NEW ISSUE—BOOK-ENTRY ONLY

$144,740,000

BUCKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

HOSPITAL REVENUE BONDS

(Grand View Hospital)

SERIES OF 2008

Consisting of

$73,965,000 Hospital Revenue Bonds (Grand View Hospital), Series A of 2008
$70,775,000 Hospital Revenue Bonds (Grand View Hospital), Series B of 2008

Dated: Date of Initial Delivery
Due: As Shown Herein
Initially issued in Weekly Mode

The 2008 Bonds are being issued by the Bucks County Industrial Development Authority (the “Authority”) in two separate series consisting of $73,965,000 Hospital Revenue Bonds (Grand View Hospital, Series A of 2008 (the “2008A Bonds”) and $70,775,000 Hospital Revenue Bonds (Grand View Hospital), Series B of 2008 (the “2008B Bonds”) in fully registered form, in denominations of $100,000 or any integral multiple of $5,000 in excess thereof. The 2008B Bonds will initially be registered in the name of Cede & Co. as nominee for the Depository Trust Company, New York, New York (“DTC”). Purchases of 2008 Bonds will be in Book-Entry Form only under the Book-Entry System maintained by DTC through brokers and dealers that are, or act through, DTC Participants. Beneficial Owners of the 2008 Bonds will not receive registered certificates representing their interests in the 2008 Bonds. So long as DTC or its nominee, Cede & Co., is the registered owner of the 2008A Bonds, payments of the principal of and the premium, if any, and interest on, and the purchase price of the 2008A Bonds will be made, when due, directly to DTC by the Bond Trustee (as hereinafter defined), and the Bond Trustee will have no obligation to make payments to any Beneficial Owner of any Series of 2008 Bond. Disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants and the Indirect Participants, as more fully described herein.

The proceeds of the sale of the 2008 Bonds will be applied by the Authority to make a loan to Grand View Hospital (the “Hospital”), a not-for-profit corporation organized and existing under the laws of the Commonwealth of Pennsylvania (the “Commonwealth”) and an organization described in Section 501(c)(3) of the Code, pursuant to the terms and conditions of a separate Loan Agreement for each series of 2008 Bonds, each dated as of November 1, 2008, by and between the Authority and the Hospital (collectively, the “Loan Agreements”) to finance or refinance (i) the retirement of the Authority’s Hospital Revenue Bonds (Grand View Hospital) Series of 2004, (ii) two loans in 1999 and 2007 from The Health Care Facilities Authority of Sayre under the VHA Pennsylvania Cooperative, Inc. Capital Asset Financing Program, (iii) various capital projects, and (iv) the payment of costs and expenses in connection therewith.

The 2008 Bonds are being issued under and pursuant to the Constitution and laws of the Commonwealth, particularly, the Pennsylvania Economic Development Financing Law (the “Act”), and a separate Trust Indenture for each series of 2008 Bonds, each dated as of November 1, 2008 (collectively, the “Indentures”), between the Authority and The Bank of New York Mellon Trust Company, N.A. (the “Bond Trustee”).

The payment of the principal and purchase price of, and interest on, the 2008A Bonds will be supported by an irrevocable, direct pay letter of credit issued by TD Bank, N.A. (“TD Bank”) and the payment of the principal and purchase price of, and interest on, the 2008B Bonds will be supported by an irrevocable direct pay letter of credit issued by PNC Bank, National Association (“PNC Bank”; together with TD Bank, the “Banks”) (collectively, the “Letters of Credit”).

Each of the Letters of Credit will permit the Bond Trustee to draw up to an amount sufficient to pay the principal, or the principal component of the purchase price, of the 2008B Bonds to which such Letter of Credit relates and up to 51 days’ interest on the applicable series of 2008 Bonds computed at the interest rate of 10% per annum to pay interest on, or the interest component of the purchase price of, the applicable series of 2008 Bonds. Each of the Letters of Credit will expire, unless earlier terminated or replaced, on November 19, 2011. Unless a Letter of Credit is extended or is replaced as described herein, the applicable series of 2008 Bonds will be subject to mandatory tender on the expiration or termination thereof, as described herein. See “The Letters of Credit” herein. Each series of 2008 Bonds is being marketed and sold solely on the basis of the applicable Letter of Credit. See “Security and Sources of Payment for 2008 Bonds.”

In addition, the Hospital and Grand View Health Foundation, Inc., a not-for-profit corporation organized and existing under the laws of the Commonwealth (the “Foundation”), present itself as the “Obligated Group” under a certain Master Trust Indenture, as amended, as further described herein. As evidence of the obligation of the Hospital under the Loan Agreements to make payments sufficient to pay the principal and purchase price of, interest on, the 2008B Bonds, the Hospital will issue and deliver to the Authority the Series A Bond Master Note and the Series B Bond Master Note, under the Master Trust Indenture. As evidence of the Hospital’s obligations to reimburse the Banks for drawings on the Letters of Credit, the Hospital will issue the 2008 B2 Bank Master Note to TD Bank and the 2008 PNC Master Note to PNC Bank pursuant to the Master Trust Indenture. Each series of the 2008 Bonds will bear interest from the date of initial delivery thereof at the Weekly Rate, which will be determined by the Commerce Capital Markets, Inc., as marking agent for the 2008A Bonds and PNC Capital Markets LLC, as marking agent for the 2008B Bonds, on the date of issuance of the 2008 Bonds and on Wednesday of each week, or if such Wednesday is not a Business Day, the next succeeding day, or, if such day is not a Business Day, then the Business Day next preceding such Wednesday, as described herein, unless and until another Mode is established for a series of the 2008 Bonds as described herein. As long as the 2008 Bonds bear interest at the Weekly Rate, the 2008 Bonds may be tendered for purchase at the option of the holders thereof upon seven days’ notice to the extent and as described herein.

The 2008 Bonds are subject to optional and mandatory redemption and mandatory tender and purchase prior to maturity as fully described herein.

This Official Statement describes certain terms of the 2008 Bonds applicable while the 2008 Bonds bear interest at a Weekly Rate. There are significant changes in the terms of the 2008 Bonds while the 2008 Bonds accrue interest in another Interest Rate Mode. This Official Statement is not intended to provide information with respect to the 2008 Bonds in any other Interest Rate Mode or if the 2008 Bonds are no longer secured by a Letter of Credit.


This cover page contains information for quick reference only. It is not a summary of the 2008 Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2008 Bonds are offered for delivery when, and as and if issued by the Authority and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice and the receipt of the opinion of Saul Ewing, LLP, Philadelphia, Pennsylvania, Bond Counsel, as to the validity of the 2008 Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the Underwriters by Duane Morris LLP, Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the Hospital and the Obligated Group by Grim, Biehn, & Thaxter, Perkasie, Pennsylvania and Saul Ewing, LLP, Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the Authority by Begley, Carlin & Mandlo, LLP, Langhorne, Pennsylvania. Certain legal matters will be passed upon for each of the Banks by Duane Morris LLP, Philadelphia, Pennsylvania. It is expected that the 2008 Bonds will be available for delivery on or about November 20, 2008.
No dealer, broker, salesperson or other person has been authorized by the Authority, the Underwriters or the Obligated Group to give any information or to make any representations with respect to this offering, other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or sale of the 2008 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement contains a general description of the 2008 Bonds, the Authority, the Obligated Group and the plan of financing. The description and summaries herein do not purport to be complete. Prospective purchasers of the 2008 Bonds are advised to read such document in its entirety, copies of which are held by the Bond Trustee at its principal office, and to review carefully the Appendices attached hereto.

The information contained herein has been obtained from the Authority, the Obligated Group and other sources believed to be reliable but is not guaranteed as to accuracy or completeness by the Underwriters. This Official Statement is submitted in connection with the sale of securities referred to herein, and may not be used, in whole or in part, for any other purpose. The information herein speaks as of its date, except where otherwise noted and is subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall create any implication that there has been no change in the affairs of the Obligated Group or the Authority. In making an investment decision investors must rely on their own examination of the Obligated Group and the terms of the offering, including the merits and risks involved.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2008 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE 2008 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE INDENTURES BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

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. THE OFFERING OF THE 2008 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.
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OFFICIAL STATEMENT

$144,740,000
BUCKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
HOSPITAL REVENUE BONDS
(GRAND VIEW HOSPITAL)
SERIES OF 2008

Consisting of
$73,965,000 Hospital Revenue Bonds (Grand View Hospital), Series A of 2008
$70,775,000 Hospital Revenue Bonds (Grand View Hospital), Series B of 2008

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, the table of contents page, the Summary and the Appendices, is provided to furnish certain information with respect to the sale by the Bucks County Industrial Development Authority (the “Authority”) of its $144,740,000 aggregate principal amount of Hospital Revenue Bonds (Grand View Hospital), Series of 2008 (the “2008 Bonds”) consisting of $73,965,000 Hospital Revenue Bonds (Grand View Hospital), Series A of 2008 (the “2008A Bonds”) and $70,775,000 Hospital Revenue Bonds (Grand View Hospital), Series B of 2008 (the “2008B Bonds”). Each series of 2008 Bonds will be issued pursuant to a separate Trust Indenture dated as of November 1, 2008 (collectively, the “Indentures”, and individually, the “Series A Indenture” and the “Series B Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”). Each series of 2008 Bonds initially will be dated November 20, 2008. The date of their first authentication and initial delivery to the initial purchasers thereof is referred to herein as the “Issue Date.” The 2008A Bonds will mature on July 1, 2034 and the 2008B Bonds will mature on July 1, 2039 and will be subject to redemption prior to maturity as described herein. This Introductory Statement is subject in all respects to the more complete information appearing elsewhere in the Official Statement, including the cover page and the appendices. This Official Statement is to be read and used only with reference to the entire Official Statement. For the definitions of certain terms used in this Official Statement, see “Definitions of Certain Terms and Summaries of Principal Documents” in Appendix B. References herein to “2008 Bonds” shall apply to both the 2008A Bonds and the 2008B Bonds unless the context clearly requires otherwise.

The Authority

Bucks County Industrial Development Authority (the “Authority”) is an industrial and commercial development authority incorporated pursuant to appropriate action by the County of Bucks, Pennsylvania (the “County”), and existing under and governed by the laws of the Commonwealth of Pennsylvania (“Commonwealth”) pursuant to the Pennsylvania Economic Development Financing Law, 73 P.S.§ 371 et seq. (the “Act”). (See “THE AUTHORITY” herein).

The Obligated Group

Grand View Hospital (the “Hospital”) is a Pennsylvania not-for-profit corporation incorporated in 1913 and is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Hospital owns and operates healthcare facilities known as Grand View Hospital and is located in Sellersville, Bucks County, Pennsylvania.
Grand View Health Foundation, Inc. (the “Foundation”), is a Pennsylvania not-for-profit corporation incorporated in 1990 and is an organization described in Section 501(c)(3) of the Code. The Foundation coordinates all fundraising activity for the Hospital.

The Obligated Group consists of the Hospital and the Foundation (the “Obligated Group” and each a “Member of the Obligated Group”). The Obligated Group and The Bank of New York Mellon Trust Company, N.A. (successor master trustee to Bucks County Bank and Trust Company), as master trustee (the “Master Trustee”), entered into a Master Trust Indenture, dated as of July 1, 1993 (the “Master Indenture”), as heretofore supplemented and as further supplemented by the Sixth Supplemental Master Indenture, dated as of November 1, 2008 (the “Sixth Supplemental Indenture”) (collectively as used herein, with the Master Indenture, as so supplemented, the “Master Trust Indenture”). Indebtedness incurred by any Member of the Obligated Group, and intended to be on a parity under the Master Trust Indenture, is evidenced by either a Master Note or Guaranty issued and secured pursuant to the terms of the Master Trust Indenture. All Master Notes and Guaranties created under the Master Trust Indenture are on a parity with each other, and each Member of the Obligated Group is jointly and severally liable for payment of all Master Notes and Guaranties. (See “THE OBLIGATED GROUP” herein).

Further information regarding the Obligated Group is included in Appendix A.

The Project

The proceeds of the sale of the 2008 Bonds will be used by the Hospital to finance or refinance (a) the retirement of the Authority’s Hospital Revenue Bonds (Grand View Hospital), Series of 2004; (b) two loans in 1999 and 2007 from The Health Care Facilities Authority of Sayre under the VHA Pennsylvania Cooperative, Inc. Capital Asset Financing Program, (c) various capital projects, and (d) the payment of costs and expenses in connection therewith. (See “THE PROJECT” herein).

TD Bank Letter of Credit and Reimbursement Agreement

It is expected that on November 20, 2008, TD Bank, N.A. (“TD Bank”), will issue its direct pay letter of credit to the Bond Trustee with respect to the 2008A Bonds (the “TD Letter of Credit”) to secure the payment of principal and interest on the 2008A Bonds upon scheduled maturity or prior redemption thereof. The TD Letter of Credit will also secure the payment of the purchase price of the 2008A Bonds tendered for purchase and not successfully remarketed. The TD Letter of Credit will carry an initial expiration date as of the close of TD Bank’s business on November 19, 2011. The TD Letter of Credit is issued under a Reimbursement, Credit and Security Agreement dated as of November 1, 2008 between the Hospital and TD Bank (the “TD Reimbursement Agreement”). Under certain conditions more fully described herein, the Hospital may deliver to the Bond Trustee an Alternate Credit Facility for the TD Letter of Credit. (See “LETTERS OF CREDIT” herein).

PNC Bank Letter of Credit and Reimbursement Agreement

It is expected that on November 20, 2008, PNC Bank, National Association (“PNC Bank”; together with TD Bank, the “Banks”, and each individually, a “Bank”), will issue its direct pay letter of credit to the Bond Trustee with respect to the 2008B Bonds (the “PNC Letter of Credit”; together with the TD Letter of Credit, the “Letters of Credit”, and each individually, a “Letter of Credit”) to secure the payment of principal and interest on the 2008B Bonds upon scheduled maturity or prior redemption thereof. The PNC Letter of Credit will also secure the payment of the purchase price of the 2008B Bonds tendered for purchase and not successfully remarketed. The PNC Letter of Credit will carry an initial expiration date as of the close of PNC Bank’s business on November 19, 2011.
The PNC Letter of Credit is issued under a Reimbursement, Credit and Security Agreement dated as of November 1, 2008 between the Hospital and PNC Bank (the “PNC Reimbursement Agreement”; together with the TD Reimbursement Agreement, the “Reimbursement Agreements”, and each individually, a “Reimbursement Agreement”). Under certain conditions more fully described herein, the Hospital may deliver to the Bond Trustee an Alternate Credit Facility for the PNC Letter of Credit. (See “LETTERS OF CREDIT” herein).

**EACH SERIES OF 2008 BONDS IS BEING SOLD ON THE BASIS OF THE APPLICABLE LETTER OF CREDIT AND THE FINANCIAL STRENGTH OF THE APPLICABLE BANK AND NOT ON THE BASIS OF THE CREDIT OF THE OBLIGATED GROUP.**

Security for 2008 Bonds

Each series of 2008 Bonds is a limited obligation of the Authority payable from and secured by payments and revenues to be received by the Authority under a separate Loan Agreement for each series of 2008 Bonds dated as of November 1, 2008, between the Authority and the Hospital (collectively, the “Loan Agreements”) and a Series A Bond Master Note and a Series B Bond Master Note to be issued by the Hospital to the Authority and secured pursuant to the Master Trust Indenture, by a pledge of Gross Revenues and certain funds established under the Indentures. (See “SECURITY AND SOURCES OF PAYMENT FOR THE 2008 BONDS” herein). Payment of principal and purchase price of, and interest on, each series of the 2008 Bonds is secured by an irrevocable direct pay Letter of Credit (See “LETTERS OF CREDIT” herein). Initially, the Letters of Credit will be issued by the Banks pursuant to the Reimbursement Agreements (See “REIMBURSEMENT AGREEMENTS” herein). As security for the obligations of the Hospital to the Banks under the Reimbursement Agreements, the Obligated Group shall issue to each Bank a Master Note.

Description of the 2008 Bonds

This Official Statement describes certain terms of the 2008 Bonds applicable while the 2008 Bonds bear interest at a Weekly Rate. There are significant changes in the terms of the 2008 Bonds while the 2008 Bonds accrue interest in another Interest Rate Mode. This Official Statement is not intended to provide information with respect to the 2008 Bonds in any other Interest Rate Mode or if the 2008 Bonds are no longer secured by the Letters of Credit.

The 2008A Bonds will be dated the Issue Date and will mature on July 1, 2034. The 2008B Bonds will be dated the Issue Date and will mature on July 1, 2039. Each series of the 2008 Bonds will initially be in the Weekly Mode. During the time that the 2008 Bonds are in the Weekly Mode, the 2008 Bonds shall bear interest at a Weekly Rate for a Weekly Rate Period, subject to conversion to another Mode, in accordance with the requirements of the Indentures. The 2008 Bonds may be converted from one Mode to another Mode as provided in the Indentures. All 2008 Bonds of each series shall bear interest at the same rate and shall be in the same Mode at all times.

For 2008 Bonds which bear interest at a Weekly Rate, the registered owners of such 2008 Bonds have the right to tender 2008 Bonds for purchase at a price equal to the principal amount thereof plus accrued interest on any Business Day designated by written notice delivered to the Tender Agent, the Bond Trustee and the applicable Remarketing Agent (as defined below) on a Business Day not prior to the seventh day after the date of delivery of such notice. (See “THE 2008 BONDS—Tender and Purchase of 2008 Bonds—Purchase on Demand of Holder during Weekly Rate Period” herein).
Interest on the 2008 Bonds which bear interest at the Weekly Rate will be payable on the first Thursday of each calendar month, commencing December 4, 2008. Interest on 2008 Bonds which bear interest at a Weekly Rate will accrue interest including the monthly Interest Payment Date in each calendar month to and including the day next preceding the next monthly Interest Payment Date at a Weekly Rate. The Weekly Rate for the 2008A Bonds will be determined by Commerce Capital Markets, Inc, as remarketing agent (including any successor remarketing agent acting in such capacity under the Series A Indenture, the “Series A Remarketing Agent”) for each Weekly Rate Period. The Weekly Rate for the 2008B Bonds will be determined by PNC Capital Markets LLC, as remarketing agent (including any successor remarketing agent acting in such capacity under the Series B Indenture, the “Series B Remarketing Agent”; together with the Series A Remarketing Agent, the “Remarketing Agents”, and each individually, a “Remarketing Agent”) for each Weekly Rate Period. The Weekly Rate will not exceed 10% per annum. (See “THE 2008 BONDS--General” herein.)

Remarketing Agents

The Hospital has entered into a Remarketing Agreement with each of the Remarketing Agents for the applicable series of 2008 Bonds, each dated as of November 1, 2008 (the “Remarketing Agreements”), which requires each of the Remarketing Agents to use its reasonable best efforts to arrange for the sale of the applicable 2008 Bonds in the Weekly Mode at par plus accrued interest, if any, upon written notice and tender of the applicable 2008 Bonds by the Holder thereof. (See “THE 2008 BONDS--Purchase on Demand of Holder during Weekly Rate Period” and “THE REMARKETING AGREEMENTS” herein).

There follow herein brief descriptions of the 2008 Bonds, together with summaries of the Letters of Credit, certain provisions of the Reimbursement Agreements, the Remarketing Agreements, the Loan Agreements, the Indentures and the Master Trust Indenture. Information regarding the Obligated Group is included under “THE OBLIGATED GROUP” herein and in Appendix A hereto. Information regarding the Letters of Credit is included under “THE LETTERS OF CREDIT” herein. Information regarding TD Bank is included in Appendix C hereto. Information regarding PNC Bank is included in Appendix D hereto. The description and summaries of the Letters of Credit, the Reimbursement Agreements, the Remarketing Agreements, the Loan Agreements, the Indentures, the Master Trust Indenture and other documents contained herein do not purport to be comprehensive and are qualified in their entirety by reference to such documents, and all references to the 2008 Bonds are qualified in their entirety by the definitive form thereof included in the Indentures. Words and terms used herein and not defined herein but defined in such documents shall have the meanings set forth in such documents. Copies of such documents will be available for inspection during the initial underwriting period at the offices of PNC Capital Markets LLC, 1600 Market Street, 21st Floor, Philadelphia, Pennsylvania 19103 and thereafter will be available for inspection at the corporate trust office of the Bond Trustee at 1600 Market Street, Suite 1500, Philadelphia, Pennsylvania 19103.

THE AUTHORITY

The Authority is a public body corporate and politic, duly organized pursuant to appropriate action by the county and existing and in good standing under the laws of the Commonwealth. The 2008 Bonds are authorized and issued by the Authority pursuant to the provisions of the Constitution and statutes of the Commonwealth, particularly the Pennsylvania Economic Development Financing Law, 73 P.S. § 371 et seq. (the “Act”). The Act declares it to be the policy of the Commonwealth to promote the health, safety, morals, employment, business opportunities and general welfare of the people of the Commonwealth by providing for the creation of industrial and commercial development authorities which shall exist and operate as public instrumentalities of the
Commonwealth for the public purpose of alleviating unemployment, maintaining employment at a high level, eliminating and preventing blight and eliminating or reducing water pollution, and creating and developing new business opportunities by the construction, improvement, rehabilitation, revitalization and financing of industrial, specialized, commercial, manufacturing and research and development enterprises and to promote and establish facilities for the care of persons requiring special care. Resolutions authorizing the issuance of the 2008 Bonds have been adopted by the Board of the Authority. The governing body of the Authority consists of a board of five (5) members, none of whom may be a County Commissioner of the County. Members of the board are appointed by the elected County Commissioners of the County for staggered five-year terms and may be reappointed. Present members and officers are shown below:

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<th>Title</th>
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<tr>
<td>Harry W. Fawkes</td>
<td>Chairman</td>
</tr>
<tr>
<td>Gerald C. Forest</td>
<td>Vice Chairman</td>
</tr>
<tr>
<td>Mary K. Smithson</td>
<td>Treasurer</td>
</tr>
<tr>
<td>Francis B.J. Branagan</td>
<td>Secretary Assistant</td>
</tr>
<tr>
<td>Edgar N. Putman</td>
<td>Asst. Vice-Chairman and Assistant Secretary</td>
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Officers serve until their successors are appointed and qualified.

The Authority has previously issued bonds to finance commercial, industrial and specialized development projects and expects to continue issuing bonds to finance such projects. Each of the Authority's bond offerings are separately secured by a pledge of revenues derived from the applicable project. Certain bonds issued by the Authority for other projects may have been or may be in default as to principal and interest. The source of payment, however, for any such defaulted bonds is separate and distinct from the source of payment for the 2008 Bonds, and, therefore, any default on such bonds is not considered a material fact with respect to the payment of the 2008 Bonds offered hereby.

