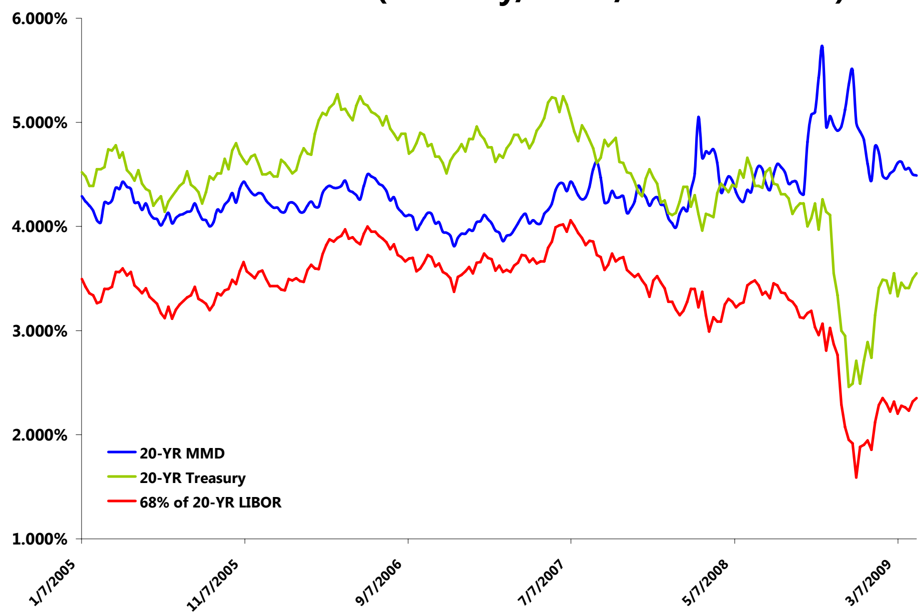
- The graph at right displays the ratio of 10- and 30-year MMD to 10- and 30-year Treasuries since 2000.
- During 2008, tax-exempt to taxable ratios soared well above their averages of 87.4% (10-year) and 96.9% (30-year).
- Since mid-December, when these ratios peaked at 178.9% and 202.7%, they have decreased and currently stand at 96.6% and 129.7% respectively.



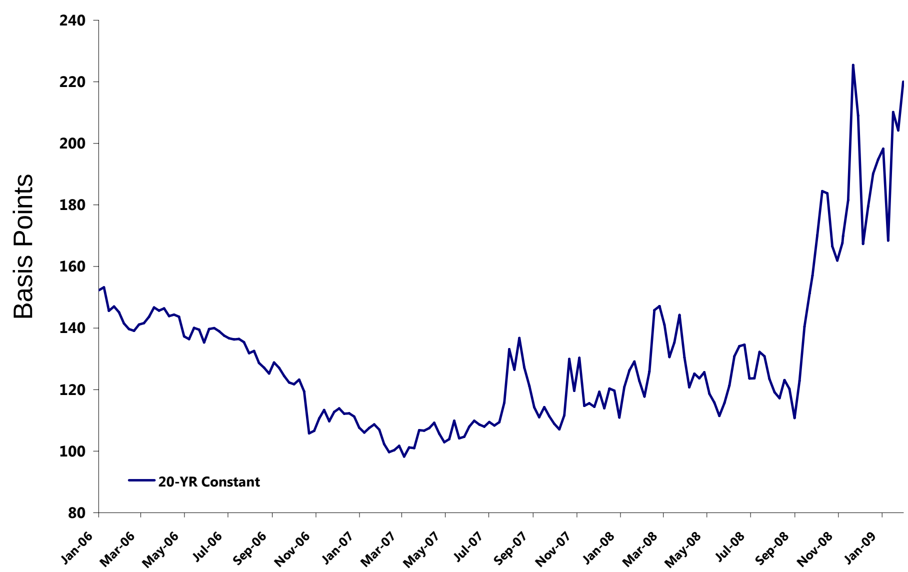
Swap Market Update – Increased Value for Tax Exposure

As yields in the municipal fixed rate bond market increase, opportunities flourish in the *Adjusted Basis Swap* market.

20-Year Indices (Treasury/MMD/68% of LIBOR)



20-Year Constant (Value for Tax Exposure)



- The 20-year municipal bond rate has increased, trading higher than Treasury levels, while at the same time municipal swap rates (68%LIBOR) have fallen.
- An increase in municipal yields increases the cost of refunding and new money bond issues.
- In addition, low swap rates increase the termination cost of fixed payer swaps.

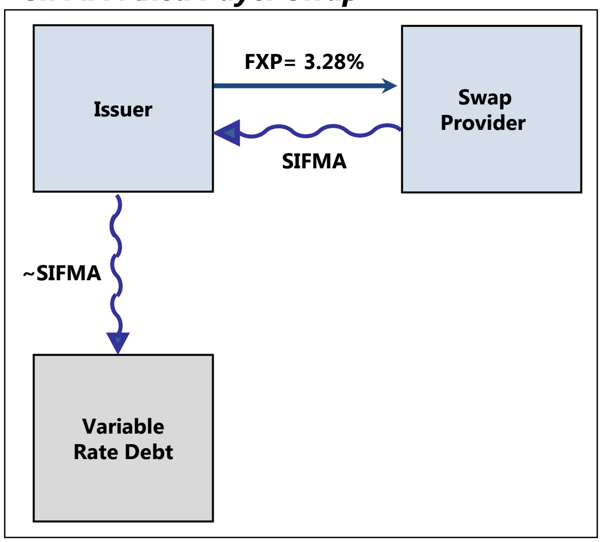
- The market for tax exposure has become increasingly attractive as a result of the relationship between long-term tax-exempt (SIFMA) and long-term taxable (LIBOR) interest rates.
- The level of the Constant[1] has risen above levels that existed prior to the entrance of arbitrage funds and other institutional investors into the municipal derivatives market.
- The savings from a *Adjusted Basis Swap* can mitigate the cost increase in the issuance of fixed rate bonds.