The Authority has not prepared or assisted in the preparation of this Official Statement, except statements solely with respect to the Authority, and, except as aforesaid, the Authority is not responsible for any statements made in this Official Statement. Except for the execution and delivery of documents required to effect the issuance and sale of the 2008 Bonds, the Authority has not otherwise assisted in the public offering, or distribution of the 2008 Bonds. Accordingly, except as aforesaid, the Authority disclaims responsibility for the disclosures set forth in this Official Statement, or otherwise in connection with the offering, sale or distribution of the 2008 Bonds.

THE OBLIGATED GROUP

Grand View Hospital (the “Hospital”), a Pennsylvania not-for-profit corporation, was incorporated in 1913 and has been qualified as a charitable institution under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Hospital operates healthcare facilities in Montgomery and Bucks Counties, principally an acute care hospital known as Grand View Hospital in Sellersville, Pennsylvania.

Grand View Health Foundation, Inc. (the “Foundation”), a Pennsylvania not-for-profit corporation, was established and incorporated by the Hospital in 1990 for the purpose of coordinating all fundraising activities of the Hospital.

Further information regarding the Obligated Group is included in Appendix A.

THE PROJECT

The proceeds of the sale of the 2008 Bonds will be used to finance or refinance (a) the retirement of the Authority’s Hospital Revenue Bonds (Grand View Hospital) Series of 2004 (the “Series of 2004 Bonds”); (b) two loans in 1999 and 2007 from The Health Care Facilities Authority of Sayre under the VHA Pennsylvania Cooperative, Inc. Capital Asset Finance Program (the “VHA Loans”); (c) various capital projects, and (d) the payment of costs and expenses in connection therewith.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds of the 2008 Bonds are set forth below:

<table>
<thead>
<tr>
<th>SOURCES OF FUNDS</th>
<th>USES OF FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Par Amount of 2008 Bonds</td>
<td>Deposit to Construction Fund</td>
</tr>
<tr>
<td></td>
<td>Series of 2004 Bonds Refunding</td>
</tr>
<tr>
<td>Total</td>
<td>VHA Loans</td>
</tr>
<tr>
<td></td>
<td>Expenses and Costs of Issuance¹</td>
</tr>
<tr>
<td></td>
<td>Total</td>
</tr>
</tbody>
</table>

¹ Includes Authority related fees, Underwriters’ discount, Letter of Credit fees and estimates of legal fees and other expenses relating to the issuance and sale of the 2008 Bonds.
THE 2008 BONDS

The following is a summary of certain provisions of the 2008 Bonds. Reference is made to the 2008 Bonds for the complete text thereof and to the Indentures for all of the provisions relating to the 2008 Bonds. The discussion herein is qualified by such reference.

This Official Statement describes certain terms of the 2008 Bonds applicable while the 2008 Bonds bear interest at a Weekly Rate. There are significant changes in the terms of the 2008 Bonds while the 2008 Bonds accrue interest in another Interest Rate Mode. This Official Statement is not intended to provide information with respect to the 2008 Bonds in any other Interest Rate Mode or if the 2008 Bonds are no longer secured by the Letters of Credit.


General

The 2008 Bonds are being issued in the aggregate principal amount of $144,740,000 and (i) the 2008A Bonds are to mature on July 1, 2034 and the 2008B Bonds are to mature on July 1, 2039, subject to prior redemption as described herein under “Redemption Provisions,” (ii) shall be dated the Issue Date and (iii) shall bear interest from that date until paid. So long as the 2008 Bonds bear interest at a Weekly Rate, interest will be computed on the basis of a 365-day year for the actual days elapsed for the 2008 Bonds.

The 2008 Bonds initially will bear interest at a Weekly Rate as described below under “Determination of the Weekly Rate” unless and until, at the direction of the Hospital on behalf of the Authority and upon compliance with the conditions set forth in the Indentures and the Loan Agreements, the 2008 Bonds of a series are converted to bear interest from time to time at the Daily Rate, Short-Term Rate or a Long-Term Rate (including the Fixed Rate) (each, an “Interest Rate Period”).

This Official Statement summarizes certain terms of the 2008 Bonds only while the 2008 Bonds bear interest at a Weekly Rate. Should a series of 2008 Bonds be converted to a different Interest Rate Mode, the applicable 2008 Bonds will be subject to mandatory tender and purchase.

The 2008 Bonds will be issued as fully registered Bonds in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of DTC. The 2008 Bonds may be purchased by the beneficial owners in denominations of $100,000 and integral multiples of $5,000 in excess of $100,000 (each, an “Authorized Denomination”). While the 2008 Bonds bear interest at a Weekly Rate, interest on the 2008 Bonds will be payable monthly in arrears on the first Thursday of each month, commencing December 4, 2008.

Interest on the 2008 Bonds will be payable on each Interest Payment Date for the period commencing on the first Thursday of the preceding month and ending on the Wednesday immediately preceding the Interest Payment Date (or, if sooner, the last day of the Weekly Rate Period). In any event, interest on the 2008 Bonds will be payable for the final Interest Rate Period to the date on which the 2008 Bonds have been paid in full.
At no time will the 2008 Bonds (other than Bank Bonds) bear interest at a rate that is in excess of the lesser of 10 percent per annum or the maximum rate of interest permitted by applicable law.

Principal of and premium, if any, and interest on the 2008 Bonds will be paid by the Bond Trustee. Principal is payable (except while the 2008 Bonds are issued in book-entry only form) upon presentation of such 2008 Bonds by the holders thereof. Interest on the 2008 Bonds will be payable (except while the 2008 Bonds are issued in book-entry only form) on each Interest Payment Date by the Bond Trustee, by check mailed on the Interest Payment Date to the registered owners of the 2008 Bonds as shown on the registration books maintained by the Bond Trustee as of the close of business on the Regular Record Date in respect of such Interest Payment Date or by wire transfer in accordance with the instructions furnished to the Bond Trustee. The Regular Record Date with respect to any Interest Payment Date for the 2008 Bonds is the Business Day immediately preceding such Interest Payment Date. Notwithstanding the foregoing, so long as records of ownership of the 2008 Bonds are maintained through the Book-Entry-Only-System described below, all payments to the Beneficial Owners of the 2008 Bonds will be made in accordance with the procedures described below under “BOOK-ENTRY-ONLY-SYSTEM.”

Concurrently with the issuance of the 2008 Bonds, the Hospital will enter into the Remarketing Agreements for each series of 2008 Bonds, under which the applicable Remarketing Agent will agree to determine the Weekly Rate for the applicable series of 2008 Bonds and use its best efforts to remarket such 2008 Bonds which are tendered under the provisions of the Indentures, subject to the terms of the Remarketing Agreements.

Determination of the Weekly Rate

General. During each Weekly Rate Period, the 2008 Bonds will bear interest at the Weekly Rate, which will be determined by the applicable Remarketing Agent by 4:00 p.m. on Wednesday of each week during such Weekly Rate Period, or if Wednesday is not a Business Day, then on the next succeeding Business Day or, if such day is not a Business Day, then the Business Day next preceding such Wednesday. The Weekly Rate determined for each Weekly Rate Period will be determined on or prior to the effective date of such Weekly Rate Period and will apply to the period commencing on Thursday and ending on the next succeeding Wednesday.

The Weekly Rate will be the rate of interest per annum determined by the applicable Remarketing Agent for each series of 2008 Bonds (based on the examination of tax-exempt obligations comparable, in the judgment of the applicable Remarketing Agent, to such 2008 Bonds and known by the applicable Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by the applicable series of 2008 Bonds, would enable the applicable Remarketing Agent to sell all of the 2008 Bonds on the effective date of that rate at a price (without regarding accrued interest) equal to the principal amount thereof. The determination of the Weekly Rate by the applicable Remarketing Agent will be binding on the Hospital, the Authority, the Bond Trustee, the Tender Agent and the Banks.

In the event that the applicable Remarketing Agent fails to establish a Weekly Rate for any week, then the Weekly Rate for such week will be the same as the Weekly Rate for the immediately preceding week if the Weekly Rate for such preceding week was determined by the applicable Remarketing Agent. In the event that the Weekly Rate for the immediately preceding week was not determined by the Remarketing Agent, or in the event that the Weekly Rate determined by the applicable Remarketing Agent is held to be invalid or unenforceable by a court of law, then the interest rate for such week will be the Alternate Rate which is equal to 110 percent of the SIFMA Index, which means on any date, a rate determined on the basis of the seven-day high grade market
index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry and Financial Markets Association (“SIFMA”) or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the applicable Remarketing Agent; provided however, that, if such index is no longer made available, 85 percent of the interest rate on 30-day high grade unsecured taxable commercial paper notes sold through dealers by major corporations as reported in The Wall Street Journal on the day the Weekly Rate would otherwise be determined as provided in the Indentures for such Weekly Rate Period.

**Bank Bonds**

In the event that either series of 2008 Bonds are tendered for purchase in accordance with the applicable Indenture, and are not remarketed but are purchased with a draw on the applicable Letter of Credit, such 2008 Bonds will constitute “Bank Bonds” and will not bear interest at the Weekly Rate but will pay interest at the times and at the rates, and have such other terms as are provided in the applicable Reimbursement Agreement.

**Conversion of Interest Rates on the 2008 Bonds**

**Conversion from Weekly Rate.** The Hospital on behalf of the Authority may direct that the interest rate on 2008 Bonds bearing interest at a Weekly Rate be converted to a Daily Rate, Long-Term Rate or Bond Term Rate upon satisfaction of certain conditions set forth in the applicable Indenture.

If the Interest Rate Period for a series of 2008 Bonds is to be converted from the Weekly Rate, then the applicable series of 2008 Bonds will be subject to mandatory tender for purchase on the effective date of the conversion to another Interest Rate Period, at a purchase price equal to the principal amount thereof, without premium, plus accrued interest (if any) to the effective date of the conversion. The Indentures provide that the Bond Trustee is required to give notice of any conversion to another Interest Rate Period to the holders of the applicable series of 2008 Bonds not less than 30 days prior to the proposed effective date of such conversion.

**Certain Conditions to Conversion of Interest Rates on the 2008 Bonds.** Notwithstanding anything contained in the Indentures to the contrary, in connection with any conversion of the Interest Rate Period on a series of the 2008 Bonds, the Hospital will cause to be provided to the Authority, the Bond Trustee, the Tender Agent, the Paying Agent, the applicable Bank and the applicable Remarketing Agent a Favorable Opinion of Bond Counsel on the effective date of such conversion. In the event that Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on any such date, then the Interest Rate Period on that series of 2008 Bonds will not be converted, and the 2008 Bonds will continue to bear interest at a Weekly Rate as in effect immediately prior to such proposed conversion of the Interest Rate Period.

In any event, if notice of such conversion has been mailed to the holders of a series of 2008 Bonds and Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on the effective date of the proposed conversion, the affected 2008 Bonds will continue to be subject to mandatory purchase on the date which would have been the effective date of such conversion as provided in the applicable Indenture.

The Hospital may rescind its election to convert the Interest Rate Period for a series of the 2008 Bonds from the Weekly Rate Period by delivering a rescission notice to the Bond Trustee, the applicable Remarketing Agent, the Tender Agent, the Paying Agent, the applicable Bank and the Authority on or prior to 10:00 a.m. on the second Business Day preceding the proposed effective
date of the conversion. However, if a notice of the proposed conversion has been given to the holders of the applicable 2008 Bonds, then the applicable 2008 Bonds nevertheless will still be subject to mandatory tender for purchase on the date which would have been the effective date of the conversion, regardless of the rescission.

If, at any time, the Interest Rate Mode for a series of the 2008 Bonds is to be changed from one Interest Rate Mode to another, all of that series of 2008 Bonds must be changed if any are changed. On or prior to the date the Hospital directs the Authority to convert the Interest Rate Mode on a series of the 2008 Bonds, the Hospital is required to deliver to the Bond Trustee written confirmation of any new rating from each Rating Agency then rating such 2008 Bonds or that then existing rating will not change as a result of the conversion.

**Tender and Purchase of 2008 Bonds**

*Purchase on Demand of Holder During Weekly Rate Period.* During any Weekly Rate Period, 2008 Bonds (other than Bank Bonds) of a series will be purchased in whole (or in part if both the amount to be purchased and the amount remaining unpurchased will consist of Authorized Denominations) from the Holder thereof at the option of such Holder on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, through and including the day immediately preceding the date of purchase, unless the date of purchase is an Interest Accrual Date, in which case at a purchase price equal to the principal amount thereof, payable in immediately available funds, upon delivery to the Tender Agent at its Principal Office for delivery of the 2008 Bonds, to the Bond Trustee at its Principal Office and to the Remarketing Agent of an irrevocable written notice which states the principal amount of such 2008 Bonds to be purchased and the date on which the same will be purchased, which date must be a Business Day at least 7 days after the date of the delivery of such notice with a copy to the applicable Remarketing Agent and the Tender Agent. Any notice delivered to the Tender Agent after 4:00 p.m., New York City time, will be deemed to have been received on the next succeeding Business Day.

*Mandatory Tender for Purchase Upon Conversion to a Different Interest Rate Period.* Each series of 2008 Bonds will be subject to mandatory tender for purchase on the effective date of a conversion to a different Interest Rate Period for such 2008 Bonds, or on the day which would have been the effective date of such a conversion to a new Interest Rate Period had certain events described in the applicable Indenture not occurred which resulted in the Interest Rate Period on such 2008 Bonds not being converted, at a purchase price, payable in immediately available funds, equal to the principal amount of such 2008 Bonds, without premium, plus accrued interest (if any) to the effective date of the conversion.

*Mandatory Tender for Purchase upon Termination, Expiration or Replacement of the Letter of Credit.* If at any time the Bond Trustee gives notice of the mandatory tender and purchase of a series of 2008 Bonds, then the 2008 Bonds (other than Bank Bonds) shall be purchased or deemed purchased on the date specified in such notice at the tender price. In the event that funds from the remarketing of the 2008 Bonds are not sufficient to pay the purchase price of all the 2008 Bonds, funds for such purchase will be drawn under the applicable Letter of Credit, not the Alternate Credit Facility.

Each series of 2008 Bonds will be subject to mandatory tender for purchase: (1) on the fifth Business Day preceding any such expiration, modification, reduction or scheduled termination of the applicable Letter of Credit, or (2) on the date of the replacement of the applicable Letter of Credit, in any case when an Alternate Credit Facility has been delivered to the Bond Trustee. In the case of the tender of a series of 2008 Bonds (other than Bank Bonds) in connection with the replacement of the applicable Letter of Credit, the Letter of Credit will be drawn upon to pay the Tender Price of such
2008 Bonds rather than the Alternate Credit Facility. Any Alternate Credit Facility shall provide funds to the extent necessary, on the date the Alternate Credit Facility becomes effective, for the purchase of all Bank Bonds at par plus interest (at the Bank Bond Rate as defined in the Indenture) through the date purchased after taking into account any other funds available for such purchase on the date the Alternate Credit Facility becomes effective. No such mandatory tender will be effected upon the replacement of the applicable Letter of Credit in the event the applicable Bank is failing to honor requests made under the Letter of Credit in strict compliance with its terms.

**Mandatory Tender for Purchase Upon Event of Default under Reimbursement Agreements.** While the 2008 Bonds of a series bear interest at the Weekly Rate, all such 2008 Bonds shall be subject to mandatory tender for purchase on the fourth Business Day following receipt by the Bond Trustee of notice from the applicable Bank that an “Event of Default” has occurred under the applicable Reimbursement Agreement and directing the mandatory purchase of such 2008 Bonds.

The Bond Trustee is required to give notice by mail to the holders of each series of 2008 Bonds secured by a Letter of Credit (i) on or before the 15th day preceding the replacement, termination or expiration of the Letter of Credit in accordance with its terms, or (ii) in the case of receipt by the Bond Trustee of notice from the applicable Bank that an “Event of Default” has occurred under the applicable Reimbursement Agreement and directing the mandatory purchase of the 2008 Bonds as soon as reasonably possible but not later than the second Business Day following receipt of such notice. The notice must be accompanied by directions for the purchase of the 2008 Bonds. Among other things, the notice must state the date of the termination or expiration of the applicable Letter of Credit and in the case of replacement the date of the proposed substitution of an Alternate Credit Facility (if any) and state that the applicable series of 2008 Bonds will be purchased as a result of such replacement, termination or expiration, including any early termination by the applicable Bank or an event of default under the applicable Reimbursement Agreement and the date on which such purchase will occur, and will also provide any other information required in the notice to the holders of the applicable series of 2008 Bonds.

**Irrevocable Notice Deemed to be Tender of 2008 Bonds.** The giving of notice by a Holder of a series of 2008 Bonds of its election to have its 2008 Bonds purchased during a Weekly Rate Period will constitute the irrevocable tender for purchase of such 2008 Bonds with respect to which such notice has been given, regardless of whether such 2008 Bonds is delivered to the Tender Agent for purchase on the relevant purchase date. If any Holder of a series of 2008 Bonds who has given notice of tender for purchase as described in the preceding sentence fails to deliver such 2008 Bonds to the Tender Agent at the place and on the applicable date and at the time specified, or fails to deliver such 2008 Bonds properly endorsed, such 2008 Bonds will constitute an Undelivered Bond.

**Undelivered 2008 Bonds.** If funds in the amount of the purchase price of the Undelivered Bonds are available for payment to the Holder thereof on the date and at the time specified, from and after the date and time of that required delivery, (1) each Undelivered Bond will be deemed to be purchased and will no longer be deemed to be Outstanding under the applicable Indenture; (2) interest will no longer accrue thereon; and (3) funds in the amount of the purchase price of each such Undelivered Bond will be held by the Tender Agent for the benefit of the Holder thereof (provided that the Holder will have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of such Undelivered Bond to the Tender Agent at its Principal Office for delivery of such 2008 Bonds. Any funds held by the Tender Agent as described in clause (3) of the preceding sentence will be held uninvested and not commingled. The Tender Agent may refuse to accept delivery of any 2008 Bonds for which a proper instrument of transfer has not been provided; such refusal, however, will not affect the validity of the purchase of such 2008 Bonds as described in the applicable Indenture.
Payment of Purchase Price. For payment of the purchase price of any 2008 Bonds required to be purchased as provided in the applicable Indenture on the purchase date specified in the applicable notice, such 2008 Bonds must be delivered, at or prior to 10:00 a.m., New York City time, on the date specified in such notice, to the Tender Agent at its Principal Office for delivery of the 2008 Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Tender Agent, executed in blank by the Holder thereof or his duly authorized attorney, with such signature guaranteed by a commercial bank, trust company or member firm of the New York Stock Exchange.

Book-Entry Tender and Delivery Procedures. Notwithstanding anything to the contrary contained in the Indentures, for so long as DTC’s nominee is the sole registered owner of the 2008 Bonds, all tenders for purchase and deliveries of 2008 Bonds tendered for purchase or subject to mandatory tender under the provisions of the Indentures will be made pursuant to the Securities Depository’s procedures as in effect from time to time and neither the Authority, the Hospital, the Tender Agent, the Bond Trustee nor the Remarketing Agents will have any responsibility for or liability with respect to the implementation of such procedures.

Source of Funds for Purchase of 2008 Bonds

On the date on which 2008 Bonds are to be purchased pursuant to the applicable Indenture, the Bond Trustee will purchase such 2008 Bonds from the holders thereof at the purchase price thereof. Funds for the payment of such purchase price will be derived solely from the following sources in the order of priority indicated:

(a) proceeds of the sale of the 2008 Bonds remarketed by the applicable Remarketing Agent;

(b) moneys received from draws on the applicable Letter of Credit; and

(c) moneys provided to the Bond Trustee by the Hospital for payment of such 2008 Bonds.

If sufficient funds are not available for the purchase of all 2008 Bonds tendered or deemed tendered and required to be purchased on any Tender Date, all tendered 2008 Bonds will be returned to their respective Holders and will bear interest at the lesser of the Alternate Rate plus 3% or the Maximum Bond Interest Rate from the date of such failed purchase until all such 2008 Bonds are purchased as required in accordance with the applicable Indenture. Notwithstanding any other provision of the applicable Indenture, such failed purchase and return shall not constitute an Event of Default. Thereafter, the Bond Trustee will continue to take all such action available to it to obtain remarketing proceeds from the applicable Remarketing Agent and sufficient other funds from the applicable Bank. Moneys from draws on a Letter of Credit are not available for the payment of Bank Bonds, or 2008 Bonds owned by the Hospital or any affiliate of the Hospital.

Redemption Provisions

Optional Redemption. As long as there is no continuing Event of Default under the terms of the Indentures, the series of 2008 Bonds in the Weekly Rate Mode will be subject to redemption prior to stated maturity by the Authority, at the written direction of the Hospital, in whole or in part, at a redemption price of 100% of the principal amount thereof to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.
The 2008B Bonds are subject to optional redemption pursuant to an amortization schedule contained in the PNC Reimbursement Agreement, subject to modification by agreement of the Hospital and PNC Bank.

*Extraordinary Optional Redemption*. The 2008 Bonds are subject to extraordinary optional redemption in whole or in part by the Authority, at any time, at the written direction of the Hospital, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption, without premium, in the event that the Property or any substantial portion of the Property shall have been damaged, taken or condemned as to render the Property or such portion thereof, in the judgment of the Hospital, unsatisfactory for its intended use for a period of time longer than one year.

So long as the 2008 Bonds bear interest at a Weekly Rate and payment of the purchase price of 2008 Bonds tendered by the Holders thereof is secured by a Letter of Credit, only the following moneys may be used to effect an Optional or Extraordinary Optional Redemption: (i) Available Moneys, (ii) other moneys, together with a Favorable Opinion of Bankruptcy Counsel relating to such moneys, or (iii) a combination of the foregoing.

*Mandatory Sinking Fund Redemption*

The following requirements of mandatory sinking fund redemption are subject to the provision that any partial redemption of a series of 2008 Bonds under “Optional Redemption” above or under “Extraordinary Optional Redemption” above shall reduce the mandatory scheduled redemption requirements as provided herein.