1) Constant represents the spread on the Rice Financial *Adjusted Basis Swap*. Assumes the adjustment factor equals SIFMA/(1-MTR) – LIBOR where MTR is the Marginal Tax Rate and is 35% through 2010 and 39.6% thereafter.

Swap Structure Comparison

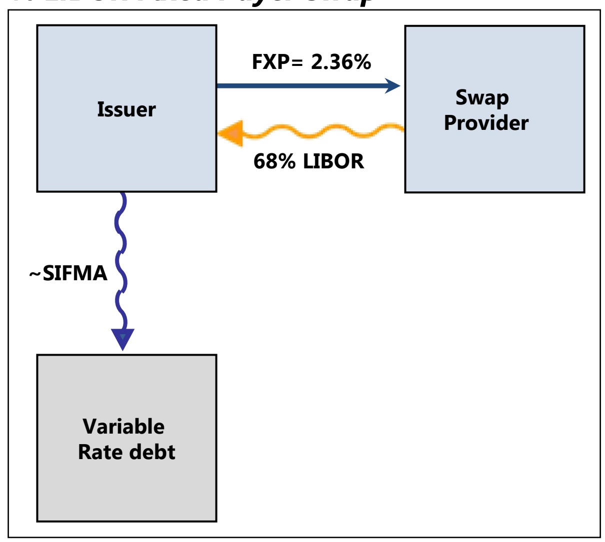
By entering into a percentage of LIBOR structure on VRDOs, issuers are obtaining compensation for tax exposure. However, they are also exposed to the risks associated with variable rate bonds. Meanwhile, the *Adjusted Basis Swa*p provides tax exposure compensation and eliminates variable rate bond risks. The diagrams below illustrate the market compensation for tax exposure assuming a 20-year average life swap.

SIFMA Fixed Payer Swap



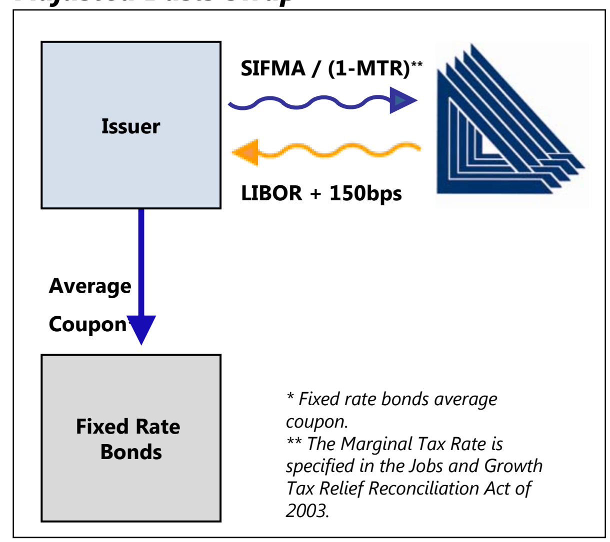
Issuer Pays	SIFMA
Issuer Pays	3.28%
Issuer Receives	SIFMA
Value of Tax Exposure	No Tax Risk

% LIBOR Fixed Payer Swap



Issuer Pays	SIFMA
Issuer Pays	2.36%
Issuer Receives	68% LIBOR
Value of Tax Exposure***	0.92%

Adjusted Basis Swap



Issuer Pays	Average Coupon
Issuer Pays	SIMFA/ (1-MTR)
Issuer Receives	LIBOR
Issuer Receives	1.50%
Value of Tax Exposure***	1.50%

****Assumes the respective implied relationship between SIFMA and LIBOR is maintained*

Note: Rates quoted are based on market conditions as of April 13, 2009

Risk Analysis

- The risks associated with various swap structures are compared with fixed rate bonds below.
- Many issuers that used variable rate debt in combination with fixed payer swaps underestimated the risks associated with variable rate debt.

Risks	Description	Fixed Rate Bonds	VRDOs	VRDOs w/ SIFMA Swap	VRDOS w/ % LIBOR Swap	Fixed Rate Bonds w/ RICE ABS
Interest Rate Risk	Changes in general levels of interest rates.	No	Yes	No	No	No
Basis Risk	Difference between two indices and/or variable rate bonds.	No	No	Yes	Yes	Yes
Tax Law Risk	Potential for SIFMA to change relative to LIBOR as a result of changes in marginal tax rates.	No	No	No	Yes	Yes
Counterparty Risk	Risk that Counterparty is unable to perform its obligations and the swap terminates	No	No	Yes	Yes	Yes
Remarketing Risk	Risk of failed remarketing.	No	Yes	Yes	Yes	No
Liquidity Risk	Risk of availability/renewal of credit facility and/or pricing increase.	No	Yes	Yes	Yes	No
Call	Loss of call option.	No	No	Yes	Yes	No

Trends in Higher Education Finance

- Higher education has averaged 7.1% of annual municipal market volume since 2000.
- The 20 largest higher education issues in 2009 are listed below.

Sale Date	State	Issuer	Issue Description	Par ($
03/12/09	CA	Regents of the Univ of California	General Revenue Bonds	794.220
03/05/09	CA	California State Univ Trustees	Systemwide Revenue Bonds	465.365
03/11/09	PA	University of Pittsburgh	Univ Ref & Capital Project	428.520
03/19/09	CA	Los Angeles Comm College Dt	General Obligation Bonds	425.000
03/12/09	TN	Nashville-Davidson Metro H&E Bd	Revenue Bonds	330.000
02/13/09	TX	Texas A&M Univ Sys Bd of Regents	Revenue Financing System	329.820
01/16/09	OH	Ohio	GO Refunding Bonds	314.975
01/08/09	CA	California Educational Facs Auth	Revenue Bonds	300.700
01/09/09	VA	Virginia College Building Auth	Educational Facs Revenue Bonds	291.645
02/27/09	PA	Pennsylvania Hghr Ed Facs Auth	Revenue Bonds	276.365
02/12/09	NC	North Carolina Cap Facs Fin Agcy	Revenue Bonds	247.090
02/10/09	NJ	Rutgers State University	General Obligation Bonds	233.105
03/24/09	AZ	Maricopa Co Community College Dt	General Obligation Bonds	220.000
01/16/09	OH	Ohio State University	General Receipts Bonds	217.595
03/19/09	OR	Portland Community College Dt	General Obligation Bonds	200.000
02/18/09	CA	California Educational Facs Auth	Revenue Bonds	197.900
02/02/09	TX	Texas Tech Univ Board of Regents	Rev Financing Sys Ref & Imp	170.825
01/07/09	CO	Univ of Colorado Bd of Regents	University Enterprise Rev Bonds	165.635
01/21/09	IL	Cook Kane Lake Comm Coll Dt #512	General Obligation Bonds	153.600
03/10/09	TX	Texas A&M Univ Sys Bd of Regents	Permanent University Fund	153.435

Recent Transaction: Amherst College

NEW AND REFUNDING ISSUE - Book-Entry Only RATINGS: (see "RATINGS" herein)

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX EXEMPTION" herein.

$57,690,000

MASSACHUSETTS HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

$7,170,000 Revenue Bonds, Amherst College Issue, Series K-1 (2009)

$50,520,000 Variable Rate Demand Revenue Bonds, Amherst College Issue, Series K-2 (2009)

Dated: Date of Delivery

Series K-1 Bonds Due: See inside cover
Series K-2 Bonds Due: November 1, 2038

The Massachusetts Health and Educational Facilities Authority Revenue Bonds, Amherst College Issue, Series K (2009), consisting of $7,170,000 aggregate principal amount of Revenue Bonds, Amherst College Issue, Series K-1 (the "Series K-1 Bonds") and $50,520,000 aggregate principal amount of Variable Rate Demand Revenue Bonds, Amherst College Issue, Series K-2 (the "Series K-2 Bonds"), and any bond or bonds duly issued in exchange or replacement therefor (collectively, the "Bonds") will be issued only as fully-registered bonds without coupons and 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 Series K-1 Bonds will be issued in the minimum denomination of $5,000 and integral multiples thereof. The Series K-2 Bonds will be issued initially in the Term Rate Mode in the minimum denomination of $5,000 and integral multiples thereof. The Series K-2 Bonds in the Daily Mode and Weekly Mode will be in the minimum denomination of $100,000 and integral multiples thereof. The Series K-2 Bonds in the Flexible Mode will be in the minimum denomination of $100,000 and integral multiples of $1,000 in excess thereof. Purchasers will not receive certificates representing their interests in the Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the Bonds. See "THE BONDS - Book-Entry Only System" herein.

The principal, Purchase Price and redemption price of and interest on the Bonds will be paid by U.S. Bank National Association, as trustee and paying agent (the "Trustee"). So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner, as more fully described herein. The Series K-1 Bonds will bear interest at the rates and mature on the dates set forth on the inside cover hereof. Interest on the Series K-1 Bonds will be payable on May 1 and November 1, commencing on May 1, 2009. Prior to a Mode Change Date, the Series K-2 Bonds will bear interest at the Term Rate, which will be a variable rate established for each Term Rate Period by the Remarketing Agent. The initial Term Rate for the Series K-2 Bonds shall be in effect from the date of issuance of the Series K-2 Bonds until January 4, 2012 (the "Initial Term Rate Period"). The interest rate on the Series K-2 Bonds for the Initial Term Rate Period is as set forth on the inside cover hereof. Interest on the Series K-2 Bonds during the Initial Term Rate Period shall be payable on each May 1 and November 1, commencing May 1, 2009, and on the Mandatory Purchase Date that follows the last day of the Initial Term Rate Period. Interest on the Series K-2 Bonds while in the Daily Mode or Weekly Mode will be payable on the first Business Day of each month until maturity or prior to redemption or conversion to a different Mode. Interest on the Series K-2 Bonds while in the Flexible Mode will generally be payable on the first Business Day following the last day of each Flexible Rate Period with respect to such Series K-2 Bonds.

The Bonds are subject to redemption prior to maturity, including optional redemption, mandatory sinking fund redemption and special redemption in certain circumstances, as set forth in this Official Statement.

The Series K-2 Bonds are subject to tender for purchase in certain circumstances, as set forth in this Official Statement. The Series K-2 Bonds tendered for purchase will be subject to remarketing by Merrill Lynch, Pierce, Fenner & Smith Incorporated, remarketing agent for the Series K-2 Bonds (the "Remarketing Agent"). The Purchase Price of any Series K-2 Bonds which are tendered for purchase or required to be tendered for purchase and not remarketed, is required to be paid by the Institution under the Agreement without recourse to a commercial third-party credit facility or liquidity facility.

The Bonds shall be special obligations of the Massachusetts Health and Educational Facilities Authority (the "Authority") payable solely from the Revenues, as defined herein, of the Authority, including payments to the Trustee for the account of the Authority by The Trustees of Amherst College (the "Institution") in accordance with the provisions of the Agreement (as defined herein). The payments pursuant to the Agreement are general obligations of the Institution.

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF, OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY SUCH POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES PROVIDED UNDER THE AGREEMENT. NEITHER THE COMMONWEALTH OF MASSACHUSETTS NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE BONDS OR THE INTEREST THEREON EXCEPT FROM SUCH REVENUES. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE ACT DOES NOT IN ANY WAY CREATE A SO-CALLED MORAL OBLIGATION OF THE COMMONWEALTH OF MASSACHUSETTS TO PAY DEBT SERVICE IN THE EVENT OF DEFAULT BY THE INSTITUTION. THE AUTHORITY DOES NOT HAVE ANY TAXING POWER.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of their legality and certain other matters by Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Institution by its counsel, Ropes & Gray LLP, Boston, Massachusetts. Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, Boston, Massachusetts. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York or its custodial agent on or about January 15, 2009.