The 2008A Bonds are subject to mandatory sinking fund redemption prior to maturity in the following amounts on the following dates, for the principal amount specified below plus accrued interest to the date fixed for redemption, without premium:

<table>
<thead>
<tr>
<th>Mandatory Sinking Fund Redemption Date (July 1)</th>
<th>Mandatory Sinking Fund Redemption Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008A Bonds</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>$1,200,000.00</td>
</tr>
<tr>
<td>2010</td>
<td>250,000.00</td>
</tr>
<tr>
<td>2011</td>
<td>—</td>
</tr>
<tr>
<td>2012</td>
<td>575,000.00</td>
</tr>
<tr>
<td>2013</td>
<td>2,275,000.00</td>
</tr>
<tr>
<td>2014</td>
<td>3,125,000.00</td>
</tr>
<tr>
<td>2015</td>
<td>1,675,000.00</td>
</tr>
<tr>
<td>2016</td>
<td>2,550,000.00</td>
</tr>
<tr>
<td>2017</td>
<td>1,875,000.00</td>
</tr>
<tr>
<td>2018</td>
<td>1,800,000.00</td>
</tr>
<tr>
<td>2019</td>
<td>2,050,000.00</td>
</tr>
<tr>
<td>2020</td>
<td>1,950,000.00</td>
</tr>
<tr>
<td>2021</td>
<td>4,325,000.00</td>
</tr>
<tr>
<td>2022</td>
<td>4,200,000.00</td>
</tr>
<tr>
<td>2023</td>
<td>4,600,000.00</td>
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<td>2024</td>
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<td>2025</td>
<td>4,775,000.00</td>
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<td>2026</td>
<td>5,125,000.00</td>
</tr>
<tr>
<td>2027</td>
<td>5,175,000.00</td>
</tr>
</tbody>
</table>
The 2008 B Bonds will be amortized in accordance with the terms of the PNC Reimbursement Agreement or otherwise as agreed by the Hospital and PNC Bank.

Notwithstanding the foregoing, if such July 1 is not an Interest Payment Date, the mandatory sinking fund redemption will occur on the Interest Payment Date immediately following such July 1.

The Bond Trustee will determine the principal amount of 2008A Bonds of each maturity that must be mandatorily redeemed on such mandatory sinking fund redemption date after taking into account optional redemptions and extraordinary optional redemptions of 2008A Bonds. The mandatory sinking fund redemption requirement for any year as stated above for 2008A Bonds shall also be reduced by the principal amounts of such series of 2008 Bonds that are purchased and delivered or tendered to the Bond Trustee for cancellation by the 45th day next preceding the mandatory sinking fund redemption date.

Selection of 2008 Bonds for Redemption

In the case of any redemption in part of a series of 2008 Bonds, the 2008 Bonds to be redeemed will be as selected by the Authority at the direction of the Hospital. If less than all of a series of 2008 Bonds shall be called for redemption, the particular 2008 Bonds to be redeemed shall be selected by the Bond Trustee by lot or in such other manner as the Bond Trustee in its discretion may deem fair and appropriate; provided, however (a) that the portion of any 2008 Bonds to be redeemed must be in the principal amount of $5,000 or any multiple thereof, (b) that, in selecting 2008 Bonds for redemption, the Bond Trustee will treat such 2008 Bonds as representing that number of 2008 Bonds which is obtained by dividing the principal amount of such 2008 Bonds by $5,000, (c) that, to the extent practicable, the Bond Trustee will not select any 2008 Bonds for partial redemption if the amount of such 2008 Bonds remaining Outstanding would be reduced by such partial redemption to less than the Authorized Denomination, and (d) Bank Bonds shall be redeemed prior to any 2008 Bonds that are not Bank Bonds.

Notice of Redemption

Notice of any redemption of a series of 2008 Bonds pursuant to the applicable Indenture, either in whole or in part, will be sent by the Bond Trustee by mail, postage prepaid, not less than 30 days nor more than 60 days prior to the proposed redemption date, to all holders of 2008 Bonds to be redeemed at their addresses as they appear on the registration books of the Bond Trustee. Each notice will (i) specify the 2008 Bonds to be redeemed, the redemption date, the redemption price, and the place or places where amounts due upon such redemption will be payable (which will be the corporate trust office of the Bond Trustee) and, if less than all of such 2008 Bonds are to be redeemed, the numbers and portions of the 2008 Bonds to be redeemed, (ii) state any condition to the redemption and (iii) state that on the redemption date, and upon the satisfaction of any such
condition, the 2008 Bonds redeemed will cease to bear interest. CUSIP number identification will accompany all redemption notices. A failure to give such notice to any holder or any defect in such notice, however, shall not affect the validity of the proceedings for the redemption of any of the other 2008 Bonds.

The Bond Trustee will send a second notice of redemption by certified mail, return receipt requested, to any registered holder who has not submitted the 2008 Bonds called for redemption 30 days after the redemption date; provided, however, that the failure to give any second notice by mailing, or any defect in such notice, shall not affect the validity of the proceedings for the redemption of any 2008 Bonds. In addition, the Bond Trustee will not be liable for any failure by the Bond Trustee to send any second notice.

Special Considerations Relating to the 2008 Bonds

The Remarketing Agents are Paid By the Hospital. The Remarketing Agents’ responsibilities include determining the interest rate from time to time and remarketing the applicable series of 2008 Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the applicable Indenture and the applicable Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agents are appointed by the Hospital and are paid by the Hospital for their services. As a result, the interests of the Remarketing Agents may differ from those of existing Holders and potential purchasers of 2008 Bonds.

The Remarketing Agents Routinely Purchase 2008 Bonds for their Own Account. The Remarketing Agents act as remarketing agent for a variety of variable rate demand obligations and, in their sole discretion, routinely purchase such obligations for their own account. The Remarketing Agents are permitted, but not obligated, to purchase tendered 2008 Bonds for their own account and, in their sole discretion, may routinely acquire such tendered 2008 Bonds in order to achieve a successful remarketing of the 2008 Bonds (i.e., because there otherwise are not enough buyers to purchase the 2008 Bonds) or for other reasons. However, the Remarketing Agents are not obligated to purchase 2008 Bonds, and may cease doing so at any time without notice. The Remarketing Agents may also make a market in the 2008 Bonds by routinely purchasing and selling 2008 Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agents are not required to make a market in the 2008 Bonds. The Remarketing Agents may also sell any 2008 Bonds they have purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2008 Bonds. The purchase of 2008 Bonds by the Remarketing Agents may create the appearance that there is greater third party demand for the 2008 Bonds in the market than is actually the case. The practices described above also may result in fewer 2008 Bonds being tendered in a remarketing.

2008 Bonds May be Offered at Different Prices on Any Date Including a Rate Determination Date. Pursuant to the Indentures and the Remarketing Agreements, each Remarketing Agent is required to determine the rate of interest per annum that, in its judgment, is the lowest rate that would permit the sale of the 2008 Bonds at par on and as of the applicable Rate Determination Date. The interest rate will reflect, among other factors, the level of market demand for the series of 2008 Bonds (including whether the applicable Remarketing Agent is willing to purchase its 2008 Bonds for its own account). There may or may not be 2008 Bonds tendered and remarkeated on a Rate Determination Date, the Remarketing Agents may or may not be able to remarket any 2008 Bonds tendered for purchase on such date at par and the Remarketing Agents may sell 2008 Bonds at varying prices to different investors on such date or any other date. The Remarketing Agents are not obligated to advise purchasers in a remarketing if they do not have third party buyers for all of the
2008 Bonds of a series at the remarketing price. In the event a Remarketing Agent owns any 2008 Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such 2008 Bonds on any date, including the Rate Determination Date, at a discount to par to some investors.

**The Ability to Sell the 2008 Bonds Other Than Through the Tender Process May Be Limited.** The Remarketing Agents may buy and sell 2008 Bonds other than through the tender process. However, a Remarketing Agent is not obligated to do so and may cease doing so at any time without notice and may require Holders that wish to tender their 2008 Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the 2008 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2008 Bonds other than by tendering the 2008 Bonds in accordance with the tender process.

**The Remarketing Agents May Resign, Without a Successor Being Named.** Each Remarketing Agent may resign, upon 30 days’ prior written notice, without a successor having been named.

**Book-Entry-Only-System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2008 Bonds. The 2008 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued in the total aggregate principal amount of the 2008 Bonds of each series 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. 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”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of the 2008 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2008 Bonds on DTC’s records. The ownership interest of each actual purchaser of 2008 Bonds (“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 2008 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 the 2008 Bonds, except in the event that use of the book-entry system for the 2008 Bonds is discontinued.

To facilitate subsequent transfers, all 2008 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 2008 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of 2008 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts 2008 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 2008 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to 2008 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the 2008 Bonds may wish to ascertain that the nominee holding the 2008 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2008 Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co. a consenting or voting right to those Direct Participants to whose accounts the 2008 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2008 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority or the Bond 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 nor of its nominee, the Bond Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Bond Trustee, disbursement of such payments to Direct Participants will be the
responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2008 Bonds purchased or tendered, through its Participant, to the applicable Remarketing Agent, and shall effect delivery of such 2008 Bonds by causing the Direct Participant to transfer the Participant’s interest in the 2008 Bonds, on DTC’s records, to the applicable Remarketing Agent. The requirement for physical delivery of 2008 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2008 Bonds are transferred by Direct Participants on DTC’s records and followed by a book-entry credit of tendered 2008 Bonds to the applicable Remarketing Agent’s DTC account.

DTC may discontinue providing its services as depository with respect to the 2008 Bonds at any time by giving reasonable notice to the Authority or the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The Authority 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 Authority and the Hospital believe to be reliable, but neither the Authority nor the Hospital take responsibility for the accuracy thereof.

The Authority and the Hospital cannot and do not give any assurances that DTC will distribute to Participants or that Participants or others will distribute to the Beneficial Owners payments of principal of and interest and premium, if any, on the 2008 Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the Authority or the Hospital is responsible or liable for the failure of DTC or any Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the 2008 Bonds or any error or delay relating thereto.

None of the Authority, the Hospital or the Bond Trustee will have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Participant, or any Indirect Participant; (ii) the payment by DTC or any Participant or Indirect Participant of any amount with respect to the principal of or premium, if any, or interest on the 2008 Bonds; (iii) any notice that is permitted or required to be given to Holders under the Indentures; (iv) the selection by DTC, any Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of the 2008 Bonds; (v) any consent given or other action taken by DTC as Bondholder; or (vi) any other procedures or obligations of DTC, Participants or Indirect Participants under the book-entry system.

**PLAN OF FINANCE**

The 2008 Bonds are being issued pursuant to the Indentures. Under the Loan Agreements, the Authority has agreed to lend the proceeds of the 2008 Bonds to the Hospital for purposes of funding the Project, and the Hospital has agreed to repay the loans at the times and in the amounts necessary to pay the principal and purchase price of, premium, if any, and interest on the applicable 2008 Bonds. As of the date of issuance of the 2008 Bonds, the only members of the Obligated
Group are the Hospital and the Foundation. The Master Trust Indenture provides that indebtedness may be incurred by members of the Obligated Group and evidenced by Master Notes and Guaranties, as applicable. Master Notes and Guaranties will entitle each holder thereof to the protection of the covenants, restrictions and other obligations imposed upon Members of the Obligated Group by the Master Trust Indenture. Each such Master Note and Guaranty will be a joint and several obligation of each Member of the Obligated Group. The Master Trust Indenture grants a pledge of the Gross Revenues of each Member of the Obligated Group.

To evidence the obligation of the Hospital to pay amounts owing under the Loan Agreement for each series of 2008 Bonds, the Obligated Group will execute and deliver pursuant to the provisions of the Master Trust Indenture to the Authority a Series A Bond Master Note (the “Series A of 2008 Master Note”) and a Series B Bond Master Note (the “Series B of 2008 Master Note”), each dated as of the date of issuance of the 2008 Bonds. The Authority has determined to assign, to transfer, and to pledge unto the Bond Trustee all right, title and interest of the Authority in and to the Loan Agreements, the Series A of 2008 Master Note and the Series B of 2008 Master Note and sums payable thereunder (excepting its rights to administrative fees and expenses and its right to indemnification.) To evidence the obligation of the Hospital to reimburse TD Bank for draws made under the TD Letter of Credit and the TD Reimbursement Agreement for payments on the 2008A Bonds, the Hospital will execute and deliver to TD Bank a 2008 TD Bank Master Note in the principal amount of $74,998,483.56, dated as of the date of issuance of the 2008 Bonds (the “TD Bank Master Note”), issued pursuant to the provisions of the Master Trust Indenture. To evidence the obligation of the Hospital to reimburse PNC Bank for draws made under the PNC Letter of Credit and the PNC Reimbursement Agreement for payments on the 2008B Bonds, the Hospital will execute and deliver to PNC Bank a 2008 PNC Master Note in the principal amount of $71,763,910.96, dated as of the date of issuance of the 2008 Bonds (the “PNC Bank Master Note”), issued pursuant to the provisions of the Master Trust Indenture.

All of these Master Notes and all other Master Notes and Master Guaranties issued in accordance with the provisions of the Master Trust Indenture are the joint and several obligation of the Obligated Group and will be secured on a parity.

SECURITY AND SOURCES OF PAYMENT FOR 2008 BONDS

Limited Obligation

The 2008 Bonds do not constitute a debt or a general obligation or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof, including the County of Bucks. Neither the Commonwealth nor any political subdivision thereof, including the County of Bucks, shall be directly, indirectly or contingently obligated to levy or to pledge any form of taxation whatever therefor or to make any appropriation to pay the principal of, redemption premium (if any) or interest on the 2008 Bonds. Neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, is pledged to the payment of the principal of, redemption premium (if any) or interest on the 2008 Bonds. The Authority has no taxing power.

The 2008 Bonds are limited obligations of the Authority, payable on an equal and ratable basis solely from the Trust Estate which is assigned and pledged to the Bond Trustee by the Authority under the applicable Indenture. The Trust Estate is defined in the applicable Indenture to include all of the Authority’s right, title and interest in and to (i) the applicable Loan Agreement and the applicable Master Note (except payments to indemnify the Authority thereunder and payments of the Authority’s fees and expenses), (ii) all moneys and securities held from time to time in any of the funds and accounts established under the applicable Indenture (other than the Purchase Fund which
is held solely for payment of the Tender Price of tendered 2008 Bonds), (iii) all amounts derived from the exercise by the Authority or the Bond Trustee for the applicable 2008 Bonds of any rights or remedies under the applicable Indenture, the applicable Loan Agreement or the applicable Master Note (other than amounts in respect of indemnification and fees and expenses described above), (iv) the Master Trust Indenture insofar as the security provided for all obligations issued pursuant to the Master Trust Indenture (including the Gross Revenues of the Obligated Group) secures the due and timely payment of the applicable Master Note, and (v) all investment income, receipts and proceeds of any of the foregoing.

FOR MORE DETAILED INFORMATION REGARDING THE FINANCING DOCUMENTS RELATING TO THE 2008 BONDS, SEE APPENDIX B ATTACHED HERETO.

In the event of a default by the Hospital under a Reimbursement Agreement, the Trustee may be required to accelerate the principal payments of the applicable series of 2008 Bonds. Upon acceleration, the applicable 2008 Bonds would be paid at par plus accrued interest to the date determined by the Bond Trustee for payment to the applicable Bondholders. See “Letters of Credit” and “The Reimbursement Agreements” herein.

The Loan Agreements and the Master Notes

Under each of the Loan Agreements, the Hospital has agreed to execute and deliver to the Authority a Master Note under which the Hospital has agreed to make payments in such amounts and at such times as shall be necessary to pay the principal, redemption premium (if any) interest on and purchase price of, the applicable 2008 Bonds. Those Master Notes will be assigned by the Authority to the Bond Trustee.

The Master Trust Indenture

The Series A of 2008 Bond Master Note, the Series B of 2008 Bond Master Note, the TD Bank Master Note and the PNC Bank Master Note (collectively, the “2008 Master Notes”) will be issued under the Master Trust Indenture. Under the Master Trust Indenture, the members of the Obligated Group (as it may exist from time to time) have jointly and severally unconditionally guaranteed to the holder of any Master Note issued under the Master Trust Indenture the due and punctual payment of the principal of and interest on any such Master Note and all other amounts due and payable under the Master Trust Indenture when and as the same shall become due and payable, whether at the stated maturity or by declaration of acceleration, call for redemption or otherwise according to the terms thereof.

The Master Trust Indenture permits members of the Obligated Group to issue additional Master Notes from time to time under certain circumstances and subject to the terms of the Master Trust Indenture, which obligations are equally and ratably secured under the Master Trust Indenture with the 2008 Master Notes. In addition, the Master Trust Indenture permits the members of the Obligated Group to incur certain other types of indebtedness, including certain guarantees under the circumstances, and to the extent, permitted by the Master Trust Indenture. See “Definitions Of Certain Terms And Summaries Of Principal Documents–The Master Trust Indenture” in Appendix B. The Obligated Group has previously issued Master Notes and Guaranties which are secured on a parity under the Master Trust Indenture with the 2008 Master Notes, and such prior Master Notes and Guaranties will be retired in conjunction with the issuance of the 2008 Bonds, and, subject to the terms of the Master Trust Indenture, may issue additional such Master Notes and Guaranties in the future. See “Plan of Finance” herein.
As security for their obligations to pay amounts under the 2008 Master Notes, and any other Master Notes and Guaranties secured under the Master Trust Indenture, the members of the Obligated Group have granted to the Master Trustee a security interest in the “Gross Revenues” (as defined in the Master Trust Indenture).

At this time, the Hospital and the Foundation are the sole members of the Obligated Group and, as such, will be the sole entities responsible for the payment of the 2008 Master Notes and other Master Notes and Guaranties secured under the Master Trust Indenture from time to time and for performance of the covenants and agreements set forth in the Master Trust Indenture. Subject to certain conditions, the Master Trust Indenture permits additional entities to become members of the Obligated Group and permits members of the Obligated Group to designate any or all of their respective affiliates as Restricted Affiliates for the purposes of the Master Trust Indenture. The members of the Obligated Group are obligated to cause their respective Restricted Affiliates (such Restricted Affiliates, together with the Obligated Group, being herein referred to collectively as the “Combined Group”) to make such payments and perform such covenants and agreements as are necessary for the Combined Group to comply with the Master Trust Indenture. The Master Trust Indenture also permits members of the Obligated Group and Restricted Affiliates to withdraw from the Combined Group under specified conditions, whereupon such withdrawing members of the Obligated Group and Restricted Affiliates will cease to be bound by the Master Trust Indenture, including the Master Notes described above. The Obligated Group does not have a present plan or intention to cause or permit any other entities to join the Combined Group as Obligated Issuers or Restricted Affiliates or to permit the withdrawal of any member of the Combined Group.

See “Definitions Of Certain Terms And Summaries Of Principal Documents—The Master Trust Indenture” in Appendix B for further information regarding the Master Trust Indenture, including a discussion of the conditions under which entities will be permitted to join or withdraw from the Combined Group, the provisions regarding the incurrence of, and security for, additional Master Trust Indenture obligations or other Indebtedness and the various financial and operating covenants of, and agreements to be performed by, the Combined Group.

The Letters of Credit

Payment of the principal of and interest on each series of 2008 Bonds, and the tender price of each series of 2008 Bonds tendered pursuant to the Indentures and not remarketed, is further secured by and payable from draws by the Bond Trustee under the applicable Letter of Credit. See “The Letters of Credit” and “The Reimbursement Agreements” herein.

THE PRINCIPAL SECURITY FOR EACH SERIES OF 2008 BONDS IS THE APPLICABLE LETTER OF CREDIT. PROSPECTIVE BONDHOLDERS, IN CONSIDERING WHETHER TO INVEST IN A SERIES OF 2008 BONDS, SHOULD LOOK ONLY TO THE APPLICABLE LETTER OF CREDIT AS THE SOURCE OF PAYMENTS ON SUCH SERIES OF 2008 BONDS AND NOT TO THE CREDIT OF THE OBLIGATED GROUP, AS TO WHICH NO REPRESENTATION IS MADE HEREIN.

The Letters Of Credit

The following summarizes certain provisions of the Letters of Credit. Reference is made to the Letters of Credit for the details and provisions thereof.

The Letters of Credit will be held by the Bond Trustee. Each of the Letters of Credit is an irrevocable obligation of the applicable Bank to pay to the Bond Trustee, upon drawings by the Bond Trustee pursuant to the terms and conditions set forth in the Letter of Credit, up to (a) an amount
equal to the outstanding principal amount of the applicable series of 2008 Bonds to enable the Bond Trustee to pay (i) the principal amount of the series of 2008 Bonds when due at maturity, upon redemption or acceleration and (ii) the portion of the purchase price of the series of 2008 Bonds tendered to it and not remarshaled corresponding to the principal amount of such series of 2008 Bonds, plus (b) while the series of 2008 Bonds bear interest at the Weekly Rate, an amount equal to 51 days’ accrued interest on the series of 2008 Bonds at the maximum rate of 10% per annum with interest calculated on the basis of a year of 365 days, for the number of days actually elapsed, (i) to enable the Bond Trustee to pay interest on the series of 2008 Bonds when due and (ii) to enable the Bond Trustee to pay the portion of the purchase price of the series of 2008 Bonds tendered to it and not remarshaled corresponding to the accrued interest on the series of 2008 Bonds.

Pursuant to the Indentures, the Bond Trustee is required to draw upon the applicable Letter of Credit in the following circumstances:

(a) to make timely payment of the principal of and interest on the series of 2008 Bonds;

(b) to make timely payment of the redemption price of the series of 2008 Bonds called for mandatory or optional redemption; and

(c) to make timely payment of the purchase price of the series of 2008 Bonds required to be purchased, as the result of a permitted or required tender, pursuant to the provisions of the applicable Indenture to the extent other funds are not available to make such payment under the Indenture.

Each of the Letters of Credit will terminate on November 19, 2011, or such later date to which the Letter of Credit may be extended by the applicable Bank in its sole discretion (the “Expiration Date”) unless sooner terminated as provided therein. The Expiration Date of any Letter of Credit may be extended beyond the Expiration Date then in effect only at the sole discretion of the applicable Bank. The 2008 Bonds bearing interest at the Weekly Rate are subject to mandatory purchase in accordance with the applicable Indenture prior to the Expiration Date.

Each drawing honored by a Bank under the applicable Letter of Credit shall immediately reduce the principal component, and/or the interest component (as the case may be) of the amount available under the Letter of Credit by the amount of such drawing, and the aggregate amount available under the Letter of Credit shall be correspondingly reduced. In the case of a reduction resulting from a drawing to pay interest on a series of 2008 Bonds, the interest component shall be reinstated automatically as of the Bank’s opening of business, on the fifth calendar day following the date of such payment by an amount equal to the amount of such drawing for interest, unless the Bond Trustee shall have received notice from the applicable Bank not later than the close of business on the fourth calendar day following the date of such payment that such reinstatement shall not occur because an event of default has occurred under the applicable Reimbursement Agreement. The interest component may otherwise be reinstated as the Bank may from time to time notify the Bond Trustee in writing.

The amount available under a Letter of Credit and the respective principal and interest components thereof shall also be reduced automatically following the payment of the principal of the 2008 Bonds pursuant to the applicable Indenture, upon receipt by the Bank from the Bond Trustee of a certificate in the form prescribed by the Letter of Credit, each such reduction to be in the amount necessary to reduce the amount available under the Letter of Credit and the principal and interest components thereof to the respective amounts specified by the Bond Trustee in such certificate.
THE REIMBURSEMENT AGREEMENTS

The following summarizes certain provisions of the Reimbursement Agreements between the Banks and the Hospital, pursuant to which the Letters of Credit are being issued with respect to the 2008 Bonds. Reference is made to the Reimbursement Agreements for the details of the provisions thereof.

Under each of the Reimbursement Agreements, the applicable Bank agrees to issue its Letter of Credit to the Bond Trustee, and the Hospital agrees to reimburse the applicable Bank, with interest, for each drawing under a Letter of Credit.

The Hospital’s obligations under the Reimbursement Agreements are secured by, among other things, a pledge of “Gross Revenues” of the Obligated Group.

The Reimbursement Agreements sets forth various representations, warranties and covenants of the Hospital, including, without limitation, representations, warranties and covenants relating to maintenance of existence, compliance with laws, maintenance of insurance, compliance with the applicable Loan Agreement and other contracts, maintenance of properties, reporting requirements and certain financial covenants.

The Reimbursement Agreements also define certain events of default thereunder, including generally, without limitation, the failure to pay to the Bank any reimbursement or other sum due under the Reimbursement Agreements, the failure to comply with any covenant thereunder, the breach of a material representation or warranty, the occurrence of an event of default as defined in the Loan Agreements, the Indentures or the Master Trust Indenture, an event of bankruptcy, and entry of a material judgment.

The Reimbursement Agreements provide that if an event of default has occurred and is continuing uncured thereunder, the Bank, among other things, may with respect to the applicable series of 2008 Bonds:

(a) notify the Bond Trustee of such event of default; direct the Bond Trustee to declare an event of default, as defined in the applicable Indenture for the applicable series of 2008 Bonds, to call the applicable series of 2008 Bonds for mandatory purchase or declare the principal of the applicable series of 2008 Bonds, together with interest accrued thereon, immediately due and payable; direct the Bond Trustee to draw on the applicable Letter of Credit; and direct the Bond Trustee to exercise remedies under the applicable Loan Agreement, the applicable Indenture and the Master Trust Indenture;

(b) declare the Hospital’s obligations under the applicable Reimbursement Agreement to be, whereupon the same shall become, immediately due and payable; and

(c) exercise, or cause to be exercised, any and all such remedies as it may have under the applicable Reimbursement Agreement, the applicable series of 2008 Bonds, the applicable Indenture, the applicable Loan Agreement, the Master Trust Indenture or any other document, or at law or in equity.

ALTERNATE CREDIT FACILITY

The Hospital may provide for the delivery to the Bond Trustee on any Interest Payment Date on which a series of the 2008 Bonds are callable for optional redemption of (i) an Alternate Credit Facility which shall have terms which are the same in all material respects (except as to Expiration
Date and except any changes pursuant to the applicable Indenture with respect to interest or premium coverage in connection with a concurrent interest rate reset or conversion) as the current applicable Letter of Credit, which shall have an Expiration Date that is not less than one year from the date of its delivery and not sooner than the Expiration Date of the current applicable Letter of Credit then in effect, (ii) an opinion of counsel to the provider of the Alternate Credit Facility satisfactory to the Bond Trustee with respect to the validity, binding effect and enforceability of such Alternate Credit Facility, and (iii) a Favorable Opinion of Bond Counsel; provided that the applicable 2008 Bonds will be subject to mandatory tender for purchase pursuant to the applicable Indenture on the date of any such replacement; and provided further that if the Purchase Price payable upon such mandatory tender for purchase includes any premium, the Bond Trustee will not accept the Alternate Credit Facility unless it has received written confirmation from the applicable Bank which issued the applicable Letter of Credit then in effect that it can draw under such Letter of Credit on the proposed replacement date in an aggregate amount sufficient to cover the entire Purchase Price, including premium, if any. If the requirements set forth herein are met, then the Bond Trustee shall accept such Alternate Credit Facility on the Interest Payment Date on which the replacement is to occur and, after any draws on the applicable Letter of Credit then in effect required to be made on or before the date of such replacement have been honored (including the drawing made by the Bond Trustee to pay the Purchase Price of the applicable 2008 Bonds pursuant to the applicable Indenture), shall promptly surrender for cancellation the previously held Letter of Credit to the issuer thereof in accordance with the terms of such Letter of Credit. The Alternate Credit Facility and the opinions described above must be delivered to the Bond Trustee at least 25 days (or such shorter period, not less than 12 days, as shall be acceptable to the Bond Trustee) prior to the proposed replacement date; provided that if such items have not been delivered to the Bond Trustee, but the Hospital shall have notified the Bond Trustee in writing 25 days (or such shorter period, not less than 12 days, as shall be acceptable to the Bond Trustee) prior to the proposed substitution tender date, that it expects to meet all of such conditions for the delivery of an Alternate Credit Facility from a bank identified in such notice on or before the proposed Substitution Tender Date, then the notice of mandatory tender for purchase shall state that it is subject to rescission, and the Bond Trustee shall rescind such notice if such conditions are not so met by 12:00 noon, New York City time, on the third Business Day prior to such replacement date (in which case the current Letter of Credit shall remain in effect). The Bond Trustee shall give notice to the Registered Owners, in the name of the Authority, of the proposed replacement of the current Letter of Credit with an Alternate Credit Facility and of the related mandatory tender for purchase, by first class mail, not less than 15 days prior to the Mandatory Purchase Date.

THE REMARKETING AGREEMENTS

Commerce Capital Markets, Inc. has been appointed as the Remarketing Agent for the 2008A Bonds pursuant to a Remarketing Agreement dated as of November 1, 2008 (the “Series A Remarketing Agreement”), by and between the Hospital and Commerce Capital Markets, Inc. PNC Capital Markets LLC has been appointed as the Remarketing Agent for the 2008B Bonds pursuant to a Remarketing Agreement dated as of November 1, 2008 (the “Series B Remarketing Agreement”), by and between the Hospital and PNC Capital Markets LLC.

LITIGATION

There is not now pending or, to the knowledge of the Authority, threatened any litigation restraining or enjoining the issuance or delivery of the 2008 Bonds or the application of the proceeds thereof as herein described, or questioning or affecting the validity of the 2008 Bonds or the proceedings or authority under which the 2008 Bonds are to be issued. Neither the creation, organization or existence of the Authority nor the title of any of the present members or other officials of the Authority to their respective offices is being contested. There is no litigation pending
or, to its knowledge, threatened, which in any manner questions the right of the Authority to enter into the Indentures or the Loan Agreements or to secure the 2008 Bonds in the manner provided in the Indentures and the Act.

As of the date hereof, to the knowledge of the Hospital, there is no general or professional liability claim or other litigation pending or threatened against either the Hospital or the Foundation wherein an unfavorable decision would adversely affect the ability of either Hospital or the Foundation to carry out its obligations under the Loan Agreements, Master Trust Indenture or Indentures or would have a material adverse impact on the financial position or operations of the Hospital or the Foundation.

**TAX MATTERS**

**Tax Exemption Opinion of Bond Counsel**

The Internal Revenue Code of 1986, as amended (the “Code”) contains provisions relating to the tax-exempt status of interest on obligations issued by governmental entities which apply to the 2008 Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the 2008 Bonds and the rebate of certain investment earnings derived from such proceeds to the United States Treasury Department on a periodic basis. These and other requirements of the Code must be met by the Authority and the Hospital subsequent to the issuance and delivery of the 2008 Bonds in order for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. The Authority and the Hospital have made covenants to comply with such requirements.

Interest on the 2008 Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion of Bond Counsel is subject to the condition that the Authority and the Hospital comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the 2008 Bonds in order that interest thereon continues to be excluded from gross income. Failure to comply with certain of such requirements could cause the interest on the 2008 Bonds to be so includable in gross income retroactive to the date of issuance of the 2008 Bonds. The Authority and the Hospital have covenanted to comply with all such requirements. Interest on the 2008 Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the individual and corporate alternative minimum taxes; however, under the Code, to the extent that interest on the 2008 Bonds is a component of a corporate holder’s “adjusted current earnings,” a portion of that interest may be subject to the corporate alternative minimum tax. Bond Counsel expresses no opinion regarding other federal tax consequences relating to the 2008 Bonds or the receipt of interest thereon. See discussion of “Alternative Minimum Tax,” “Branch Profits Tax,” “S Corporations with Passive Investment Income,” “Social Security and Railroad Retirement Benefits,” “Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations,” “Property or Casualty Insurance Company” and “Reportable Payments and Backup Withholdings” below.

In the opinion of Bond Counsel, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, the 2008 Bonds, and the interest thereon are free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but such exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the 2008 Bonds or the interest thereon. Profits, gains or income derived from the sale, exchange, or other disposition of the 2008 Bonds are subject to state and local taxation within the Commonwealth of Pennsylvania. Specifically, the 2008 Bonds are exempt from personal property taxes in Pennsylvania and interest on the 2008 Bonds is exempt from the Pennsylvania personal income tax and the Pennsylvania corporate net income tax.
Alternative Minimum Tax

The Code includes, for purposes of the corporate alternative minimum tax, a preference item consisting of, generally, seventy-five percent (75%) of the excess of a corporation’s “adjusted current earnings” over its “alternative minimum taxable income” (computed without regard to this particular preference item and the alternative tax net operating loss deduction). Thus, to the extent that tax-exempt interest (including interest on the 2008 Bonds) is a component of a corporate holder’s “adjusted current earnings,” a portion of that interest may be subject to the alternative minimum tax.

Branch Profits Tax

Under the Code, foreign corporations engaged in a trade or business in the United States will be subject to a “branch profits tax” equal to thirty percent (30%) of the corporation’s “dividend equivalent amount” for the taxable year. The term “dividend equivalent amount” includes interest on tax-exempt obligations.

S Corporations with Passive Investment Income

Section 1375 of the Code imposes a tax on the income of certain small business corporations for which an S Corporation election is in effect, and that have “passive investment income.” For purposes of Section 1375 of the Code, the term “passive investment income” includes interest on the 2008 Bonds. This tax applies to an S Corporation for a taxable year if the S Corporation has Subchapter C earnings and profits at the close of the taxable year and has gross receipts, more than twenty-five percent (25%) of which are “passive investment income.” Thus, interest on the 2008 Bonds may be subject to federal income taxation under Section 1375 of the Code if the requirements of that provision are met.

Social Security and Railroad Retirement Benefits

Under Section 86 of the Code, certain Social Security and Railroad Retirement benefits (the “benefits”) may be includable in gross income. The Code provides that interest on tax-exempt obligations (including interest on the 2008 Bonds) is included in the calculation of “modified adjusted gross income” in determining whether a portion of the benefits received are to be includable in gross income of individuals.

Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations

The Code, subject to limited exceptions not applicable to the 2008 Bonds, denies the interest deduction for indebtedness incurred or continued to purchase or carry tax-exempt obligations, such as the 2008 Bonds. With respect to banks, thrift institutions and other financial institutions, the denial to such institutions is one hundred percent (100%) for interest paid on funds allocable to the 2008 Bonds and any other tax-exempt obligations acquired after August 7, 1986.

Property or Casualty Insurance Company

The Code also provides that a property or casualty insurance company may also incur a reduction, by a specified portion of its tax-exempt interest income, of its deduction for losses incurred.
Reportable Payments and Backup Withholdings

Under 2006 amendments to the Code, payments of interest on the Bonds will be reported to the Internal Revenue Service by the payor on Form 1099 unless the Bondholder is an “exempt” person under Section 6049 of the Code. A Bondholder who is not an exempt person may be subject to “backup withholding” at a specified rate prescribed in the Code if the Bondholder does not file Form W-9 with the payor advising the payor of the Bondholder’s taxpayer identification number. Bondholders should consult with their brokers regarding this matter.

The Trustee will report to the Bondholders and to the Internal Revenue Service for each calendar year the amount of any “reportable payments” during such year and the amount of tax withheld, if any, with respect to payments made on the 2008 Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of 2008 Bonds are subject to the approval of Saul Ewing, LLP, Philadelphia, Pennsylvania, Bond Counsel and Special Counsel for the Members of the Obligated Group and by its general counsel, Grim, Biehn & Thatcher, Perkasie, Pennsylvania. Certain legal matters will be passed upon for the Authority by its counsel, Begley, Carlin & Mandio, LLP, Langhorne, Pennsylvania, and for the Underwriters by their counsel, Duane Morris LLP and for each of the Banks by their counsel, Duane Morris LLP, Philadelphia, Pennsylvania.

RATINGS

Standard & Poor’s, a Division of The McGraw-Hill Companies, Inc. has assigned to the Series 2008A Bonds a rating of “AA-/A-1+” to the 2008A Bonds based upon the issuance of the TD Letter of Credit by TD Bank and a rating of “AA-/A-1+” to the 2008B Bonds based upon the issuance of the PNC Letter of Credit by PNC Bank. Fitch Ratings has assigned to the 2008A Bonds a rating of “AA-/F-1+” based upon the issuance of the TD Letter of Credit by TD Bank and a rating of A+/F-1 to the 2008B Bonds based upon the issuance of the PNC Letter of Credit by PNC Bank.

Generally, each Rating Service bases its ratings on information and materials furnished to it and on investigations, studies and assumptions by such Rating Service. The ratings assigned to the 2008 Bonds reflect only the views of such Rating Service at the time such ratings were issued, and an explanation of the significance of such ratings may be obtained only from such Rating Service. Such ratings are not a recommendation to buy, sell or hold the 2008 Bonds. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by such Rating Service if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of this rating may have an adverse effect on the market price of the 2008 Bonds.

FINANCIAL ADVISOR

DAK Financial (the “Financial Advisor”), has been engaged by the Hospital as its financial advisor for this offering. The Financial Advisor has not conducted a detailed investigation of the affairs of the Hospital to determine the completeness or accuracy of this Official Statement. Because of its limited participation, the Financial Advisor has not independently verified any of the data contained herein, makes no representations or warranties, express or implied, as to the accuracy or completeness of such information, and has no responsibility for the accuracy or completeness thereof.
UNDERWRITING

The 2008 Bonds are to be purchased by PNC Capital Markets LLC, on its own behalf and as representative of Commerce Capital Markets, Inc. (collectively, the “Underwriters”) who have agreed to purchase the 2008 Bonds at an aggregate price of $144,522,890 (representing the principal amount of the 2008 Bonds of $144,740,000 less an underwriters’ discount of $217,110). The Underwriters’ obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the 2008 Bonds if any are purchased. The 2008 Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the Underwriters without prior notice. The Hospital will agree to indemnify the Authority and the Underwriters against certain liabilities, including certain liabilities under federal securities laws.

SECONDARY MARKET DISCLOSURE

Neither the Authority, the Hospital nor the Bank is obligated to provide ongoing disclosure concerning any of the Authority, the Hospital, or the Bank pursuant to SEC Rule 15c2-12 (the “Rule”). However, the Hospital as the “obligated person” with respect to the 2008 Bonds, has agreed to provide, via electronic filings with recognized information repositories, certain financial, utilization and other information on a quarterly basis.

MISCELLANEOUS

Any statement herein involving matters of opinion whether or not expressly so stated, are intended as such and not as representations of fact.

The Hospital has furnished the information herein relating to the Obligated Group, and the Project and the information in APPENDIX A. The Authority has furnished only the information included herein under the section entitled “THE AUTHORITY” and information concerning the Authority under the headings “INTRODUCTORY STATEMENT” and “LITIGATION” herein.

The foregoing references to and summaries or descriptions of provisions of the 2008 Bonds, the Letters of Credit, the Reimbursement Agreements, the Loan Agreements, the Indentures, the Master Trust Indenture, the Remarketing Agreements and all references to other materials not stated to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. Copies of the Letters of Credit, the Reimbursement Agreements, the Remarketing Agreements, the Loan Agreements, the Indentures and the Master Trust Indenture may be obtained from the Bond Trustee as set forth herein under “INTRODUCTORY STATEMENT.”

The attached Appendices are integral parts of this Official Statement and should be read in their entirety together with the foregoing statements.

The agreement between the Authority and the owners of each of the series of the 2008 Bonds is fully set forth in the Indentures and neither any advertisement for the 2008 Bonds nor this Official Statement is to be construed as constituting an agreement with the Holders of the 2008 Bonds.

The Authority and the Hospital have authorized the execution and distribution of this Official Statement.

A description of TD Bank is attached hereto as APPENDIX C. A description of PNC is attached as APPENDIX D. A form of Bond Counsel Opinion is attached as APPENDIX E.
The distribution of this Official Statement has been duly authorized by the Authority and the Members of the Obligated Group.

BUCKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

By: /s/ Harry W. Fawkes
Chairman

Approved:

GRAND VIEW HOSPITAL

By: /s/ Gregory H. Wuerstle
Senior Vice President,
Chief Financial Officer
APPENDIX A

THE OBLIGATED GROUP
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HISTORY AND BACKGROUND

Grand View Hospital (the “Hospital”) is a not-for-profit, acute care hospital founded in 1913 as the first hospital in Bucks County, Pennsylvania. The Hospital is a wholly-owned subsidiary of the Grand View Health Foundation, Inc. (the “Foundation”), a not-for-profit entity, which coordinates all fundraising activities for the Hospital.

The Hospital is licensed for 227 acute care beds, including 18 certified inpatient psychiatric beds, 9 rehabilitation beds, and an additional 20 well-baby nursery beds. The Hospital serves as a major provider of health care services for residents of Bucks and Montgomery Counties. It provides a number of specialty inpatient and outpatient programs including cancer care, pediatrics, maternity, cardiology, behavioral health, rehabilitation and orthopedics. The Hospital’s mission is also supported by outreach programs that include nursing home-care, hospice care, the Women’s Center, High Point Cancer Center and four satellite centers that provide diagnostic testing for outpatients.

The main Hospital is located on a 51 acre campus on Lawn Avenue in West Rockhill Township, Pennsylvania, one quarter mile from Route 309, a limited access expressway linking the area with Philadelphia, Allentown, Bethlehem and other areas of eastern Pennsylvania. In addition, the Hospital owns 22 acres across the street from the main campus bordering Route 309, a portion of which was recently developed as part of the Capital Improvement Program. The total 73 acres owned by the Hospital are zoned medical/industrial. The Hospital is located 37 miles from Philadelphia and 20 miles from Allentown.
GOVERNANCE

Board of Trustees

The business and affairs of the Hospital are governed by its Board of Trustees (the “Hospital Board”), which is elected by the Board of the Foundation (the “Foundation Board”). The Hospital Board has legal responsibility for the care and services rendered in the Hospital, the credentialing of the Hospital’s medical staff and the selection of the Chief Executive Officer.

The Bylaws of the Hospital require that the Hospital Board consist of not less than 8 nor more than 11 Trustees. Each Trustee serves a two-year term and may be elected to an unlimited number of successive terms. While most members of the current Hospital Board are also members of the Foundation Board, membership on both Boards is not required. Officers of the Hospital Board, however, must be members of the Foundation Board.

The Hospital Board has the following committees: the Finance Committee, a Joint Conference Committee, Building Committee and an Executive Review Committee. The Hospital Board also authorizes other special or ad hoc committees.

Under the By-laws of the Hospital, two Trustees must be physicians serving as Active Members of the Medical Staff. The immediate past president of the Medical Staff serves as an ex-officio, non-voting Member of the Hospital Board.

In addition to the Chief Executive Officer and Sr. Vice President, Chief Financial Officer of the Hospital, four Trustees are elected annually by the Hospital Board as Board Officers.

The Board’s current Officers and Members are listed below:

<table>
<thead>
<tr>
<th>Member</th>
<th>Principal Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thomas Hipp, MD (Chairman)*</td>
<td>Pediatric—Pennridge Pediatric Associates</td>
</tr>
<tr>
<td>Michael Corrado, MD (Vice Chairman)*</td>
<td>Physician—INC Research, Inc.</td>
</tr>
<tr>
<td>William Aichele (Secretary)*</td>
<td>President—Univest Corporation</td>
</tr>
<tr>
<td>Walter Cressman (Treasurer)*</td>
<td>President—Cress Gas Corporation</td>
</tr>
<tr>
<td>Jeffrey Landis, Esq.*</td>
<td>Attorney—Bricker, Landis &amp; Hunsberger</td>
</tr>
<tr>
<td>Nicholas Lindberg, MD</td>
<td>Physician—Stoneridge OB/GYN</td>
</tr>
<tr>
<td>Mary Anne Poatsy*</td>
<td>Financial Planner—Michael Joyce &amp; Associates</td>
</tr>
<tr>
<td>Robert Pritchard, JD, CPA*</td>
<td>CPA &amp; Business Consultant—Pritchard, Bieler, Gruver &amp; Willison, PC</td>
</tr>
<tr>
<td>Mark Schlosser*</td>
<td>President—Schlosser Steel, Inc.</td>
</tr>
<tr>
<td>P. Gregory Shelly</td>
<td>President—Shelly Enterprises</td>
</tr>
<tr>
<td>Steven Swartley*</td>
<td>General Manager &amp; President—Penn Builders, Inc.</td>
</tr>
</tbody>
</table>

* Members of the Foundation Board
MANAGEMENT

The following represents a summary of certain biographical information pertaining to several key members of the Hospital’s executive management.

Stuart H. Fine, President & Chief Executive Officer – Mr. Fine, age 53, has served as Chief Executive Officer of the Hospital and its affiliated entities since May 4, 1987. Prior to that time, he served for five years as President & CEO, and for one year as Vice President – Clinical Services, of Lexington Memorial Hospital, Lexington, NC. Mr. Fine has also held other positions in healthcare management, rural health administration and health planning, with that experience having been gained in Massachusetts, North Carolina and Pennsylvania. Mr. Fine received a Bachelor of Science degree in Health Planning and Administration from The Pennsylvania State University (1977) and a Master of Business Administration degree from Temple University (1981). He has recently completed all coursework related to his doctoral studies in health administration through the Medical University of South Carolina, and expects to be awarded that degree upon completion of his dissertation. A Fellow in the American College of Healthcare Executives, from which he received the Regent’s Young Healthcare Executive Award in 1991, Mr. Fine also holds licensure as a Nursing Home Administrator. The following is a partial listing of those organizations on whose governing boards and councils Mr. Fine has served during his tenure with Grand View Hospital: Cassatt Insurance Company, Ltd. (Chairman); Delaware Valley Healthcare Council (Chairman); Hospital and Healthsystem Association of Pennsylvania (Trustee, Medical Catastrophe Loss Fund Task Force); Hospital Council of Eastern Pennsylvania (Chairman); American Hospital Association (Regional Policy Board, Metropolitan Hospital Constituency Section Governing Council); Joint Commission on Accreditation of Healthcare Organizations (Special Advisory Group, Advisory Council); Boy Scouts of America-Bucks County Council (Executive Board); PA Health Care Cost Containment Council / PHC4 (Council Board); VHA East Coast (Director); Voluntary Hospitals of America (VHA) – Risk Retention Group, Inc. (Director).