Merrill Lynch & Co.

January 8, 2009

$7,170,000
Massachusetts Health and Educational Facilities Authority
Revenue Bonds
Amherst College Issue, Series K-1 (2009)

Maturities, CUSIPs, Amounts, Rates and Yields

Maturity (November 1)	CUSIP*	Amount	Interest Rate	Yield
2009	57586EDL2	$300,000	3.00%	0.75%
2010	57586EDM0	460,000	2.50	0.80
2011	57586EDN8	275,000	3.50	1.80
2011	57586EDP3	200,000	5.00	1.80
2012	57586EDQ1	495,000	3.75	1.95
2013	57586EDR9	515,000	4.00	2.16
2014	57586EDS7	535,000	4.00	2.37
2015	57586EDT5	555,000	4.00	2.57
2016	57586EDU2	580,000	4.00	2.79
2017	57586EDV0	605,000	4.00	3.01
2018	57586EDW8	620,000	4.00	3.26
2019†	57586EDX6	830,000	4.00	3.49
2020†	57586EDY4	310,000	4.00	3.78
2020†	57586EDZ1	185,000	5.00	3.78
2021	57586EEA5	705,000	4.00	4.03

† Priced to call at par on the first call date of November 1, 2018

$50,520,000
Massachusetts Health and Educational Facilities Authority
Variable Rate Demand Revenue Bonds
Amherst College Issue, Series K-2 (2009)

Initial Term Rate: 2.75% CUSIP*: 57586EDK4 Price: 100%

* The CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the Institution and are included solely for the convenience of the holders of the Bonds. None of the Authority, the Institution, the Underwriter, the Remarketing Agent or the Trustee is responsible for the selection or uses of the CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

Recent Transaction: Tufts University

NEW ISSUE – BOOK-ENTRY ONLY | **Ratings†: Moody's: Aa2**
S&P: AA-

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX EXEMPTION" herein.

$83,360,000
MASSACHUSETTS HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS
TUFTS UNIVERSITY ISSUE, SERIES O (2008)

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

This Official Statement of the Massachusetts Health and Educational Facilities Authority (the "Authority") has been prepared in connection with the delivery of $83,360,000 of its Revenue Bonds, Tufts University Issue, Series O (2008) (the "Bonds"). The Authority and Trustees of Tufts College (the "Institution") have authorized the issuance of the Bonds.

The Bonds will be initially issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. The Depository Trust Company will act as the Securities Depository for the Bonds. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

U.S. Bank National Association will serve as trustee (the "Trustee") under the Agreement defined below. Principal, premium, if any and interest on the Bonds will be payable as described herein. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner, as described herein.

Interest on the Bonds will be payable on February 15, 2009 and semi-annually thereafter on each August 15 and February 15 until maturity to the Bondowners of record as of the close of business on the first day of the month in which interest is to be paid. The Bonds are subject to mandatory and optional redemption as described herein.

The Bonds shall be special obligations of the Authority payable solely from the Revenues (as hereinafter defined) of the Authority, including payments to the Trustee, for the account of the Authority, by the Institution in accordance with the provisions of the Loan and Trust Agreement dated as of November 1, 2008 (the "Agreement") among the Authority, the Institution and the Trustee. Such payments required to be paid by the Institution will be in amounts sufficient to pay, when due, interest on and principal of the Bonds, all in accordance with the Agreement. The payments pursuant to the Agreement are a general obligation of the Institution.

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF, OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY SUCH POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES PROVIDED UNDER THE AGREEMENT. NEITHER THE COMMONWEALTH OF MASSACHUSETTS NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE BONDS OR THE INTEREST THEREON EXCEPT FROM SUCH REVENUES. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF MASSACHUSETTS OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE ACT DOES NOT IN ANY WAY CREATE A SO-CALLED MORAL OBLIGATION OF THE COMMONWEALTH OF MASSACHUSETTS TO PAY DEBT SERVICE IN THE EVENT OF DEFAULT BY THE INSTITUTION. THE AUTHORITY DOES NOT HAVE ANY TAXING POWER.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality and certain other matters by Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel, which will also pass upon certain matters for the Institution. Certain legal matters will be passed upon for the Underwriter by its counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts and for the Authority by its special counsel, McCarter & English, LLP, Boston, Massachusetts. It is expected that the Bonds in book-entry form will be available for delivery to DTC in New York, New York or its custodial agent on or about November 13, 2008.

J.P.Morgan

November 5, 2008

† See "RATINGS" herein.

$83,360,000
MASSACHUSETTS HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS
TUFTS UNIVERSITY ISSUE, SERIES O (2008)

MATURITIES, AMOUNTS, RATES AND YIELDS

$36,210,000 Serial Bonds

Due August 15	Principal Amount	Interest Rate	Yield	CUSIP Number†	Due August 15	Principal Amount	Interest Rate	Yield	CUSIP Number†
2009	$ 2,000,000	3.50%	1.60%	57586EAQ4	2017	$1,945,000	5.00%	4.29%	57586EAY7
2010	3,500,000	5.00	2.60	57586EAR2	2018	2,040,000	5.00	4.48	57586EAZ4
2011	3,500,000	5.00	3.00	57586EAS0	2019*	1,890,000	5.25	4.66	57586EBA8
2012	1,080,000	5.00	3.30	57586EAT8	2020*	1,790,000	5.25	4.82	57586EBB6
2013	605,000	4.00	3.51	57586EAU5	2021*	1,965,000	5.25	4.91	57586EBC4
2014	1,820,000	5.00	3.69	57586EAV3	2022*	2,600,000	5.25	4.97	57586EBD2
2015	1,770,000	5.00	3.89	57586EAW1	2023*	6,770,000	5.25	5.03	57586EBE0
2016	1,990,000	5.00	4.09	57586EAX9	2025	945,000	5.00	5.14	57586EBF7

$47,150,000 5.375% Term Bonds due August15, 2038 Yield 5.51% CUSIP Number†: 57586EBG5

† Copyright 2007, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondowners only at the time of issuance of the Bonds and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

* Priced to call at par on August 15, 2018.