Gregory R. Wuerstle, Senior Vice President, Chief Financial Officer – Mr. Wuerstle, age 60, joined the Hospital staff as Controller in 1977. Prior to joining the Hospital, he was employed by Ernst & Whinney where he specialized in healthcare accounting. Mr. Wuerstle received his Bachelor of Science degree in Business Administration from Villanova University. He is a member of the Institute of Management Accountants. Mr. Wuerstle presently serves on the Board of Directors of Hospital Central Services, Inc. of Allentown, PA. He previously served on the Board of Trustees of Hospital Billing & Collection Service, a Delaware corporation, where he was Chairman of the Finance and Audit Committee and on the Board of Directors of Cassatt Insurance Company, Ltd., where he was a member of the Investment and Finance Committees. In addition, Mr. Wuerstle serves or has served as a member of various committees, councils and boards of the Hospital and Healthsystem Association of Pennsylvania and VHA East Coast. He is a member and past president of the Pennridge-Perkasie Rotary Club.

J. Mark Horne, Senior Vice President, Clinical and Support Services – Mr. Horne, age 47, joined the Hospital in 1998 in his current position. Mr. Horne was formerly a Vice President at Episcopal Hospital in Philadelphia where he was employed from 1992 to 1998. Mr. Horne has held various positions in healthcare organizations since 1985. In 1983, he received a Bachelor of Science degree in Business Administration from Wingate University in North Carolina and in 1989 he received a Master of Business Administration from the University of North Carolina at Greensboro. Mr. Horne is currently a Fellow of the American College of Healthcare Executives and a member of the Healthcare Financial Management Association. He served as a member of the VHA National Outsourcing Advisory Council from 2000 - 2002. Mr. Horne currently chairs the VHA East Coast Senior Executive Council. Mr. Horne
is past president of the Upper Bucks YMCA and has served on the Board since 1999. He is involved with the Pennridge Little League and Deep Run Valley Sports Association, serving as a head and assistant coach for various teams during the past five years.

**Jane A. Ferry, M.D., Vice President, Medical Affairs/Chief Medical Officer** – Dr. Ferry, age 54, joined the Hospital in 1985 as a physician in the Department of Emergency Medicine and served as the Director of the department from 1986 to 1989. In February, 1989, she became Vice President, Medical Affairs of the Hospital. Dr. Ferry graduated from LaSalle College in 1976 and Temple University School of Medicine in 1980. In 1987, Dr. Ferry was certified by the American Board of Emergency Medicine and is a Fellow of the American College of Emergency Physicians. She is a member of the American College of Physician Executives.

**Linda S. Lavin, M.D., Vice President, Medical Affairs/Chief Medical Officer** – Dr. Lavin, age 57, joined the Hospital in 1981 as a physician in the Department of Pathology. In 1993, while continuing to perform the duties of a pathologist, she became Vice President, Medial Affairs of the Hospital, sharing responsibilities with Jane Ferry, M.D. Dr. Lavin graduated from Immaculata College in 1972 and from Hahnemann Medical College in 1976. In 1981 Dr. Lavin was certified by the American Board of Pathology in Anatomic and Clinical Pathology. She is a Fellow in the College of American Pathologists and a member of the American College of Physician Executives.

**Kathleen M. Burkey, RN, MSN, CNS, Vice President, Patient Services/Chief Nursing Officer** – Ms. Burkey, age 58, has held the position of Vice President, Patient Services since she joined the Hospital in June, 2008. Ms Burkey was formerly a Vice President, Chief Nursing Officer at Sacred Heart Hospital in Allentown from 2006 to 2008. Ms Burkey holds a nursing diploma from Sacred Heart Hospital School of Nursing in Allentown, a Bachelor’s degree in Healthcare Administration from Philadelphia University and her Master of Science in Nursing from Gwynedd Mercy College. Ms. Burkey is licensed to practice nursing in Pennsylvania. She is a Clinical Nurse Specialist in Gerontology and holds Post Masters Certificates in both Nursing Administration and Clinical Research from Villanova University. She is currently a member of the American Organization of Nurse Executives.

**Jean M. Keeler, Esq., Senior Vice President/General Counsel** – Ms. Keeler, age 54, has served as legal counsel to the Hospital since 1982. She joined the Hospital as an employee in January, 1996. Ms. Keeler received a Bachelor of Science degree from DeSales University in 1976 and was awarded her Juris Doctorate from the Villanova University School of Law, with high honors, in 1981. She served as a law clerk to the Bucks County Court of Common Pleas and then joined the law firm of Grim, Biern & Thatcher in Perkasie, Pennsylvania, where she assumed responsibility for the legal affairs of the Hospital. Ms. Keeler is admitted to practice in Pennsylvania and New Jersey and is a member of the Pennsylvania Bar Association, Bucks County Bar Association, and the Society of Human Resource Management.

**Darla Weaver, RN, CPHQ, Vice President, Quality, Licensure & Accreditation** – Mrs. Weaver, age 59, has held the position of Vice President, Quality Licensure & Accreditation since June, 2008. Immediately prior to that time, she served as Vice President, Patient Services since July, 1995. She has been employed at the Hospital since August, 1983 and has progressively acquired new responsibilities and areas of accountability. Mrs. Weaver holds a nursing diploma from the Harrisburg, Pennsylvania, Polyclinic Hospital School of Nursing and a Bachelor’s degree in Health Administration from Kennedy-Western University. Mrs. Weaver is licensed to practice nursing in both Pennsylvania and
New York. She is certified as a Professional in Healthcare Quality and as a facilitator for quality action teams. Mrs. Weaver has extensive experience in case management, quality management, performance improvement and accreditation. She is currently a member of the National Association for Healthcare Quality, the American Organization of Nurse Executives, and the American Society for Quality. She also serves on the Committee on Quality and Care Management of the Hospital & Healthsystem Association of Pennsylvania.

**Jane Doll Loveless, Vice President, Chief Information Officer** – Ms. Loveless, age 49, joined the Hospital in February, 1985, and has held increasingly responsible management positions at the Hospital, with emphasis on information services functions. Her previous work experience included four years with Proctor and Gamble, a division of Richardson-Vicks, in various management positions. Ms. Loveless received her Bachelor of Science degree in Industrial Engineering from Lehigh University in 1981 and her Master of Business Administration degree from Temple University in 1985. Ms. Loveless’ present affiliations include the American Hospital Association, Healthcare Information and Management Systems Society, Delaware Valley Health Care Information and Management Systems Society, the Hospital and Healthsystem Association of Pennsylvania, and the College of Healthcare Information Management Executives. In addition, Ms. Loveless has served as the Chairperson of the VHA East Coast Chief Information Officers Council.

**Maricarol Morley, Division Manager, Planning and Marketing** – Ms. Morley, age 32, joined the hospital staff in 1999 as a Management Engineer. Prior to joining the hospital, she worked for American Management Systems as a Systems Analyst. Ms. Morley earned her Bachelor of Science degree in Industrial Engineering from the University of Pittsburgh in 1998 and a Master of Business Administration degree from Drexel University in 2008. She is a lifetime member of Beta Gamma Sigma and a member of the Reel Colleens Celtic Performance Troup.
The Hospital has an organized Medical Staff with elected officers. The Medical Staff is responsible for delivering appropriate patient care at the Hospital.

The Medical Staff of the Hospital is organized into the following ten major departments: Anesthesiology, Emergency Medicine, Family Practice Medicine, Internal Medicine, Obstetrics and Gynecology, Pathology and Clinical Laboratory, Pediatrics, Psychiatry, Radiology, and Surgery.

The Medical Staff is open to licensed physicians and dentists who are graduates of recognized colleges of medicine, dentistry, or osteopathy and who are licensed to practice in the Commonwealth of Pennsylvania. Appointments and reappointments to the Medical Staff are made by the Board of Trustees based upon recommendations from the Medical Staff and its Executive Committee.

The Medical Staff includes the following categories of members: Active, Consulting, Courtesy, Community, Coverage, and Honorary. Active Staff Members are the regular and frequent users of the Hospital, admitting in excess of 94% of the Hospital’s inpatients. Active Staff Members are those physicians who admit more than twelve patients per year to the Hospital or practice their specialty mainly at the Hospital and are active in Medical Staff affairs through committee and departmental involvement. Consulting Staff Members have no admitting privileges to the hospital. Courtesy Staff members are those physicians who are responsible for fewer than twelve patient admissions or twenty patient procedures performed, or any combination which adds up to twenty admissions and procedures performed per year at the Hospital. Community Staff members have no clinical privileges at the Hospital. Coverage Staff members may admit when they cover for staff physicians with admitting privileges. Honorary Staff Members are those physicians who have retired and no longer retain any clinical privileges at the Hospital.

As of June 30, 2008, the Medical Staff consists of 359 physicians and dentists, of which 162 are Active Staff Members. The average age of the Active Medical Staff is 48.1 years. Thirty-five are under age 40. A profile of the Active Staff members, by specialty, as of June 30, 2008, appears in the following table:
### MEDICAL STAFF DISTRIBUTION AND UTILIZATION BY SPECIALTY (A)

<table>
<thead>
<tr>
<th>SPECIALTY</th>
<th>Total Active Staff</th>
<th>Board Certified Average Member (A)</th>
<th>% of Total Hospital Eligible Discharges (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRIMARY CARE SPECIALTIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family Practice</td>
<td>19</td>
<td>48.3</td>
<td>19</td>
</tr>
<tr>
<td>Internal Medicine</td>
<td>7</td>
<td>36.7</td>
<td>6</td>
</tr>
<tr>
<td>Obstetrics &amp; Gynecology</td>
<td>12</td>
<td>48.4</td>
<td>12</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>23</td>
<td>45.8</td>
<td>23</td>
</tr>
<tr>
<td>Psychiatry</td>
<td>6</td>
<td>49.0</td>
<td>6</td>
</tr>
<tr>
<td>Emergency Services</td>
<td>10</td>
<td>47.1</td>
<td>10</td>
</tr>
<tr>
<td><strong>TOTAL PRIMARY CARE</strong></td>
<td>77</td>
<td>45.9</td>
<td>76</td>
</tr>
<tr>
<td><strong>OTHER SPECIALTIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anesthesia</td>
<td>9</td>
<td>46.1</td>
<td>9</td>
</tr>
<tr>
<td>Allergy &amp; Immunology</td>
<td>1</td>
<td>37.0</td>
<td>1</td>
</tr>
<tr>
<td>Cardiology</td>
<td>10</td>
<td>46.7</td>
<td>10</td>
</tr>
<tr>
<td>Diagnostic Imaging</td>
<td>8</td>
<td>47.5</td>
<td>8</td>
</tr>
<tr>
<td>Gastroenterology</td>
<td>9</td>
<td>50.7</td>
<td>9</td>
</tr>
<tr>
<td>General Surgery</td>
<td>7</td>
<td>59.0</td>
<td>6</td>
</tr>
<tr>
<td>Head &amp; Neck Surgery</td>
<td>4</td>
<td>48.8</td>
<td>4</td>
</tr>
<tr>
<td>Hematology/Oncology</td>
<td>5</td>
<td>57.6</td>
<td>5</td>
</tr>
<tr>
<td>Neurology</td>
<td>4</td>
<td>43.8</td>
<td>4</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>3</td>
<td>56.3</td>
<td>3</td>
</tr>
<tr>
<td>Oral &amp; Maxillo-facial Surgery</td>
<td>0</td>
<td>0.0</td>
<td>0</td>
</tr>
<tr>
<td>Orthopedic Surgery</td>
<td>5</td>
<td>49.0</td>
<td>5</td>
</tr>
<tr>
<td>Pathology</td>
<td>2</td>
<td>58.0</td>
<td>2</td>
</tr>
<tr>
<td>Physical Medicine &amp; Rehab</td>
<td>1</td>
<td>42.0</td>
<td>1</td>
</tr>
<tr>
<td>Plastic Surgery</td>
<td>1</td>
<td>53.0</td>
<td>1</td>
</tr>
<tr>
<td>Pulmonary Medicine</td>
<td>4</td>
<td>50.3</td>
<td>4</td>
</tr>
<tr>
<td>Radiation Oncology</td>
<td>1</td>
<td>50.0</td>
<td>1</td>
</tr>
<tr>
<td>Urology</td>
<td>4</td>
<td>46.3</td>
<td>4</td>
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<tr>
<td><strong>TOTAL OTHER</strong></td>
<td>78</td>
<td>49.5</td>
<td>77</td>
</tr>
<tr>
<td><strong>TOTAL ACTIVE STAFF</strong></td>
<td>162</td>
<td>48.1</td>
<td>160</td>
</tr>
<tr>
<td><strong>OTHER STAFF (C)</strong></td>
<td>159</td>
<td>50.3</td>
<td>151</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>321</td>
<td>49.2</td>
<td>311</td>
</tr>
</tbody>
</table>

(A) Source: Medical Staff Records, includes Active and Active Provisional status.

(B) Source: Hospital Records for the twelve months ended 6/30/08. Data excludes new borns.

(C) Source: Includes Courtesy, Consulting, Community, Coverage and division of Pediatrics. It does not include honorary, general dentistry or specified professional personnel.
EMPLOYEES

As of June 30, 2008, the Hospital employed 2,056 employees consisting of 1,040 full-time, 529 part-time and 487 float pool employees. Float pool employees are those employees who work part-time relief duty, as needed, which may or may not be according to an established schedule. Historically, the Hospital has experienced low employee turnover, but on an as needed basis does contract with independent agencies to supplement its nursing and ancillary staff during periods of high census and vacancies.

The Hospital has a noncontributory defined benefit pension plan covering substantially all employees. Benefits are determined based on credited service and the employees’ compensation.

No segment or group of Hospital employees are or have ever been represented by labor unions or any other professional organization for the purpose of collective bargaining.

VOLUNTEERS

During the fiscal year ended June 30, 2008, approximately 687 volunteers donated over 59,388 hours of their time to provide important services in the Hospital. These services are in support of paid staff, patients, Hospice and their families. The Hospital’s most common volunteer positions are: newborn “cuddlers”, gift shop, patient transport, clerical assistance and guest reception.

FUNDRAISING

During the fiscal years ended June 20, 2008 and 2007, the Hospital and Foundation received $1,726,207 and $2,616,438 respectively, in donations, life income gifts, and bequests. The Hospital and Foundation have continuously received strong financial support from the community in all their fund raising efforts as shown below:

<table>
<thead>
<tr>
<th>FISCAL YR</th>
<th>DONATIONS</th>
<th>LIFE GIFTS</th>
<th>BEQUESTS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$1,431,944</td>
<td>$115,000</td>
<td>$86,502</td>
<td>$1,633,446</td>
</tr>
<tr>
<td>2005</td>
<td>$1,437,259</td>
<td>$249,743</td>
<td>$132,113</td>
<td>$1,819,115</td>
</tr>
<tr>
<td>2006</td>
<td>$1,672,639</td>
<td>$159,996</td>
<td>$10,351</td>
<td>$1,842,986</td>
</tr>
<tr>
<td>2007</td>
<td>$1,597,045</td>
<td>$293,400</td>
<td>$725,993</td>
<td>$2,616,438</td>
</tr>
<tr>
<td>2008</td>
<td>$1,615,527</td>
<td>$85,000</td>
<td>$25,680</td>
<td>$1,726,207</td>
</tr>
</tbody>
</table>

The Foundation undertook a major capital fund raising effort in Fiscal 2004 to coincide with the Hospital’s Major Capital Expansion Plan and Building Projects. As of June 30, 2008, this campaign has received pledges totaling $9,236,824. As of June 30, 2008, over $6,441,480 has been collected on these pledges.

Schultz & Williams, in coordination with the Foundation’s Fund Raising Committee, has developed a major gifts program, which utilizes key management personnel as well as Trustees of the Foundation.
ACCREDITATIONS, APPROVALS AND MEMBERSHIPS

The Hospital and its Home Health Care Department are both accredited by the Joint Commission and received their most recent three-year accreditation in May, 2006. The Hospital is also licensed by the Pennsylvania Department of Health and approved by the United States Department of Health and Human Services for participation in the Medicare and Medicaid programs. The inpatient Behavioral Health Program is certified by the Pennsylvania Department of Public Welfare.

The Hospital participates in two shared service organizations. Through its affiliation with VHA (a health care cooperative), the Hospital enjoys access to group purchasing, satellite communications, performance improvement opportunities, market analysis services, and professional liability insurance coverage. Laundry services and additional group purchasing discounts are available through the Hospital Central Services Corporation of Allentown (“HCSC”).

The Hospital is an active member of the American Hospital Association, the Hospital and Health System Association of Pennsylvania, the Delaware Valley Healthcare Council, the Bucks County Health Improvement Project, the American Association of Blood Banks, the Bucks County Emergency Healthcare Support Zone, and the Southeastern Regional Counterterrorism Task Force.

The Hospital is accredited as a CHCP (Community Hospital Cancer Program) by the American College of Surgeons Commission on Cancer, and is an affiliate of the Fox Chase Cancer Network. The Hospital is an affiliate of the Children’s Hospital of Philadelphia (CHOP) Connection and is also certified by the Joint Commission as an Advanced Primary Stroke Center.

EDUCATIONAL PROGRAMS AND AFFILIATIONS

The Hospital has educational affiliations for clinical experience in nursing, physical and occupational therapy, pharmacy, administration, social work, respiratory care, cardiology, radiology, surgical services, and dietetics. Certification programs, colleges and universities which affiliate with the Hospital include but are not limited to Temple University, Thomas Jefferson University, Lehigh County Community College, Northampton County Community College, Montgomery County Community College, Bucks County Community College, DeSales University, Gwynedd-Mercy College, Cedar Crest College, Arcadia University, Cooper University, Lancaster General College of Nursing, Sanford Brown University, Upper Bucks Vo-tech, Washburn University and the University of Pennsylvania.
MEDICAL MALPRACTICE AND OTHER INSURANCE

The Healthcare Services Malpractice Act, Act 111, of 1975, as amended (“Act 111”), requires that each licensed healthcare provider in Pennsylvania insure or self-insure professional liability in the amount of $500,000 per occurrence and $1,500,000 per annual aggregate. In addition, the Medical Care Availability and Reduction of Error Act (“Act 13”) requires participation in the “Pennsylvania MCare Fund which provides limits of $500,000 per occurrence and $1,500,000 annual aggregate in excess of the aforementioned limits. The Pennsylvania MCare Fund is a contingency fund to pay awards for loss or damages against certain health care providers as a consequence of certain professional liabilities for actions brought under Act 13 to the extent the same exceeds the health care provider’s basic insurance coverage required by Act 13.

The Hospital is in compliance with Act 111, utilizing a policy underwritten by VHA Risk Retention Group (“VHA RRG”) with appropriate certification to the Pennsylvania MCare Fund. VHA RRG, which is jointly owned by Cassatt Insurance Company, Ltd. (“Cassatt”) and VHA, provides general, institutional and professional liability insurance coverage. Under the institutional policy, each medical incident is insured up to $500,000 with an annual aggregate of $2,500,000. Under the physician policy, each medical incident is also insured up to $500,000 and the annual aggregate is $1,500,000. Along with the above coverage, Cassatt also provides self-insured and reinsured buffered layers and excess layers.

The Hospital also has the following other insurance coverages: Automobile Liability and Physical Damage, Garagekeepers Liability, Property/Boiler and Machinery, Crime, Directors and Officers Liability, Fiduciary Liability, Pollution Legal Liability, Unemployment Compensation Bond, and Volunteer Workers’ Accident. The Hospital has been approved as a self-insurer by the Commonwealth of Pennsylvania for its Workers’ Compensation exposure.

LITIGATION

There is no litigation pending, nor to the knowledge of the Hospital or Foundation, threatened against either the Hospital or the Foundation, except (a) litigation involving claims for Hospital professional liability in which the probable recoveries and estimated costs and expenses of defense, in the opinion of the Hospital, will be within the applicable insurance policy limits, subject to applicable deductibles (for claims covered by third party insurers) or insurance reserves (for claims that are self-insured by the Hospital) and (b) other litigation and proceedings which, if adversely determined, would not, in the judgment of the Hospital management, have a material adverse effect on the financial condition or operations of the Hospital or affect the validity or enforceability of the Bonds, the Resolution, the Indenture and the other documents relating to the Bonds.

There is no litigation pending or threatened that seeks to prohibit, restrain or enjoin the collection of revenues by the Hospital from which the Hospital is obligated to make payments under the Loan Agreements.
In 2007, the Hospital generated 90% of its total admissions from 26 primary and secondary service area zip code communities in Bucks, Montgomery, Lehigh and Berks Counties. Of the Hospital’s service area admissions, 88.4% originated from 12 primary service area (PSA) communities, and 11.6% came from 14 secondary service area (SSA) communities.

The Hospital has experienced growth in admissions and outpatient volumes in the last decade which the Hospital believes is primarily in response to the following four factors:

- Population growth.
- An older average population in the primary service area.
- Hospital’s primary care physician network located in areas of population growth.
- Hospital’s satellite locations which provide increased access to its outpatient and medical staff services within its service areas.
THIRD PARTY ARRANGEMENTS

The Hospital contracts with several managed care entities, the largest being Keystone Healthplan East ("KHPE") and Personal Choice (both affiliates of Independence Blue Cross) and Aetna. KHPE and Personal Choice represent 31% and 30% respectively, while Aetna makes up 25% of the total Hospital’s Managed Care business.

The Hospital currently has a three-year contract with Independence Blue Cross (IBC) and its affiliates (KHPE and Personal Choice) that will end August 31, 2009. IBC’s various plans reimburse the Hospital primarily on a per-diem basis for inpatient services with some per-case payment carve-outs for specific diagnoses. Outpatient services are paid by a fee or capitation schedule. The contract with IBC, all plans, generated approximately 40% of the Hospital’s net patient revenues in fiscal year 2008.