Recent Transaction: Northeastern University

NEW ISSUE - BOOK-ENTRY ONLY **RATING: See "Description of Rating" herein.**

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel to the Institution, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Under existing law, interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX EXEMPTION" herein.

$38,280,000	$25,545,000
Massachusetts Health and Educational Facilities Authority	Massachusetts Health and Educational Facilities Authority
Revenue Bonds	Refunding Revenue Bonds
Northeastern University Issue, Series Y-1 (2009)	Northeastern University Issue, Series Y-2 (2009)

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

The Massachusetts Health and Educational Facilities Authority (the "Authority") is offering its Revenue Bonds, Northeastern University Issue, Series Y-1 (2009) in the aggregate principal amount of $38,280,000 (the "Series Y-1 Bonds") and its Refunding Revenue Bonds, Northeastern University Issue, Series Y-2 (2009) in the aggregate principal amount of $25,545,000 (the "Series Y-2 Bonds" and collectively with the Series Y-1 Bonds, the "Bonds"). The Bonds will be issued only as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co. as Bondowner and nominee for the Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denominations of $5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

U.S. Bank National Association will act as Trustee (the "Trustee"). Principal or redemption price of and interest on the Bonds will be payable as described herein. 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 April 1, 2009 and semi-annually thereafter on October 1 and April 1 to the Bondowners of record as of the close of business on the fifteenth day of the month preceding such interest payment date. **The Bonds are subject to optional and mandatory redemption prior to maturity as described herein.**

The Bonds shall be special obligations of the Authority payable solely from the Revenues (as hereinafter defined) of the Authority, including payments to the Trustee for the account of the Authority by Northeastern University (the "Institution") in accordance with the provisions of a Loan and Trust Agreement (the "Agreement") dated as of January 1, 2009 among the Authority, the Institution and the Trustee with respect to the Bonds. Such payments required to be paid by the Institution will be in amounts sufficient to pay, when due, interest and principal of the Bonds, all in accordance with the Agreement. The payments pursuant to the Agreement are a general obligation of the Institution.

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE COMMONWEALTH OF MASSACHUSETTS (THE "COMMONWEALTH") OR ANY POLITICAL SUBDIVISION THEREOF, OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OR ANY SUCH POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES PROVIDED UNDER THE AGREEMENT. NEITHER THE COMMONWEALTH NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE BONDS OR THE INTEREST THEREON EXCEPT FROM SUCH REVENUES. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE ACT DOES NOT IN ANY WAY CREATE A SO-CALLED MORAL OBLIGATION OF THE COMMONWEALTH TO PAY DEBT SERVICE IN THE EVENT OF DEFAULT BY THE INSTITUTION. THE AUTHORITY DOES NOT HAVE ANY TAXING POWER.

The Bonds are offered when, as, and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality and certain other matters by Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel and counsel to the Institution. Certain legal matters will be passed upon for the Underwriter by its counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, and for the Authority by its special counsel, McCarter & English, LLP, Boston, Massachusetts. The Bonds are expected to be available for delivery to DTC in New York, New York or its custodial agent on or about February 5, 2009.

BARCLAYS CAPITAL

January 30, 2009

$38,280,000
Massachusetts Health and Educational Facilities Authority
Revenue Bonds, Northeastern University Issue,
Series Y-1 (2009)

MATURITIES, AMOUNTS, RATES AND YIELDS

$14,750,000 Serial Bonds

Due October 1	Principal Amount	Interest Rate	Yield	CUSIP Number†	Due October 1	Principal Amount	Interest Rate	Yield	CUSIP Number†
2009	$720,000	3.00%	2.150%	57586EET4	2015	$1,425,000	5.00%	3.875%	57586EEZ0
2010	1,115,000	5.00	2.875	57586EEU1	2016	1,495,000	5.00	4.125	57586EFA4
2011	1,170,000	5.00	3.050	57586EEV9	2017	1,570,000	5.00	4.350	57586EFB2
2012	1,230,000	5.00	3.250	57586EEW7	2018	1,650,000	5.00	4.550	57586EFC0
2013	1,290,000	5.00	3.420	57586EEX5	2019	1,730,000	5.00	4.800	57586EFD8
2014	1,355,000	5.00	3.650	57586EEY3					

$23,530,000 5.625% Term Bonds due October 1, 2029 Yield 5.85% CUSIP Number†: 57586EFE6

$25,545,000
Massachusetts Health and Educational Facilities Authority
Refunding Revenue Bonds, Northeastern University Issue,
Series Y-2 (2009)

MATURITIES, AMOUNTS, RATES AND YIELDS

$18,075,000 Serial Bonds

Due October 1	Principal Amount	Interest Rate	Yield	CUSIP Number†	Due October 1	Principal Amount	Interest Rate	Yield	CUSIP Number†
2009	$4,295,000	3.00%	2.000%	57586EFF3	2015	$ 950,000	5.00%	3.875%	57586EFM8
2010	4,460,000	5.00	2.875	57586EFG1	2016	1,090,000	5.00	4.125	57586EFN6
2011	830,000	5.00	3.050	57586EFH9	2017	1,145,000	5.00	4.350	57586EFP1
2012	975,000	5.00	3.250	57586EFJ5	2018	1,215,000	5.00	4.550	57586EFQ9
2013	820,000	5.00	3.420	57586EFK2	2019	1,250,000	5.00	4.800	57586EFR7
2014	1,045,000	5.00	3.650	57586EFL0					