The Hospital has a five-year contract with Aetna that will end August 31, 2010. Aetna reimburses the Hospital primarily on a per-diem basis for inpatient services, with some per-case payment carve-outs for specific diagnoses. Outpatient services are paid by fee or capitation schedule, or percentage of charges. The contract with Aetna generated approximately 16% of the Hospital’s net patient revenues in fiscal year 2008.
APPENDIX B

DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF

PRINCIPAL DOCUMENTS
APPENDIX B
DEFINITIONS OF CERTAIN TERMS AND SUMMARIES OF CERTAIN DOCUMENTS

The following are definitions of certain terms and summaries of certain provisions of the Master Indenture, Bond Indentures and Loan Agreements. The summaries should not be regarded as full statements of the documents themselves or of the portions summarized. For complete statements of the provisions thereof, reference is made to the documents in their entireties, copies of which will be available for inspection at the corporate trust office of the Bond Trustee located in Philadelphia, Pennsylvania, and, during the offering period, at the offices of the Underwriter. Capitalized terms not herein defined shall have the meanings assigned to them in the Master Indenture, Bond Indentures or Loan Agreements.

DEFINITIONS OF CERTAIN TERMS

“Account” means each Remarketing Proceeds Account, Corporation Purchase Account and Letter of Credit Purchase Account established within the Purchase Fund, and may also include, as the context may require, any separate account established in the Debt Service and Sinking Fund pursuant to the Bond Indenture.

“Accounts Receivable” means any and all right to payment for services rendered or for goods sold or leased which is not evidenced by an instrument or chattel paper, whether or not it has been earned by performance.

“Additional Indebtedness” shall mean any Indebtedness (including all Notes and all Guaranties) incurred subsequent to the issuance of the original Master Note issued in 1993.

“Administrative Expenses” means the reasonable fees and expenses of the Issuer and the Trustee, including legal fees and expenses, in connection with the 2008A Bonds and the 2008B Bonds, or pursuant to the Agreement or the Bond Indenture and the administration thereof.

“Affiliate” means a Person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Corporation or the Board of Directors of the Corporation. The term “control” (including the terms “controlled,” “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Corporation or the Board of Directors of the Corporation, or of the Person or the Board of Directors of the Person, whether through stock ownership, membership, voting rights, governing boards, committees, divisions or other bodies with one or more common members, by contract, or otherwise.

“Alternate Credit Facility” means any irrevocable letter of credit, surety bond, insurance policy or other similar credit instrument authorizing drawings or payments thereunder by the Trustee and satisfying the requirements of the Bond Indenture.

“Alternate Rate” means the rate equal to 110% of the Security Industry and Financial Markets Association (“SIFMA”) Index as of the most recent date for which such Index was published, such rate being determined on the basis of seven-day, high grade market index of tax-exempt variable rate demand obligation produced by Municipal Market Data, Inc. or its successor, and published or otherwise designated by SIFMA or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Remarketing Agent; provided, however, that, if such index is no longer produced by Municipal Market Data, Inc. or its successor, then “Alternate Rate” shall mean 85% of the interest rate on 30-day high grade unsecured taxable commercial paper notes sold through dealers by major corporations as reported in The Wall Street Journal on the day the Weekly Rate will otherwise be determined under the Bond Indenture for such Weekly Rate Period.

“Alternative Debt” means Long-Term Debt, other than the Bonds, which the Hospital is permitted to incur under the Loan Agreement, the Bond Indenture and the Master Indenture and which is equally and ratably secured with the Bonds to the extent provided in the Bond Indenture, the Loan Agreement and the Master Indenture.

“Annual Debt Service Requirements” means, with respect to Related Bonds or other Long-Term Debt, as specified, the Debt Service Requirements on any such debt during the Fiscal Year in question.

“Architect” means any architects, engineers or construction managers or firm thereof or other Person who is in fact Independent and qualified to pass on questions relating to the construction and maintenance of hospital projects who has been appointed by the Hospital and who is not unsatisfactory to the Issuer or Trustee.

“Authority Representative” means the person or each alternate designated to act for the Authority by written certificate furnished to the Corporation and the Trustee, containing the specimen signature of such person and signed on behalf of the Authority by the Chairman or the Vice Chairman of the Authority.
“Authorized Denominations” means (a) with respect to 2008A Bonds or 2008B Bonds which are subject to a Long-Term Interest Rate Period, $5,000 or any integral multiple thereof, and (b) with respect to 2008A Bonds or 2008B Bonds which are not described in the preceding clause (a), $100,000 or any integral multiple of $5,000 in excess of $100,000.

“Available Moneys” means (a) moneys drawn or realized under any Credit Facility, and funds received by the Remarketing Agent as proceeds of the remarketing of 2008A Bonds or 2008B Bonds to any person other than the Issuer, any member of the Obligated Group or an Affiliate of any of the foregoing, which are held in separate and segregated subaccounts under the Indenture until applied, (b) moneys which have been on deposit with the Trustee as agent for the Holders of the 2008A Bonds or 2008B Bonds for a period of at least 123 days (or one year in all cases if any moneys are paid either directly or indirectly by any Person who is an “insider” as defined under the United States Bankruptcy Code) and not commingled with any moneys so held for less than such period and during which no petition in bankruptcy is pending or has been filed by or against the Issuer, any member of the Obligated Group or an Affiliate of any of the foregoing (or other Persons who have made payment of debt service on the 2008A Bonds, other than the Credit Facility Provider), under the United States Bankruptcy Code, or (c) any other moneys so long as a Favorable Opinion of Bankruptcy Counsel is delivered prior to the use of such moneys to make payment to Holders of the 2008A Bonds or 2008B Bonds; provided, that such proceeds, moneys or income shall not be deemed to be Available Moneys or available for payment of the 2008A Bonds or 2008B Bonds if, among other things, an injunction, restraining order or stay is in effect preventing such proceeds, moneys or income from being applied to make such payment.

“Balloon Indebtedness” shall mean any Long-Term Debt other than a Demand Obligation, 50% or more of the principal amount of which is payable in the same year (after taking into account all scheduled mandatory redemptions or prepayments payable over the life of the indebtedness), such year being referred to as a “balloon payment year” and the principal amount payable in such balloon payment year being referred to as a “balloon payment.”

“Bank Bonds” means 2008A Bonds purchased by TD Bank, National Association or its assignee or 2008B Bonds purchased by PNC Bank, National Association or its assignee pursuant to a Letter of Credit and identified as Bank Bonds or Pledged Bonds, and that do not cease to be Bank Bonds or Pledged Bonds under the Reimbursement Agreements.

“Bank Bond Rate” means the rate set forth in the Credit Facility or the Default Rate set forth in the Reimbursement Agreements.

“Beneficial Owner” means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including any Person holding a Bond through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

“Bond Counsel” means Saul Ewing LLP or any other attorney at law or firm of attorneys selected by the Authority and reasonably acceptable to the Trustee and the Corporation of nationally recognized standing in matters pertaining to the validity of and the tax-exempt nature of interest on bonds issued by States and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

“Bondholder” or “Holder” or “Owner” means, as of any time, the registered owner of any 2008A Bond or 2008B Bond as shown in the register kept by the Trustee as bond registrar.

“Bond Term Mode” means the Mode during which the 2008A Bonds or 2008B Bonds bear interest at a Bond Term Rate.

“Bond Term Rate” means, with respect to each Bond, a non-variable interest rate on such Bond established periodically in accordance with the Bond Indenture.

“Bond Redemption and Improvement Fund” means the separate fund of that name created by the Bond Indenture for each Series of Bonds.

“Book Value” when used in connection with Property, Plant and Equipment or other Property of the Corporation or any Restricted Affiliate, shall mean the value of such property, net of accumulated depreciation, as it is carried on the books in conformity with generally accepted accounting principles, 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 member of the Obligated Group determined in such a manner that no portion of such value of property of any member is included more than once.
“Business Day” or “business day” means any day other than (i) a Saturday or Sunday or legal holiday or a day on which banking institutions in the City of New York, New York or in the cities in which the principal offices of the Trustee or the Paying Agent or the office of the Bank at which drawing documents are required to be presented under the Credit Facility are located are authorized or required by law or executive order to close or (ii) a day on which the New York Stock Exchange is closed.

“Certified Hospital Resolution” means a copy of a resolution certified by the Secretary or Assistant Secretary of the Hospital or other officer serving in a similar capacity, under its corporate seal, to have been duly adopted by the Hospital Board and to be in full force and effect on the date of such certification.

“Certified Issuer Resolution” means a copy of a resolution certified by the Secretary or Assistant Secretary of the Authority, under its corporate seal, to have been duly adopted by the Authority and to be in full force and effect on the date of such certification.

“Certified Public Accountant” means a certified public accountant (or accounting firm) who has been appointed by the Obligated Group Agent, and who is in fact Independent and is not unsatisfactory to the Related Bond Issuer or the Related Bond Trustee.

“Code” means the Internal Revenue Code of 1986, as from time to time amended, and any regulations promulgated thereunder which are applicable to the 2008A Bonds and 2008B Bonds, including without limitation any Treasury Regulations or Temporary or Proposed Regulations, as the same shall from time to time be amended including (until modified, amended or superseded) Treasury Regulations or Temporary or Proposed Regulations under the Internal Revenue Code of 1954, as amended, as applicable to the 2008A Bonds and 2008B Bonds.

“Construction Fund” means the fund created pursuant to the Bond Indenture for each Series of Bonds.

“Consultant” shall mean a person or firm who is not, and no member, stockholder, director, officer or employee of which is, an officer or employee of the Corporation or any Restricted Affiliate, and which is a recognized professional consultant having the skill and experience necessary to render the particular report required by the provision hereof in which such requirement appears, who shall not be unsatisfactory to the Trustee.

“Contribution Agreement” shall mean an agreement by and between the Corporation and each Restricted Affiliate (being a separate agreement for each Restricted Affiliate) required by the Master Indenture as a condition to an Affiliate becoming a Restricted Affiliate, pursuant to which the Restricted Affiliate agrees to comply with the provisions of the Master Indenture including contributing monies necessary to make payments due under any Notes or Guarantees issued under the Master Indenture, the general form of which Contribution Agreement is attached to the Master Indenture as Appendix C.

“Conversion” means a conversion of the 2008A Bonds or 2008B Bonds from one Interest Rate Period to another Interest Rate Period as provided in the applicable Bond Indenture.

“Conversion Date” means the effective date of a Conversion.

“Corporation” shall mean Grand View Hospital, Sellersville, Pennsylvania, a Pennsylvania nonprofit corporation, or its successor as obligor.

“Corporation Bonds” means the 2008A Bonds or 2008B Bonds owned by the Corporation or any Affiliate or nominee thereof or held by the Trustee or on behalf of the Paying Agent for and on behalf of the Corporation or any Affiliate thereof or any nominee for (or any Person who owns such 2008A Bonds or 2008B Bonds for the sole benefit of) the Corporation pursuant to the Bond Indenture.

“Corporation Purchase Account” means each account with that name established within the Purchase Fund pursuant to the Bond Indenture for each Series of Bonds.

“Corporation Representative” means the person or each alternate designated to act for the Corporation by written certificate furnished to the Authority and the Trustee, containing the specimen signature of such person and signed on behalf of the Corporation by the Chief Financial Officer, the Treasurer or any Executive Vice President, Senior Vice President or Vice President of the Corporation.

“Corporation Security Instruments” means each of (a) the Loan Agreement, (b) the Series A Master Note or the Series B Master Note as applicable and (c) each of such additional or supplemental notes and other instruments as the Corporation, the
Obligated Group or any other Person from time to time may enter into in favor of the Trustee for the purpose of securing or supporting the obligations of the Corporation to pay all or any portion of the Loan Payments or for the purpose of securing all or any portion of the 2008A Bonds or the 2008B Bonds and as shall be identified as a “Corporation Security Instrument” for the purpose of the Bond Indenture by written agreement of the Corporation and the Trustee, each as from time to time in effect.

“Cost” or “Costs” in connection with a Project means all expenses which are properly chargeable thereto under Generally Accepted Accounting Principles or which are incidental to the financing, acquisition, construction and installation of a Project, or which are otherwise financeable under the Act, including, without limiting the generality of the foregoing:

(i) amounts payable to construction or other contractors and costs incident to the award and performance of contracts;

(ii) cost of labor, materials, facilities and services furnished by the Corporation or the Authority, and their employees or others, materials and supplies purchased by the Corporation or any Affiliate thereof or the Authority or others, and permits and licenses obtained by the Corporation, the Authority or others;

(iii) engineering, architectural, legal, accounting and other professional and advisory fees, as well as the fees and expenses of the Trustee;

(iv) printing, engraving, legal fees, accounting fees, placement fees and costs, underwriting discount and other expenses of financing and issuing the Bonds, including any fees or other expenses charged by the Authority;

(v) costs, fees and expenses in connection with the acquisition of real and personal property or rights therein, including premiums for title insurance;

(vi) costs of equipment;

(vii) interest on the Bonds or other borrowings for a Project during the period of construction thereof and amounts required to repay temporary loans or advances of the Corporation’s funds made after the date which is 60 days prior to the date on which the Corporation adopted a resolution expressing its intent to incur long term indebtedness to finance such expenditure;

(viii) costs of site improvements, including demolition, performed in anticipation of any Project; and

(ix) costs of issuing the Bonds.

“Costs of Collection” means all reasonable attorneys’ fees and out-of-pocket expenses incurred by the Trustee and all costs and expenses associated with travel on behalf of the Trustee, which costs and expenses are directly or indirectly related to the Trustee’s efforts to collect or enforce the 2008A Bonds or 2008B Bonds, the respective Bond Indenture or the Corporation Security Instruments, or any of the Trustee’s rights, remedies, powers, privileges, or discretion against or in respect of the Corporation thereunder (whether or not suit is instituted in connection with any of the foregoing).

“Co-Trustee” means any Co-Trustee appointed by the Trustee pursuant to the provisions of the Bond Indenture for each Series of Bonds.

“Counsel” means an attorney or a firm of attorneys admitted to practice law in the highest court of any State in the United States of America or in the District of Columbia.

“Credit Facility” means, any irrevocable transferable letter of credit, insurance policy, guaranty or other agreement constituting a credit enhancement or liquidity facility or any Alternate Credit Facility.

“Credit Facility Provider” means the respective Bank, and any provider of an Alternate Credit Facility, for the 2008A Bonds and the 2008B Bonds.

“Daily Mode” means the Mode during which either the 2008A Bonds or the 2008B Bonds bear interest at a Daily Rate.
“Daily Rate” means a variable interest rate for either the 2008A Bonds or the 2008B Bonds established in accordance with the Bond Indenture.

“Daily Rate Period” means each period during which a Daily Rate is in effect for either the 2008A Bonds or the 2008B Bonds.

“Date of Original Issuance” means the date on which the Issuer initially issued the 2008A Bonds and the 2008B Bonds.

“Debt Service and Sinking Fund” means the fund of that name created in the Bond Indenture for each Series of Bonds.

“Debt Service Requirements” means for a specified period and with respect to particular Related Bonds or, if none is specified, then all Outstanding Related Bonds or other Long-Term Debt as specified:

(i) the total amount of the principal of such Related Bonds or other Long-Term Debt payable, or for which provision for payment must be made during such period, whether at maturity or upon mandatory redemption thereof;

(ii) the total amount of interest on such Related Bonds or other Long-Term Debt payable during the period reduced by the total amount (if any) set aside from the proceeds of sale of such Related Bonds or other Long-Term Debt for the payment of interest thereon; and

(iii) as adjusted by the provisions in the Master Indenture related to Variable Rate Long-Term Debt, swap transactions and other similar matters.

“Default” means any Event of Default or any event or condition which, with the passage of time or giving of notice or both, would constitute an Event of Default.

“Default Rate” shall have the meaning set forth in the Reimbursement Agreements.

“Defeasance Obligations” means:

(i) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below), or

(ii) United States Obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

“Demand Obligation” means any Long-Term Debt which is subject to repurchase or repayment as to principal upon demand by the holder thereof or upon a mandatory tender (not including mandatory sinking fund redemptions).

“Electronic Means” means telecopy, telegraph, telex, facsimile transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission.

“Eligible Account” means an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has an S&P short-term debt rating of at least ‘A-2’ (or, if no short-term debt rating, a long-term debt rating of ‘BBB+’); or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit, which, in either case, has corporate trust powers and is acting in its fiduciary capacity. In the event that an account required to be an “Eligible Account” no longer complies with the requirement, the Trustee should promptly (and, in any case, within not more than 30 calendar days) move such account to another financial institution such that the Eligible Account requirement will again be satisfied.

“Event of Default” means any of the events listed in the Bond Indenture for each Series of Bonds or the Master Indenture.

“Expiration Date” means the stated expiration date of a Credit Facility as such date may be extended from time to time pursuant to the Credit Facility and Reimbursement Agreement, or any earlier date on which the Credit Facility shall terminate, expire or be cancelled.
“Expiration Tender Date” means the day five Business Days prior to the Expiration Date.

“Favorable Opinion of Bankruptcy Counsel” means a written opinion, acceptable to the Credit Facility Provider and any Rating Agency then rating the 2008A Bonds or 2008B Bonds, of nationally recognized counsel experienced in bankruptcy matters to the effect that (i) the deposit and use of any particular moneys to be used to make a payment of interest on, principal of, redemption premium, if any, or purchase price of 2008A Bonds or 2008B Bonds will not constitute a voidable preference under Section 544 or Section 547 of the United States Bankruptcy Code in the case of bankruptcy of the Issuer, any member of the Obligated Group or an Affiliate of any of the foregoing (or other Persons who have made payment of interest on, principal of, redemption premium, if any, or purchase price of the 2008A Bonds or 2008B Bonds, other than the Credit Facility Provider), and (ii) such “Available Moneys” will not be recoverable from the payee thereof under the provisions of Section 550 of the United States Bankruptcy Code on account of the bankruptcy of any such party.

“Favorable Opinion of Bond Counsel” means, with respect to any action relating to the 2008A Bonds or the 2008B Bonds, the occurrence of which requires such an opinion, a written legal opinion of Bond Counsel addressed to the Trustee, the Corporation, and the Remarketing Agent or the Broker-Dealers, as applicable, to the effect that such action is permitted under the Act and the Bond Indenture and will not, in and of itself, impair the exclusion of interest on the 2008A Bonds or the 2008B Bonds from gross income for purposes of federal income taxation.

“Financial Statements” shall mean the consolidated or combined financial statements of the Obligated Group or the consolidated or combined financial statements of the Corporation and its consolidated or combined Affiliates, which contain certain summarized consolidated or combined financial information concerning the Obligated Group prepared in accordance with generally accepted accounting principals.

“Fiscal Year” means a period of twelve (12) months beginning July 1 of each year, or such other annual accounting period as the Obligated Group Agent may select upon notice to the Trustee and the Related Bond Issuer.

“Fitch” means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation by notice to the Authority and the Trustee, with the consent of the Insurer.

“Fixed Rate” means the per annum interest rate on any 2008A Bond or 2008B Bond in the Fixed Rate Mode determined pursuant to the Bond Indenture.

“Fixed Rate Bonds” means the 2008A Bonds or the 2008B Bonds during the Fixed Rate Mode.

“Fixed Rate Mode” means the Mode during which the 2008A Bonds or the 2008B Bonds bear interest at the Fixed Rate.


“Fund” or “Funds”, as the context may require, means any or all of the Debt Service and Sinking Fund and Bond Redemption and Improvement Fund, and, as the context may require, may include any debt service reserve fund or account established under the Master Indenture or any instrument evidencing Alternative Debt.

“Governing Body” shall mean, when used with respect to the Corporation or any Restricted Affiliate, its board of directors, board of trustees, or other board or group of individuals in which the powers of the Corporation or the Restricted Affiliate are vested.

“Government Restrictions” shall mean changes in applicable laws, governmental regulations, third-party reimbursement methods or private or governmental insurance programs shall have occurred which prevent, have prevented or will prevent the Corporation or any Restricted Affiliate from generating sufficient Income Available for Debt Service to comply with the particular requirement of the financing document in question.

“Gross Revenues” means all receipts, revenues, income, installment payments, gifts, bequests, contributions and other moneys received by or on behalf of the Obligated Group from the operation, ownership or leasing of the Property of the Obligated Group, and all rights to receive the same whether in the form of accounts receivable, general intangibles, contract rights, chattel paper, instruments or other rights and the proceeds thereof, and any insurance proceeds and condemnation awards therefrom to the extent provided therein, and any proceeds of Medicare, Medicaid, Blue Cross and other third party reimbursement programs related to the Property of the Obligated Group, whether now existing or hereafter coming into existence and whether now owned or held or
hereafter acquired by the Obligated Group in connection with the Property of the Obligated Group; provided, however, that there shall be excluded from Gross Revenues gifts, grants, bequests, donations and contributions heretofore or hereafter made, designated at the time of making thereof by the donor or maker as being for certain specified purposes or not subject to pledge, and the income or gains derived therefrom to the extent required by such designation or restriction.

“Guaranty” shall mean all obligations of the Corporation or a Restricted Affiliate guaranteeing in any manner, whether directly or indirectly, any obligation of any other person which obligation of such other person would, if such obligation were the obligation of the Corporation or such Restricted Affiliate constitute Indebtedness under the Master Indenture.

“Hospital Board” means the then current governing body vested with the power of management of the Hospital.

“Hospital Consultant’s Certificate” or “Consultant’s Certificate” means a written report executed by a Consultant.

“Hospital Debt Service Account” means the special account of that name within the Debt Service and Sinking Fund.

“Income Available for Debt Service” means with respect to the Obligated Group, as to any period of time, the aggregate amount of net income, or excess of revenue over expenses (including investment income, gifts and bequests, but excluding donor restricted funds and the income thereon to the extent restricted by the donor thereof to other than operating expenses or debt service requirements) before depreciation, amortization, interest and other non-cash charges, as determined in accordance with generally accepted accounting principles, consistently applied; provided, that no determination thereof shall take into account (i) any revenue or expense of any person other than the Corporation and any Restricted Affiliates, (ii) any extraordinary gain or loss resulting from either the extinguishment of debt or the sale, exchange or other disposition of capital assets not in the ordinary course of business to the extent otherwise included in the foregoing calculations of revenues and expenses, or (iii) the net proceeds of insurance (other than business interruption insurance) and condemnation awards.

“Indebtedness” shall mean all obligations for borrowed money, or installment sales and capitalized lease obligations, incurred or assumed by the Corporation or a Restricted Affiliate, including Guaranties (other than any Guaranty by any member of the Obligated Group of Indebtedness of any other member of the Obligated Group), Long-Term Debt, Short-Term Debt or any other obligation for payments of principal and interest with respect to money borrowed, except obligations of a member of the Obligated Group to another member of the Obligated Group. For purposes of this definition, an obligation is not incurred or assumed until money is owed; that is, a “standby” commitment such as a line of credit or a reimbursement obligation related to a letter of credit does not constitute Indebtedness until, and to the extent, such commitment is funded.