$7,470,000 5.50% Term Bonds due October 1, 2024 Yield 5.625% CUSIP Number†: 57586EFS5

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Recent Transaction: Simmons College

NEW ISSUE – BOOK-ENTRY ONLY — Ratings: See "RATINGS" herein

In the opinion of Edwards Angell Palmer & Dodge LLP, Bond Counsel, based upon an analysis of existing law anc assuming, among other matters, compliance with certain covenants, interest on the Series I Bonds is excluded from gros. income for federal income tax purposes under the Internal Revenue Code of 1986. Interest on the Series I Bonds is no a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although sucl interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Unde existing law, interest on the Series I Bonds and any profit on the sale of the Series I Bonds are exempt from Massachusett. personal income taxes and the Series I Bonds are exempt from Massachusetts personal property taxes. Bond Counse expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual o receipt of interest on, the Series I Bonds. See "TAX EXEMPTION" herein.

$61,055,000
MASSACHUSETTS HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS
SIMMONS COLLEGE ISSUE, SERIES I (2009)

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

This Official Statement of the Massachusetts Health and Educational Facilities Authority (the "Authority") has beer prepared in connection with the delivery of $61,055,000 of its Revenue Bonds, Simmons College Issue, Series I (2009) (the "Series I Bonds"). The Authority and Simmons College (the "Institution") have authorized the issuance of the Series I Bonds.

The Series I Bonds will be initially issued as fully-registered bonds in denominations of $5,000 or any integral multipl thereof, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Th Depository Trust Company will act as the Securities Depository for the Series I Bonds. Purchasers will not receive certificate: representing their interest in Series I Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference: herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owner: of the Series I Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Bank of New York Mellon Trust Company, N.A. will serve as trustee (the "Trustee") under the Agreement definec below. Principal, premium, if any and interest on the Series I Bonds will be payable as described herein. So long as DTC or it: nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner, as described herein.

Interest on the Series I Bonds will be payable on April 1, 2009 and semi-annually thereafter on each October 1 and April until maturity **The Series I Bonds are subject to mandatory and optional redemption as described herein.**

The Series I Bonds shall be special obligations of the Authority payable solely from the Revenues (as hereinafter defined of the Authority, including payments to the Trustee, for the account of the Authority, by the Institution in accordance with the provisions of the Mortgage and Trust Agreement dated as of December 1, 2008 (the "Agreement") among the Authority, the Institution and the Trustee. Such payments required to be paid by the Institution will be in amounts sufficient to pay, when due interest on and principal of the Series I Bonds, all in accordance with the Agreement. The payments pursuant to the Agreemen are a general obligation of the Institution. As security for the Series I Bonds, the Institution has granted to the Trustee a seconc lien on Tuition Receipts (as defined in the Agreement) and a mortgage on and security interest in certain real and persona property, as described in this Official Statement. The lien on Tuition Receipts is junior and second to a lien on Tuition Receipt: securing certain other indebtedness of the Institution. Reference is made to this Official Statement for pertinent security provisions of the Series I Bonds and for certain Bondowners' rights.

THE SERIES I BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE COMMONWEALTH OF MASSACHUSETTS (THE "COMMONWEALTH") OR ANY POLITICAL SUBDIVISION THEREOF, OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OR ANY SUCH POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES PROVIDED UNDER THE AGREEMENT. NEITHER THE COMMONWEALTH NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE SERIES I BONDS OR THE INTEREST THEREON EXCEPT FROM SUCH REVENUES. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE SERIES I BONDS. THE ACT DOES NOT IN ANY WAY CREATE A SO-CALLED MORAL OBLIGATION OF THE COMMONWEALTH TO PAY DEBT SERVICE IN THE EVENT OF DEFAULT BY THE INSTITUTION. THE AUTHORITY DOES NOT HAVE ANY TAXING POWER.

The Series I Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality and certain other matters by Edwards Angell Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Institution by its counsel, Goodwin Procter LLP, Boston, Massachusetts. Certain legal matters will be passed upon for the Underwriter by its counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts. It is expected that the Series I Bonds in book-entry form will be available for delivery to DTC in New York, New York or its custodial agent on or about January 22, 2009.

BARCLAYS CAPITAL

January 9, 2009

$61,055,000
MASSACHUSETTS HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS
SIMMONS COLLEGE ISSUE, SERIES I (2009)

MATURITIES, AMOUNTS, RATES AND YIELDS

$14,075,000 Serial Bonds

Due October 1	Principal Amount	Interest Rate	Yield	CUSIP Number†	Due October 1	Principal Amount	Interest Rate	Yield	CUSIP Number†
2013	$1,865,000	6.000%	6.000%	57586EEB3	2017	$2,055,000	6.625%	6.800%	57586EEF4
2014	1,910,000	6.125	6.200	57586EEC1	2018	2,115,000	6.750	6.970	57586EEG2
2015	1,950,000	6.250	6.400	57586EED9	2019	2,175,000	7.000	7.170	57586EEH0
2016	2,005,000	6.500	6.600	57586EEE7					

$6,965,000 7.50% Term Bonds due October 1, 2022 Yield 7.700% CUSIP Number†: 57586EEJ6

$19,500,000 8.00% Term Bonds due October 1, 2029 Yield 8.125% CUSIP Number†: 57586EEK3

$20,515,000 8.00% Term Bonds due October 1, 2039 Yield 8.250% CUSIP Number†: 57586EEL1

† Copyright 2007, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondowners only at the time of issuance of the Series I Bonds and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series I Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

Credit Fundamentals Are Evolving

Higher education institutions are evaluated by the rating agencies using a multi-faceted approach.