“Independent” means with respect to the Certified Public Accountant, the Insurance Consultant, and Consultant, a Person who is not a member of the Corporation or any Restricted Affiliate or Related Bond Issuer Board or the Board of an Affiliate that controls the Corporation or of a Restricted Affiliate, an officer or employee of the Related Bond Issuer, an officer or employee of the Corporation or any Restricted Affiliate, an officer or employee of an Affiliate that controls the Corporation, or an officer or employee of a Restricted Affiliate, or which is not a partnership, corporation or association having a partner, director, officer, member or substantial stockholder who is a member of the Corporation or any Restricted Affiliate, or Authority Board, the Board of an Affiliate that controls the Corporation or the Board of a Restricted Affiliate, an officer or employee of the Related Bond Issuer, an officer or employee of the Corporation or any Restricted Affiliate, an officer or employee of an Affiliate that controls the Corporation or an officer or employee of a Restricted Affiliate; provided, however, that the fact that such Person is retained regularly by or transacts business with the Related Bond Issuer or the Corporation, or a Restricted Affiliate shall not make such Person an employee within the meaning of this definition.

“Insurance Consultant” means a Person who shall be Independent, appointed by the Board of the Corporation or as the case may be, the Board of a Restricted Affiliate, and not unsatisfactory to the Trustee and the Related Bond Issuer, and who is either (i) nationally recognized as qualified to survey risks and to recommend insurance coverage for hospital facilities and services and organizations engaged in like operations and having a favorable reputation for skill and experience in such surveys and such recommendations, or (ii) otherwise acceptable to the Insurer and who in either case may be a broker or agent with whom the Corporation, the Restricted Affiliate or the Related Bond Issuer regularly transacts business.

“Interest Account” means an account of the Debt Service and Sinking Fund from which the interest on the 2008A Bonds or the 2008B Bonds as applicable will be paid in accordance with the provisions of the applicable Bond Indenture.

“Interest Accrual Date” with respect to the 2008A Bonds and the 2008B Bonds means:

(i) for any Weekly Rate Period, the first day thereof and, thereafter, the first Thursday of each calendar month during such Weekly Rate Period;
(ii) for any Daily Rate Period, the first day thereof and, thereafter, the first day of each month;

(iii) for any Long-Term Rate Period, the first day thereof and, thereafter, each Interest Payment Date during that Long-Term Rate Period, other than the last such Interest Payment Date; and

(iv) for each Bond Interest Term within a Short-Term Rate Period, the first day thereof.

“Interest Accrual Period” means the period during which the 2008A Bonds and the 2008B Bonds accrue interest payable on any Interest Payment Date. Each Interest Accrual Period shall commence on the last Interest Payment Date to which interest has been paid (or, if no interest has been paid in such Mode, from the date of original authentication and delivery of such 2008A Bonds or 2008B Bonds, or the Mode Change Date, as the case may be) to, but not including, the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any 2008A Bond or 2008B Bond, interest is in default or overdue on the such Bonds, such 2008A Bond or 2008B Bond shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding Bonds.

“Interest Payment Date” means:

a. for any Weekly Mode, the first Thursday of each month;

b. for any Daily Mode, the fifth Business Day of the next succeeding calendar month;

c. for any Long-Term Mode, the first Business Day of each January and July prior to the Purchase Date and the Purchase Date;

d. for any Bond Interest Term, the day next succeeding the last day of that Bond Interest Term;

e. for each Interest Rate Period, the day next succeeding the last day thereof; and

f. for Bank Bonds, as set forth in the applicable Reimbursement Agreement; and

“Interest Rate Mode” means, as the context may require, the Daily Mode, the Weekly Mode, the Bond Term Mode, the Long Term Mode, and the Fixed Rate Mode.

“Interest Rate Period” means each Daily Rate Period, Weekly Rate Period, Short-Term Rate Period or Long-Term Rate Period (including any period during which 2008 Bonds bear interest at a Fixed Rate).

“Issuer” means the Bucks County Industrial Development Authority. Wherever in the Bond Indenture for each Series of Bonds action is required of the Issuer, it shall be taken by resolution of its board and evidenced by a Certified Issuer Resolution. Wherever action is to be taken upon order, certificate, request, requisition, notice or other statement of the Issuer, such terms mean an instrument signed by the Chairman, Vice Chairman, Secretary, Treasurer, Assistant Secretary or Assistant Treasurer or such other officer or person as may be specifically authorized by the Issuer.

“Letter of Credit” means as the context may require the irrevocable direct pay letter of credit issued by (i) TD Bank, National Association to the Trustee on the Closing Date for the 2008A Bonds pursuant to the Reimbursement Agreement applicable to the 2008A Bonds, and (ii) PNC Bank, National Association to the Trustee on the Closing Date for the 2008B Bonds pursuant to the Reimbursement Agreement applicable to the 2008B Bonds; and any Alternate Credit Facility delivered pursuant to the Bond Indenture for each Series of Bonds.

“Letter of Credit Debt Service Account” means the special account of that name within the Debt Service and Sinking Fund.

“Letter of Credit Purchase Account” means the special account of that name within the Purchase Fund.

“Lien” shall mean any mortgage of, pledge of, security interest in or encumbrance on any Property of the Corporation or any Restricted Affiliate which secures any Indebtedness or any other obligation.

“Loan Commitment” shall mean an unconditional irrevocable letter of credit, a line of credit which is revocable only upon the insolvency of the Corporation or any Restricted Affiliate, a binding long term loan commitment or other similar extension
of credit which is issued (a) for the purpose of providing a source of funds for the payment of all or any portion of the Corporation or any Restricted Affiliate's payment obligations under any Balloon Indebtedness or Demand Obligation, and (b) by a bank.

“Loan” means the loan of the 2008A Bond proceeds and the 2008B Bond proceeds to the Corporation pursuant to the Series A Agreement and Series B Agreement, respectively.

“Loan Payment” means a payment by the Corporation pursuant to (i) the Series A Agreement and the Series A Master Note or (ii) the Series B Agreement and the Series B Master Note of amounts which correspond to interest, or principal and interest on account of debt service on the 2008A Bonds or the 2008B Bonds, respectively, plus related fees and expenses, all in accordance with the Loan Agreement and the Series A Master Note or the Series B Master Note as applicable.

“Long-Term Debt Service Coverage Ratio” shall mean for any period of time the ratio of the Income Available for Debt Service of the Obligated Group to Maximum Annual Debt Service Requirements.

“Long-Term Debt Service Requirement” shall have the same meaning as Debt Service Requirements.

“Long-Term Debt” means the amount of obligations for the payment of money incurred by the Obligated Group, whether due and payable in all events or upon the performance of work, possession of property as lessee or rendering of services by others, including any guaranties given by the Obligated Group of the indebtedness or obligations of any Person to the extent of the Obligated Group's liability under the guaranty, except:

(i) Short-Term Debt;
(ii) Non-Recourse Debt;
(iii) current obligations payable out of current revenues, including current payments for the funding of pension plans;
(iv) obligations under contracts for supplies, services and pensions, allocable to current operating expenses for future years in which the supplies are to be furnished, the services rendered or the pensions paid;
(v) rentals payable in future years under leases not evidencing the acquisition of capital assets, and which would not require capitalization under generally accepted accounting principles; and
(vi) annuities or other payments due under arrangements with donors.

“Long Term Mode” means the Mode during which the 2008A Bonds or the 2008B Bonds bear interest at a Long Term Rate.

“Long Term Rate” means a term, per annum non-variable interest rate for any 2008A Bond or 2008B Bond established in accordance with the Bond Indenture for each Series of Bonds.

“Long Term Rate Period” means each period during which a Long Term Rate is in effect.

“Majority of the Bondholders” means the Holders of more than 50 percent of the aggregate principal amount of Outstanding 2008A Bonds or Outstanding 2008B Bonds, as applicable.

“Mandatory Purchase Date” means (i) any Purchase Date for 2008A Bonds or 2008B Bonds in the Long Term Mode, (ii) any Mode Change Date, (iii) the Substitution Tender Date, (iv) the Expiration Tender Date, and (v) any date set for purchase as a result of receipt by the Trustee of notice from the Bank described in the Bond Indenture for each Series of Bonds.

“Maturity Date” with respect to the 2008A Bonds and the 2008B Bonds means July 1, 2034, and, upon a change to the Fixed Rate Mode, any Serial Maturity Date established for such 2008A Bond or 2008B Bond pursuant to the Bond Indenture for each Series of Bonds.

“Maximum Annual Debt Service” shall mean the highest Long-Term Debt Service Requirement for any succeeding calendar year.
“Maximum Annual Debt Service Requirements” means, with respect to the Long-Term Debt, the highest Debt Service Requirements on the Long-Term Debt, as applicable (exclusive of interest which has been capitalized) required to be paid in the then current or any future Fiscal Year for all other Long-Term Debt Outstanding as of the time when the computation is made.

“Maximum Bond Interest Rate” means with respect to 2008A Bonds or the 2008B Bonds the lesser of 10% per annum and the Maximum Lawful Rate, in each case calculated in the same manner as interest is calculated for the particular interest rate on the 2008A Bonds.

“Maximum Lawful Rate” means the maximum rate of interest on the relevant obligation permitted by applicable law.

“Mode Change Date” means with respect to any 2008A Bond or 2008B Bond, the day following the last day of one Mode on which another Mode begins.

“Mode Change Notice” means the notice from the Authority to the other Notice Parties of the Authority’s intention to change Mode.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation by notice to the Authority and the Trustee.

“Net Patient Service Revenues” means Patient Service Revenues less contractual and courtesy allowances and provision for uncollectible accounts (net of recoveries) as shown on the Obligated Group's Statement of Revenues and Expenses and as determined by generally accepted accounting principles.

“Non-Payment Rate” means, on any date of determination, 15% per annum; provided, that in no event shall the Non-Payment Rate be more than the Maximum Lawful Rate.

“Non-Recourse Debt” shall mean any Indebtedness secured by a Lien, liability for which is effectively limited to the property, the purchase, acquisition or improvement of which was financed with the proceeds of such Non-Recourse Debt and which is subject to such Lien with no recourse, directly or indirectly, to any other property of the Corporation or of any other member of the Obligated Group.

“Note” or “Master Note” shall mean any note issued, authenticated and delivered under the Master Indenture. References to a series of notes or to notes of a series shall mean the notes or series of notes issued pursuant to a single Supplemental Master Indenture.

“Noteholder” or “Holder” shall mean the registered owner of any Note.

“Notice Address” means the addresses for the Corporation, the Authority, the Trustee, the Banks and the Remarketing Agents as set forth in the Bond Indentures.

“Notice Parties” means the Authority, the Trustee, the Corporation, the Remarketing Agents, the Paying Agent, the Banks and the Tender Agent.

“Obligated Group” means the Hospital, the Foundation and any Restricted Affiliate that becomes a member of the Obligated Group pursuant to the Master Indenture.

“Obligated Group Agent” means the person selected to act under the Master Indenture on behalf of the Obligated Group.

“Officer’s Certificate” shall mean a certificate signed by the chairman of the Governing Body, or the president or chief executive officer, or the Vice President-Finance or the chairman of the finance committee of the Governing Body of the Obligated Group Agent, and/or of each Affiliate whose financial statements are not combined or consolidated with those of the Obligated Group Agent in accordance with generally accepted accounting principles.

“Officers’ Certificate of the Issuer” means a certificate, executed by the Chairman or Vice Chairman, Secretary or Assistant Secretary, and Treasurer or Assistant Treasurer of the Issuer, under its official seal, any one person not being permitted to execute the certificate in more than one capacity.
“Officers' Certificate of the Hospital” means a certificate executed by the President or Vice-President and Secretary, Assistant Secretary, Treasurer or Assistant Treasurer of the Hospital, under its official seal, any one person not being permitted to execute the certificate in more than one capacity.

“Operating Assets” shall mean any or all land, leasehold interests, buildings, machinery, equipment, hardware, and inventory of the Corporation and each Restricted Affiliate, whether separately or together with other such other assets.

“Operating Expenses” means all expenses incurred by the Corporation or any Restricted Affiliate in owning, leasing, operating and maintaining the property and any other facilities all as determined under generally accepted accounting principles.

“Opinion of Bond Counsel” shall mean an opinion in writing signed by an attorney or firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds and not unsatisfactory to the Trustee.

“Opinion of Counsel” means a written legal opinion delivered by a firm of attorneys experienced in the matters covered by the opinion.

“Original Restricted Affiliate” means the Corporation or any successor of the Corporation under the Master Indenture as provided therein.

“Outstanding” when used with reference to Indebtedness, shall mean, as of any date of determination, all Indebtedness theretofore issued or incurred and not paid and discharged other than (i) Notes theretofore cancelled by the Trustee or delivered to the Trustee for cancellation, (ii) Indebtedness deemed paid and no longer Outstanding as provided in the Master Indenture, (iii) Notes in lieu of which other Notes have been authenticated and delivered or have been paid pursuant to the Master Indenture unless proof satisfactory to the Trustee has been received that any such Note is held by a bona fide purchaser, and (iv) Notes for the sole security of which the Corporation shall have deposited with the Trustee (or with a bank or trust company not unsatisfactory to the Trustee pursuant to an agreement between the Corporation and such bank or trust company in form acceptable to the Trustee) as trust funds the entire amount of moneys or direct general obligations of, or obligations the payment of principal and interest on which are unconditionally guaranteed by, the United States of America (or such other securities as are sufficient to defease the lien of the Related Bond Indenture in accordance with the terms of such Related Bond Indenture and the Supplemental Indenture executed in connection with the issuance of such Notes), the principal of and interest on which will be sufficient to pay at maturity or upon redemption said Notes, including principal, redemption premium, if any, and interest due or to become due to such date of maturity or redemption date, as the case may be.

“Outstanding Bonds” or “Bonds outstanding” means the amount of principal of the 2008A Bonds or 2008B Bonds as applicable which has not at the time been paid, exclusive of (a) Bonds in lieu of which others have been authenticated under the applicable Bond Indenture, (b) principal of any Bond which has become due (whether by maturity, call for redemption or otherwise) and for which provision for payment as required in the Bond Indenture has been made, and (c) for purposes of any direction, consent or waiver under the applicable Bond Indenture, Bonds deemed not to be Outstanding pursuant to the applicable Bond Indenture; provided that Bonds paid by payments made under any Credit Facility shall be deemed to be Outstanding Bonds until the Banks are reimbursed in full.

“Patient Service Revenues” means all revenues of the Obligated Group derived from providing health care related services as shown on the Obligated Group's Statement of Revenues and Expenses and as determined by generally accepted accounting principles.

“Paying Agent” means the Trustee and, subject to the approval of Fitch and S&P, any other paying agent appointed in accordance with the applicable Bond Indenture for each Series of Bonds.

“Payment Date” means each Interest Payment Date or any other date on which any principal of, premium, if any, or interest on any 2008A Bond or 2008B Bonds as applicable is due and payable for any reason, including without limitation upon any redemption of 2008A Bonds or 2008B Bonds pursuant to the applicable Bond Indenture.

“Payment Default” means (i) a default by the Issuer in the due and punctual payment of any installment of interest of any 2008A Bonds or 2008B Bonds or (ii) a default by the Issuer in the due and punctual payment of the principal of any 2008A Bond or 2008B Bond whether at maturity or upon mandatory redemption or acceleration, which, in either such case, is followed by a default by the Bank in the due and punctual payments of the amounts due under the Letter of Credit if amounts are then due under said Letter of Credit.

“Permitted Liens” shall have the meaning given in Section 5.07 hereof.
“Person” means a corporation, association, partnership, limited liability company, joint venture, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

“Pledged Bonds” shall have the meaning given to such term in the Reimbursement Agreement.

“Preference Opinion” shall mean an opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that the payment of principal, interest and premium (if any) on the 2008A Bonds made solely with drawings under a Credit Facility and the payment of the Purchase Price of any 2008A Bonds made solely from the proceeds of the remarketing of the 2008A Bonds or drawings under a Credit Facility will not be considered an avoidable “preferential transfer” by the Hospital or the Authority under the United States Bankruptcy Code in the event of the commencement of a bankruptcy case under the United States Bankruptcy Code by the Hospital or by or against the Hospital or any Affiliate of the Hospital, as debtor.

“Principal Account” means an account of the Debt Service and Sinking Fund from which the principal of the Bonds will be paid in accordance with the provisions of the Bond Indenture for each Series of Bonds.

“Principal Office” means, with respect to the Trustee or the Tender Agent, the address of such Person identified as its Notice Address in the Bond Indenture or pursuant to the Bond Indenture or otherwise notified in writing by such Person to the Authority, the Corporation, the Trustee (in the case of notice by the Tender Agent), the Tender Agent (in the case of notice by the Trustee), and the Remarketing Agent. “Principal Office” means with respect to the Trustee for purposes of delivery of 2008A Bonds or 2008B Bonds, The Bank of New York Mellon Company, N.A., 2001 Bryan Street, 9th Floor, Dallas, Texas 75201.

“Property” means the real and personal property owned by the Hospital, including, without limiting the generality of the foregoing as of any particular time, all buildings, structures, fixtures, furnishings, equipment and other related facilities, real, personal and mixed, and all franchises, land, rights of way, privileges, easements, licenses, rights and any other interests in property acquired by the Hospital and used or useful in connection with or incident to such facilities, or used or useful by the Hospital in connection with or incident to its providing services to the public. Property also includes any additional real property of any Restricted Affiliate used in connection with the operation of such Restricted Affiliate’s business together with any and all Capital Additions acquired, made or constructed by or for any member of the Obligated Group, excluding any Property released from the Related Bond Indenture pursuant to its terms.

“Property, Plant and Equipment” shall mean all Property of the members of the Obligated Group which is property, plant and equipment under generally accepted accounting principles.

“Purchase Contract” means, the Purchase Contract among the Corporation, the Authority and the Underwriter relating to the 2008A Bonds and the 2008B Bonds.

“Purchase Date” means the date on which the 2008A Bonds and the 2008B Bonds are required to be purchased pursuant to the applicable Bond Indenture.

“Purchase Fund” means the fund by that name created in the Bond Indenture for each Series of Bonds.

“Purchase Price” means an amount equal to the principal amount of any 2008A Bonds or 2008B Bonds purchased on any Purchase Date or Mandatory Purchase Date plus accrued interest, if any, from the first day of the most recent Interest Accrual Period to the Purchase Date or Mandatory Purchase Date, as the case may be, plus in the case of a 2008A Bond or 2008B Bond converted from a Term Rate Period on a date when such Bond is also subject to optional redemption at a premium or a 2008A Bond or 2008B Bond bearing interest at a Term Rate subject to mandatory tender pursuant to the applicable Bond Indenture, on a date when such Bond is also subject to optional redemption at a premium, an amount equal to the premium that would be payable on such Bond if redeemed on such date.

“Qualified Investments” means investments identified in the Bond Indenture and such other investments as are permitted by the Bank by notice in writing to the Trustee.

“Rate Determination Date” means the date on which the interest rate(s) on the 2008A Bonds or the 2008B Bonds shall be determined, which, (i) in the case of a conversion to the Weekly Mode, shall be no later than the Business Day prior to the Mode Change Date, and thereafter, shall be each Wednesday or, if Wednesday is not a Business Day, the next succeeding day or, if such day is not a Business Day, then the Business Day next preceding such Wednesday; (ii) in the case of the Daily Mode shall be each Business Day; (iii) in the case of the Bond Interest Term or Long Term Rate Modes shall be a Business Day no earlier than thirty (30) Business Days and no later than the Business Day next preceding the first day of an Interest Period; and (iii) in the case of the
Fixed Rate Mode, shall be a date determined by the Remarketing Agent which shall be at least one Business Day prior to the Mode Change Date.

“Rating Agency” means, as of any date, each of Moody’s, if 2008A Bonds or 2008B Bonds are then rated by Moody’s, Fitch, if 2008A Bonds or 2008B Bonds are then rated by Fitch, and S&P, if 2008A Bonds or 2008B Bonds are then rated by S&P.

“Rating Confirmation Notice” means a notice from a Rating Agency confirming that the rating on the 2008A Bonds or 2008B Bonds will not be lowered, suspended or withdrawn (other than a withdrawal of a short term rating upon a change to the Long Term Rate (including a Fixed Rate) as a result of the action proposed to be taken.

“Record Date” means (i) with respect to any Interest Payment Date in respect to any Daily Rate Period, the last Business Day of each calendar month or, in the case of the last Interest Payment Date in respect to a Daily Rate Period, the Business Day immediately preceding such Interest Payment Date, (ii) with respect to any Interest Payment Date in respect to any Weekly Rate Period or any Short Term Rate Period, the Business Day immediately preceding such Interest Payment Date, and (iii) with respect to any Interest Payment Date in respect to Long Term Rate Period, the fifteenth day immediately preceding that Interest Payment Date or, in the event that an Interest Payment Date shall occur less than 15 days after the first day of a Long Term Rate Period, that first day.

“Regulatory Body” means and includes:

(i) the United States of America and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the United States of America;

(ii) the Commonwealth, any political subdivision thereof, and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the Commonwealth;

(iii) the County and any department of or corporation, agency or instrumentality heretofore or hereafter created, designated or established by the County; and

(iv) any other public or private body, whether Federal, State, local or otherwise having or exercising regulatory jurisdiction and authority over the Hospital or the Hospital Property or hospital rates, including accrediting organizations, but not including the Issuer.

“Reimbursement Amounts” means all amounts owing to the respective Banks on account of the Reimbursement Agreements.

“Related Bonds” shall mean the revenue bonds or other obligations issued by the Commonwealth of Pennsylvania or any other state of the United States of America or any municipal corporation or political subdivision formed under the laws thereof or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof (“Governmental Issuer”), pursuant to a single Related Bond Indenture, the proceeds of which are loaned or otherwise made available to the Corporation or any member of the Obligated Group in consideration of the execution, authentication and delivery of a Master Note or Master Notes to or for the order of such Governmental Issuer.

“Related Bond Indenture” shall mean any indenture, bond resolution or other comparable instrument pursuant to which a series of Related Bonds are issued.

“Related Bond Issuer” shall mean the issuer of any issue of Related Bonds.

“Related Bond Trustee” shall mean the trustee and its successors in the trusts created under any Related Bond Indenture, and if there is no such trustee, shall mean the Related Bond Issuer.

“Remarketing Proceeds Account” means the account with that name established within the Purchase Fund.