Financial Performance
- Operating History
- Endowment Funds
- Fundraising
- Investment Performance
- Liquidity

Debt Factors
- Amount of Proposed Borrowing
- Debt Ratio Analysis
- Deferred Maintenance

Market Position
- Demand Trends
- Enrollment size and diversity
- Selectivity
- Competition

	Moody's	S&P/ Fitch
High	Aaa	AAA
	Aa1	AA+
	Aa2	AA
	Aa3	AA-
	A1	A+
	A2	A
	A3	A-
Low	Baa1	BBB+
	Baa2	BBB
	Baa3	BBB-

Below Investment Grade

Legal Structure
- Security Pledge
- Rate Covenant
- Additional Bonds Test
- Debt Service Reserve Fund

Management
- Board Composition
- Strategic Plan
- Governance

Managing Credit Risk

Credit Factor		Comments
Financial Performance	***Operating history***	•Expense pressure •Increased demand for financial aid, changing programs • Reduced endowment draw
	Endowment Funds	• Endowment losses • Investment mix • Liquidity, capital calls
	Fundraising	• Market declines reduce wealth of donors • Ability of donors to honor pledges • Annual giving may be weakened
Demand	***Enrollment***	• Maintaining applications at privates • Shift from privates to publics • Managing matriculation ratios • Financial aid
Debt/Capital Structure	***Capital Planning***	• Deferral of critical capital projects • Deferred maintenance • Capacity to support additional debt

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● Sheraton Boston Hotel

"Whatever Happened to C & U Due Diligence?"
Remarks of Professor Frank J. Parker

Carroll School of Management
MBA Real Estate Development

Boston College
Chestnut Hill MA 02467-3808

“Whatever Happened to C & U Due Diligence?”

Granted, virtually every segment of society has been affected adversely by the market meltdown – but nowhere more so than on a college and university balance sheets. The financial losses engendered by bad investment decisions and negligent oversight have been staggering. Why? Questions to be addressed include:

- What was the appeal of the Madoff-style Ponzi Schemes?

- What was the appeal of Auction Rate Security solicitations?

- Given the troubled history of The Common Fund, why were short and intermediate investments with them as managing agent preferred?

- What lessons can be learned from these massive failures? How to prevent them happening again? How to prepare for future C & U bond offerings.

SUBMISSION TO U.S. HOUSE FINANCIAL SERVICES COMMITTEE HEARING ON AUCTION RATE SECURITIES - 9/18/2008 BY PROFESSOR FRANK J. PARKER - PROFESSOR OF REAL ESTATE DEVELOPMENT (MBA)- CARROLL SCHOOL OF MANAGEMENT - BOSTON COLLEGE

When The Honorable Barney Frank, The Chair of the U.S. House Financial Services Committee and the longtime member of Congress for my district, invited me personally to record my observations and reflections on The Auction Rate Securities Market for its September 18, 2008 hearing, I was honored and pleased to do so. The specific focus of this hearing, "A Review of Problems and Potential Solutions" is well chosen. He and ranking minority member The Honorable Spencer Bachus are to be congratulated on the initiative at this crucial time in this country's financial affairs.

Although Auction Rate Securities had been a legitimate vehicle in the arsenal of financial instruments for a number of years, they had drawn little public notice because few major problems had been attributed to them. All of this sense of tranquility evaporated in a moment on February 18, 2008 when no buyers appeared to buy these securities at a regularly scheduled auction. In effect, $330 Billion worth of instruments were frozen in place. A true financial crisis had exploded on the scene from out of nowhere.

What are Auction Rate Securities? The best definition I have encountered was provided by New York Sunday Times financial columnist Gretchen Morgenson in her column on June 29, 2008. "Auction rate securities are preferred shares or debt instruments with rates that reset regularly, usually each week, in auctions overseen by the brokerage firms that originally sold them. They have long term maturities, or in the case of preferred shares, no maturity dates whatsoever. The securities are issued by municipalities, student loan companies, closed end funds and tax exempt institutions like hospitals and museums." {Colleges and universities, no doubt, also should be added to this list).

In brief, the institutions trading in these securities assumed they were dealing with a commercial paper type instrument with a slightly higher rate of return than normal because of the constant monitoring and adjustment of rates involved in the frequent auctions. Unfortunately, in fact, these institutions had committed themselves to being issuers of long term debt with all attendant obligations and costs attached thereto, should the underlying security come under siege and become tainted as occurred here. Suddenly, in the wake of the sub prime mortgage crisis there were no buyers showing up to buy these reset securities at these periodic auctions. The large financial institutions involved did not reach out to assist their clients in their time of extreme need.

To make matters even worse, it recently became undeniable that a number of large financial institutions sold these illiquid debt instruments to wealthy individual investors in order to expunge these holdings from their own corporate portfolios. Again let us return to Gretchen Morgenson, this time in the May 4. 2008 issue of The New York Sunday Times. "Naturally, investment bankers who agreed to operate these auctions were paid for their services; 0.25 percent of the security's total issue for each year of its life. Unnaturally, big firms still earn these fees even though 70% of the weekly auctions of these securities are failing. The firms also rake in banking fees when municipal issuers unwind derivative contracts that are often intertwined with the securities. Which are designed to reduce costs for the issuers by hedging their interest rate risks. Thanks to the decline in interest rates however, they can be frightfully expensive to unspool."

A number of regulators including prominently The Secretary of State and The Attorney General of the Commonwealth of Massachusetts, William F. Galvin and Martha Coakley respectively, and The Attorney General of The State of New York, Andrew M. Cuomo, led the way in protecting a number of the institutional and high net worth individual investors involved. Major Wall Street firms compelled to make restitution under these circumstances included Lehman Brothers, Fidelity Investments, UBS, Merrill Lynch, Goldman Sachs, Citigroup and The Bank of America.

The activities of four major participants in the auction rate securities freeze should be examined. These are the purchasers, the brokers, the insurers and the financial services firm initiators. First, let us examine the purchasers. By and large the purchasers were 501C3 and the like non- profit organizations and governmental and quasi-governmental agencies. Later, in the rush to keep these instruments solvent the large financial institutions involved went to the highways and byways to attract virtually anyone and everyone of individual high net worth to purchase these instruments. This salvage operation activity was unconscionable.

However, in the financial analysis, just as with sub-prime mortgages, it is the individual purchaser who is ultimately responsible for understanding the composition of the instrument, the risk involved and the likelihood of financial reward. Today non-profits and governmental and quasi-governmental agencies are not unsophisticated financially themselves. They should not be absolved of all responsibility for their mistakes. Decision - makers in all of these organizations normally are compensated extremely well. Many in the non-profit arena have reached seven figure salaries at the pinnacle of their professions. Virtually all have access for their organizations to the highest paid and most talented of in-house staff. In addition there are scads of law firms, accounting firms, actuarial firms, independent consultants and the like whose services are readily available when needed.

Top management in the purchasers should be held accountable for their failure to understand these instruments and protect the product recipients and/or the taxpayers for whom funds available should be used. As the credit crunch mounted, warning bells should have gone off in the meeting rooms of all of these groups. Are our considerable investments in auction rate securities safe? Should we take this money elsewhere? Especially as to university trustees and financial officers and their outside advisors, rating agencies employed, auditors, accountants and portfolio consultants, none of these people seemed to have learned the lessons of earlier financial debacles. Both the New Era Philanthropies Ponzi scheme and significant management errors uncovered in the past at the Common Fund should have warned those currently responsible for managing the financial resources of higher educational institutions to be more prudent the third time around.

The brokers at the large financial institutions responsible for selling auction rate securities to their non-profit and governmental and quasi governmental clients also deserve much of the blame. Perhaps they also should suffer civil and criminal consequences as well. In most cases they knew or should have known that the clients did not understand the inherent risk involved in these instruments nor their fundamental working mechanics. In this regard, the resemblances to the actions of mortgage brokers in the sub- prime and Alt-A types of residential mortgage purchase solicitations are quite striking. Especially when the broker involved is holding substantial amounts of auction rate securities in his or her own personal investment portfolio, The Financial Services Committee of The House might consider legislation mandating full disclosure of such holdings to the general public much as occurs now with Securities and Exchange Commission mandated insider trading regulation compliance by firm principals when buying and selling the stock of their own companies.. Regulations of this sort might have tipped clients holding auction rate securities that if their brokers were abandoning ship on them, when selling these instruments in their own portfolios, the client should be afforded the same opportunity.

With the international financial turmoil caused by the extreme difficulties of the world's largest insurer, AIG, it is entirely possible that the less than admirable conduct of a number of insurers involved in the auction rate securities meltdown will be forgotten. This should not happen. There is plenty of blame to be spread around. All of the insurers of these financial instruments including AIG and its affiliates should be apportioned their fair share. When purchasers finally awoke to the harsh reality that defaults in sub-prime mortgages were causing potential buyers of their auction securities to run to the hills they assumed the insurers with whom they had done business for many years would allow them to refinance their debt to avoid exploding interest costs. Such was not the case, almost universally.

Citing their own fear of having their credit ratings downgraded because of huge potential losses in sub-prime mortgages they had guaranteed, these major insurance companies refused requests to allow these institutions to transfer their holdings in auction rate securities to still viable 'variable rate demand bonds " still favored by public sector pension funds and similarly situated institutional investors. This lack of support from the insurance industry left the non profits and governmental and quasi governmental clients totally alone in their attempts to dig themselves out of the auction rate security mess they had made for themselves. Such blatant self-interest on the part of the insurers brought back memories of the lack of willingness of many insurers to be part of the solution at the time of Hurricane Katrina. Again, this time, cries were heard of: " Where are the insurance companies when we really need them?" As a result, the Bush Administration initiated plans to tighten Federal regulation of the insurance industry may have more backers in the coming years than otherwise would be the case.

In addition, we must not forget the major financial institutions that dreamed up auction rate securities in the first place. Granted their overall problems are larger than only auction rate securities. Unthinkable a few months ago, more than a few of these institutions already have failed or are in danger of failing Although regulators and legislators are to be commended for their efforts to protect the general public and reclaim a substantial amount of the money lost when buyers for these auction rate securities disappeared totally from the investment auction scene, it is hoped The US House Financial Services Committee and others with similar authority remember that the underwriting, legal and other costs of replacing these bonds will be borne by the non-profit organizations and by the taxpayers as a whole. Hopefully for this particular financial crisis and for those certain to occur in the future, when the activities of the financial institutions clearly are in contravention of all acceptable ethical standards, new legislation will be in place to hold the financial institutions involved directly responsible for all reasonable costs attributable to replacement activities. The financial institutions causing the problems originally should not also profit in some perverse Orwellian-like fantasy by making even more money once again from their deliberate original transgressions.

In conclusion, with all of the financial catastrophes now in play on an almost daily basis, there is a natural tendency to criticize The Gramm - Leach - Billey Act of 1999 and remember the Banking Act of 1933 (Glass - Steagall Act) with exaggerated fondness.. In my view, both reactions are overstated. Each one of theses lows served the country well for its time. New legislation undoubtedly is needed and will be put forth. This hearing is one small but vital step in the right direction. More fundamentally, however, there must be a return to the sort of concern for the individual manifested in the original Federal Reserve Act of 1913. (Throughout this legislation was the perception that banks were quasi- public utilities charged with protecting the individual in return for a semi-monopoly in managing their money. It would not hurt to return to this sort of thinking in ongoing legislation.

Best selling author Martin Mayer observed in "The Greatest Ever Bank Robbery: The Collapse of The Savings and Loan Industry: "What makes the S&L outrage so important a piece of American history is not the hundreds of billions of dollars lost, but the demonstration of how low our standards for professional performance have fallen in law, accounting, appraising, banking and politics - all of them." Unfortunately in the almost twenty years since this thought was articulated by Mr. Mayer the situation has only gotten worse. Hopefully this hearing is a small, but essential, step at righting the situation.

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