“Required Charter Provisions” shall mean provisions in the corporate charter or by-laws, or both, of any Affiliate substantially to the effect that: (i) the Corporation (or a successor resulting from a merger or consolidation) or a Restricted Affiliate which is controlled directly by the Corporation or indirectly by the Corporation exclusively through control over other Restricted Affiliates or any Affiliate which controls the Corporation is and shall continue to be the sole member of such Affiliate, if such Affiliate is a membership corporation; (ii) the Corporation or a Restricted Affiliate which is controlled directly by the Corporation or indirectly by the Corporation exclusively through control over other Restricted Affiliates or any Affiliate which
controls the Corporation is and shall continue to be the sole shareholder of such Affiliate, if such Affiliate is a stock corporation; (iii) the Corporation, either alone or in conjunction with a Person which is controlled by the Corporation, shall have the sole right to elect or appoint or to veto the appointment of and dismiss directly the members of the Governing Body of any Affiliate which is a nonprofit corporation with or without cause or indirectly by vote of the Corporation's stock the members of the Governing Body of any Affiliate which is a stock corporation with or without cause; (iv) upon liquidation or dissolution of such Affiliate all remaining net assets shall be transferred to the Corporation; provided, however, that such transfer to the Corporation shall occur only if, at the time of such transfer, the Corporation is a Tax-Exempt Organization; (v) no Indebtedness may be incurred except in accordance with the provisions hereof and with the consent of the Corporation; (vi) nothing contained in such Corporate Charter or by-laws shall restrict the ability of such Affiliate to acquire, own, hold, mortgage and dispose of and invest its funds in real or personal property for the use and benefit and under the direction of the Corporation and in furtherance of the purposes of the Corporation during such period as the Corporation is a Tax-Exempt Organization; (vii) a designated purpose of such Affiliate shall be to aid, assist and confer benefits, including financial support and assistance to, and to invest and/or dispose of its funds for the use and benefit of, and to discharge the charitable and corporate purposes of the Corporation and the health care and associated facilities and institutions owned, leased, managed, operated or controlled by the Corporation and by other Restricted Affiliates; and (viii) the corporate charter and by-laws of any such Affiliate may be altered, amended or repealed only with the consent of the Corporation alone or only with the consent jointly of the Corporation and an Affiliate which controls or is controlled by the Corporation.

“Reserved Rights” means amounts payable to the Authority under the Loan Agreement and the right of the Authority to receive notices.

“Responsible Officer” means, with respect to the Trustee, any officer in its Principal Office or similar group administering the trusts under the Bond Indentures or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers to whom a particular matter is referred by the Trustee because of such officer’s knowledge of and familiarity with the particular subject.

“Restricted Affiliate” shall mean any Affiliate which shall have been designated as a Restricted Affiliate in the Master Indenture or as an additional Restricted Affiliate pursuant to the Master Indenture, the Corporate Charter or by-laws, or both, of which contains the Required Charter Provisions.

“Securities Act” means the Securities Act of 1933, as amended, and any successor thereto.


“Series” means a series of the Bonds, i.e. the 2008A Bonds or the 2008B Bonds.

“Short-Term Debt” shall mean all Indebtedness for any of the following:

(i) Payments of principal and interest with respect to money borrowed for a term, including renewals at the option of the borrower, of one year or less; and

(ii) Payments under installment purchase contracts having an original term of one year or less.

“Short Term Rate Period” means each period, consisting of Bond Interest Terms, during which any 2008A Bonds or 2008B Bonds bear interest at one or more Bond Term Rates.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation by notice to the Authority and the Trustee, with the consent of the Insurer.

“Substitution Date” means the date on which an Alternate Credit Facility is to be substituted for a Letter of Credit.

“Substitution Tender Date” means the Substitution Date.

“Supplemental Agreement” means an instrument supplementing or amending the Agreement entered into by the Issuer for the purposes of the Bond Indenture.
“Supplemental Indenture” shall mean an indenture supplemental to the Bond Indenture and authorized and executed in connection with amendments or modifications pursuant to the Bond Indenture.

“Supplemental Master Indenture” shall mean an indenture supplemental to, and authorized and executed pursuant to the terms of, the Master Indenture for the purpose, among others, of creating a particular series of Master Notes or a particular Guaranty issued thereunder.

“Tax Agreement Certificate” means the instruments bearing that title executed by the Authority and Corporation in connection with the issuance of the 2008A Bonds or the 2008B Bonds.

“Tax-Exempt Organization” shall mean a person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) and exempt from federal income taxes under Section 501(a) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of federal income tax laws from time to time in effect.

“Tender Agent” means the Trustee and, subject to the approval of Fitch and S&P, each other Person qualified under the Bond Indenture to act as Tender Agent with respect to the 2008A Bonds or the 2008B Bonds and so appointed by the Corporation and so acting from time to time, and its successors.

“Tender Agent Agreement” means the provision of the Bond Indenture relating to the Tender Agent so long as the Trustee is the Tender Agent, and otherwise means an agreement among the Corporation, the Remarketing Agent and a Tender Agent whereby such Tender Agent undertakes to perform the duties of the Tender Agent under the Bond Indenture and such Agreement with respect to the 2008A Bonds or the 2008B Bonds, as amended from time to time.

“Tender Date” means the Purchase Date or Mandatory Purchase Dates on which 2008A Bonds or the 2008B Bonds are required to be purchased pursuant to the applicable Bond Indenture.

“Tender Price” means the Purchase Price to be paid to the Holders of 2008A Bonds or the 2008B Bonds purchased pursuant to the Bond Indenture.

“Total Operating Revenues” shall mean the aggregate of total operating revenues of the Obligated Group, determined in accordance with generally accepted accounting principles consistently applied.

“Trust Estate” means the property and other rights assigned by the Authority to the Trustee in the granting clauses of the Bond Indenture.

“Undelivered Bond” means any 2008A Bond or 2008B Bond which constitutes an Undelivered Bond under the provisions of the applicable Bond Indenture.


“United States Obligations” means direct general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America, which obligations are noncallable

“Variable Rate Indebtedness” shall mean any portion of Indebtedness the interest rate on which is not fixed for the term of the Indebtedness at the time of incurrence.

“Variable Rate Long-Term Debt” means any Long-Term Debt, the interest rate on which is not fixed for the term of the Long-Term Debt at the time of incurrence.

“Weekly Mode” means the Mode during which the 2008A Bonds or the 2008B Bonds bear interest at the Weekly Rate.

“Weekly Rate” means a variable interest rate per annum for the 2008A Bonds or the 2008B Bonds adopted on a weekly basis and established in accordance with the Bond Indenture.

“Weekly Rate Period” means each period during which a Weekly Rate is in effect for the 2008A Bonds or the 2008B Bonds.
THE MASTER INDENTURE

The following is a summary of certain provisions contained in the Master Indenture. This summary is qualified in its entirety by reference to the Master Indenture itself, a copy of which may be viewed at the corporate trust office of the Bond Trustee located in Philadelphia, Pennsylvania, or will be provided to any prospective purchaser requesting the same upon payment by the prospective purchaser of the costs of complying with the purchaser’s request.

Amount of Notes

The number of series of Notes that may be created under the Master Indenture is not limited. The aggregate principal amount of Notes of each series that may be issued, authenticated and delivered under the Master Indenture is not limited except as limited by the provisions hereof or of any Supplemental Indenture. Notes may be created under the Master Indenture to evidence or secure each form or type of Indebtedness permitted by the Master Indenture (except Non-Recourse Debt) issued in consideration of the execution and delivery of such Note or Notes. All Notes created under the Master Indenture shall be on a parity each with the other, without preference or distinction of one Note over any other Note.

Conditions to Issuance of Notes or a Guaranty Issued under the Master Indenture

With respect to each series of Notes or a Guaranty issued under the Master Indenture, simultaneously with or prior to the execution, authentication and delivery of such Notes or the execution and delivery of such Guaranty pursuant to the Master Indenture:

(a) All requirements and conditions to the issuance of such Notes or such Guaranty, if any, set forth in the Supplemental Master Indenture or in the Master Indenture shall have been complied with and satisfied;

(b) The Corporation shall have delivered to the Master Trustee an Opinion of Counsel to the effect that registration of such Notes or such Guaranty under the Securities Act of 1933, as amended, and qualification of the Master Indenture or the Supplemental Master Indenture under the Trust Indenture Act of 1939, as amended, is not required, or, if such registration or qualification is required, that all applicable registration and/or qualification provisions of said Act have been complied with (at the request of the Master Trustee, any other opinions delivered in connection with the issuance of each series of Notes shall also be addressed to the Master Trustee); and

(c) The Corporation shall have delivered to the Master Trustee an Officer's Certificate stating that, (1) to the best of the knowledge of the signer thereof, each of the persons in whose name such a Note is to be registered upon the original issuance thereof and each of the persons who is to be a holder of such a Note or such a Guaranty upon the original issuance thereof is not acquiring the interest represented by such a Note or such Guaranty directly or indirectly with the assets of, or in connection with any arrangement or understanding by it in any way involving, any employee benefit plan with respect to which (i) any employee of any member of the Obligated Group or the Master Trustee, in its individual capacity, is a participant, or (ii) any member of the Obligated Group or the Master Trustee, in its individual capacity, or any of their affiliates is otherwise a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974, as amended, and (2) no Event of Default has occurred and is continuing.

Pledge of Gross Revenues; Security Interest; Restrictions on Encumbering Revenues; Payment of Principal and Interest

(a) To secure the prompt payment of the principal of, redemption premium, if any, and the interest on the Notes authorized under the Master Indenture and the performance by the Corporation of its other obligations under the Master Indenture, the Corporation pledges and assigns to the holders of the Notes authorized in accordance with the Master Indenture, all Gross Revenues. There is granted to the Master Trustee for the equal and ratable benefit of the Holders, from time to time, of the Notes authorized for the payment of the principal of, redemption premium, if any, and interest on the Notes a security interest in Gross Revenues, and the proceeds thereof. The Corporation covenants to cause each Restricted Affiliate, to the extent permitted by law, to grant to the Master Trustee, by execution of a Contribution Agreement or otherwise, for the equal and ratable benefit of the Holders, from time to time, of the Notes authorized for the payment of the principal of, redemption premium, if any, and the interest on the Notes a security interest in all of the Gross Revenues to the extent owned by each Restricted Affiliate, and all of the proceeds thereof. Prior to the delivery of the first series of Notes under the Master Indenture, there shall be delivered to the Master Trustee a duly executed financing statement evidencing the security interests of the Master Trustee in the Gross Revenues of the Corporation in form required by the Pennsylvania Uniform Commercial Code with copies sufficient in number for filing with the office of the Secretary of State in Harrisburg, Pennsylvania and, where necessary or appropriate in the Opinion of Counsel, in the offices of the Prothonotary and the Recorder of Deeds, in Bucks County, Pennsylvania. The pledge, assignment and agreement to pay shall not inhibit, and the Master Indenture allows, the sale or other transfer of such Gross Revenues and all the proceeds thereof

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in the normal course of business of the Corporation and the Restricted Affiliates provided the Corporation is in compliance with the terms of the Master Indenture.

The Corporation covenants that it will file or cause its Restricted Affiliates to file such financing statements or amendments to or terminations of existing financing statements which shall, in the Opinion of Counsel, be necessary to comply with Pennsylvania law or as required due to changes in the Obligated Group, including without limitation (i) any Affiliate becoming a Restricted Affiliate pursuant to the Master Indenture; or (ii) any Restricted Affiliate ceasing to be a Restricted Affiliate pursuant to the Master Indenture.

(b) The Corporation covenants that it will not and that it will not cause or permit any Restricted Affiliate to pledge or grant a security interest in (except as provided in (a) above and as may be otherwise provided in the Master Indenture) any of its Gross Revenues.

(c) The Corporation covenants to promptly pay or cause to be paid the principal of, premium, if any, and interest on each Note issued under the Master Indenture at the place, on the dates and in the manner provided in the Master Indenture, in the Supplemental Indenture and in said Notes according to the terms thereof whether at maturity, upon proceedings for redemption, by acceleration or otherwise.

(d) The Corporation covenants that, to the extent necessary to comply with the provisions of clause (c) above and to the extent permitted by law, it will cause the Restricted Affiliates to transfer to the Corporation, by loan, advance, grant or otherwise, such of their revenues, after payment of their reasonable costs of operation, to enable the Corporation to so comply with clause (c) hereof.

**Covenants as to Corporate Existence, Maintenance of Properties**

The Corporation covenants to, and, with respect to the Restricted Affiliates, covenants to cause each of the Restricted Affiliates to:

(a) Except as otherwise expressly provided in the Master Indenture, preserve its corporate or other separate legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualifications; provided, however, that nothing contained in the Master Indenture shall be construed to obligate the Corporation to retain or preserve any of its rights or licenses or to obligate the Corporation to retain, preserve or keep in effect or cause its Restricted Affiliates to retain, preserve or keep in effect the rights or licenses of any of its Restricted Affiliates no longer used or, in the judgment of its Governing Body, useful in the conduct of its business.

(b) With respect to the Restricted Affiliates, to cause each Restricted Affiliate to remain a Restricted Affiliate throughout the term of the Master Indenture, except as permitted by the Master Indenture.

(c) At all times cause its business to be carried on and conducted and its Properties to be maintained, preserved and kept in good repair, working order and condition and all needful and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained shall be construed (i) to prevent it from ceasing to operate any portion of its Properties, if in its judgment (evidenced, in the case of such a cessation other than in the ordinary course of business, by a determination by its Governing Body) it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such sale or other disposition, or (ii) to obligate it to retain, preserve, repair, renew or replace any Property, leases, rights, privileges or licenses no longer used or, in the judgment of its Governing Body, useful in the conduct of its business.

(d) Do all things reasonably necessary to conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States and the several states thereof and duly observe and conform to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its Properties; provided, nevertheless, that nothing contained in the Master Indenture shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof or the applicability thereof to it shall be contested in good faith.

(e) Promptly pay all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or its Properties; provided, however, that it shall have the right to contest in good faith any such taxes, charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof.
(f) Promptly pay or otherwise satisfy and discharge all of its obligations and Indebtedness and all demands and claims against it as and when the same become due and payable, other than obligations (exclusive of the Notes and Guaranties issued and Outstanding under the Master Indenture) the validity, amount or collectability of which is being contested in good faith.

(g) At all times comply with all terms, covenants and provisions of any Liens at such time existing upon its Properties or any part thereof or securing any of its Indebtedness.

(h) Procure and maintain all necessary licenses and permits and maintain accreditation of its health care facilities by the Joint Commission on Accreditation of Healthcare Organizations and the status of its health care facilities as a provider of health care services eligible for reimbursement of interest and depreciation expense to the extent such items are eligible for reimbursement under reimbursement programs, the appropriateness of which is determined by the Governing Body, supported by the recommendation of a Consultant; provided, however, that it need not comply with this section (h) 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.

(i) So long as the Master Indenture shall remain in force and effect, in the case of the Corporation and each Restricted Affiliate which is a Tax-Exempt Organization at the time it becomes a Restricted Affiliate, so long as all amounts due or to become due on any Related Bond have not been fully paid to the holder thereof, to take no action or suffer any action to be taken by others, including any action, which, in the Opinion of Bond Counsel, would result in the interest on any Related Bond becoming subject to federal income taxes.

Insurance

The Corporation covenants to provide and maintain continuously and to cause each Restricted Affiliate to provide and maintain continuously the insurance against loss to the extent provided below:

(a) insurance against loss and/or damage to the Property under a policy or policies in form and amount covering such risks as are ordinarily insured against by similar hospitals or medical centers including, without limiting the generality of the foregoing, fire, lightning and uniform standard extended coverage endorsements limited only as may be provided in the standard form of extended coverage endorsements at the time in use in the Commonwealth. Such insurance shall be for an amount at least equal to the full insurable value of the Property and all improvements and additions thereto, provided, however, that if such insurance is in the form of a comprehensive or institutional policy maintained by the Corporation and each Restricted Affiliate, it may be subject to a 90% co-insurance clause. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of co-insurance provisions or otherwise, without the prior consent thereto in writing by the Master Trustee, except that each policy of insurance required under the Master Indenture may contain a loss deductible clause specifying such sum or sums as the Corporation and each Restricted Affiliate may determine (and as are acceptable to the Insurance Consultant) as the sum or sums to be deducted from the amount of loss resulting from particular perils. Additionally, the Corporation shall provide and maintain all risk insurance coverage, including theft and vandalism, on such classes of equipment and other personal property and in such amounts as the Insurance Consultant certifies annually to the Corporation or any Restricted Affiliate, and the Related Bond Issuer as reasonable and necessary;

(b) business interruption insurance covering the payment of debt service due under any Related Bond Indenture during such period or periods, not less than twelve (12) months, as the Property, when damaged or destroyed by one of the hazards insured against by the insurance provided for in subparagraph (a) above, shall be under reconstruction, rebuilding or repair and until replaced in usable condition for the Corporation or the Restricted Affiliate, as the case may be;

(c) public liability insurance, landlord's liability insurance and comprehensive automobile liability insurance protecting the Related Bond Issuer, the Related Bond Trustee, the Corporation and any Restricted Affiliate, as their interests may appear, against liability for injuries to persons in the minimum amount of $250,000 liability to any one person for personal injury, and $1,000,000 in the aggregate; $100,000 liability for property damage for each occurrence and $300,000 in the aggregate, or in the alternative a combined single limit of $1,000,000;

(d) malpractice insurance (including amounts available in the Medical Professional Liability Catastrophe Loss Fund established under the Pennsylvania Health Care Services Malpractice Act, as amended) insuring the Corporation and any Restricted Affiliate against liability for death, injury, loss or damage occurring in the examination, diagnosis, treatment or care of any patient of the Corporation in the minimum amount of $1,000,000 as to any one person and to the extent of at least $3,000,000 in the aggregate to be effective from the effective date of the Master Indenture;
(e) fidelity bonds on all officers and employees of the Corporation and each Restricted Affiliate who collect or have custody of or access to revenues, receipts or income from the Property or any funds of the Corporation and each Restricted Affiliate, such bonds to be in such amounts as are customarily carried by like organizations;

(f) boiler and machinery coverages (direct damages and use and occupancy) on a replacement cost basis where deemed advisable by the Insurance Consultant or where required by ordinance or law;

(g) excess liability coverage, either straight excess or umbrella excess, covering excess over limits of liability in subparagraph (c) above for personal injury (but not property damage) and subparagraph (d) above, to be maintained in force so that total coverage available under those subparagraphs and this subparagraph, including coverage under any Commonwealth mandated insurance fund, is not less than $1,000,000 for any one occurrence and $3,000,000 in the aggregate; and

(h) workmen's compensation and employer's liability insurance meeting the Corporation's statutory obligations, provided, however, that if the Corporation or any Restricted Affiliate becomes an approved self-insured, employer's liability coverage in the amount of at least $100,000 shall be carried.

The Obligated Group Agent shall employ each year during the term of the Master Indenture an Insurance Consultant. All policies of insurance and bonds required by the Master Indenture shall be in such amounts and contain such provisions as comply with the foregoing requirements and as shall have been recommended in writing by the Insurance Consultant. All such policies and bonds shall provide, to the extent obtainable, that coverage shall not be reduced or canceled without thirty (30) days prior written notice to the Master Trustee, the Related Bond Issuer and the Related Bond Trustee.

All policies of insurance and fidelity bonds shall be issued by responsible insurance or fidelity bonding companies, acceptable to the Obligated Group Agent and the Insurance Consultant, qualified to do business in the Commonwealth and qualified under the laws of the Commonwealth to assume risks covered by such policy or policies or bond or bonds and shall be nonassessable, provided that the Obligated Group may comply with subsections (b) through (e) and (g) and (h) above by an alternative self-insurance plan or a captive insurance company plan if the Related Bond Issuer, the Master Trustee and the Bond Trustee shall have received: (i) a written description of the self-insurance or captive insurance company plan developed by the Obligated Group against such risks, stating the estimated costs thereof and describing the method of operation of such plan; and (ii) a written evaluation prepared at the expense of the Obligated Group by an Insurance Consultant of such self-insurance or captive insurance company plan stating that in the signer's opinion, such self-insurance or captive insurance company plan is in compliance with all applicable regulations of major third-party payers and governmental agencies having jurisdiction, that such plan will provide adequate reserves against the risks and otherwise be actuarially sound and affords protection which, under the circumstances, is substantially similar to the insurance coverage which is to be replaced thereby, and that all governmental approvals required for the establishment of the plan have been obtained. Such plan shall be filed with the Master Trustee, the Related Bond Trustee and the Related Bond Issuer, shall be reviewed annually by the Insurance Consultant in light of claims made in order to determine the adequacy of any such reserves, and shall provide, upon termination of such plan, for the adequate coverage of any potential liability resulting from occurrences during the period of self-insurance.

All policies of insurance required under subparagraphs (a), (b) and (f) above shall be for the benefit of the Related Bond Issuer, the Obligated Group, the holders of Alternative Debt, the Related Bond Trustee and the Master Trustee, as their respective interests may appear, and shall be made payable to the Maybe Trustee. The Master Trustee shall have the exclusive right to receive the proceeds from such insurance and settle and receipt for claims thereunder. Policies evidencing the insurance required by subparagraphs (c), (d), (e) and (g) above shall be for the benefit of the Related Bond Issuer, the Master Trustee, the Obligated Group and the Related Bond Trustee, as their interests may appear. The Obligated Group shall have the right to receive payments due on claims under policies of insurance and fidelity bonds required by subparagraphs (c), (d), (e) and (g) above. The original or a copy of each policy or a copy of any self insurance trust or fidelity bond or a certificate that the same has been issued and is currently in effect, shall be delivered to the Master Trustee.

The Related Bond Issuer upon notice to the Master Trustee, may accept such substitute coverage as is recommended by the Insurance Consultant; provided, however, that no event of default shall occur under the Indenture if substitute coverage is unavailable, and the Obligated Group makes a continuing good faith effort to secure the insurance or such substitute coverage as is recommended by the Insurance Consultant. If the insurance becomes commercially available at a reasonable cost after substitute insurance has been acquired, the Obligated Group shall acquire such insurance upon expiration of such substitute insurance or as otherwise recommended by the Insurance Consultant and approved by the Related Bond Issuer upon notice to the Master Trustee.

Insurance and Condemnation Proceeds

Amounts received by the Corporation or any Restricted Affiliate as insurance proceeds with respect to any casualty loss or as condemnation awards may be used in such manner as the recipient may determine, including, without limitation, applying
such monies to the payment or prepayment of any Note or Notes in accordance with the terms thereof and of any Supplemental Indenture, subject to compliance with the provisions of the Master Indenture and of any Related Bond Indenture or any supplement thereto.

Limitations on Creation of Liens

(a) The Corporation agrees that it will not create or suffer to be created or permit the existence of, or permit a Restricted Affiliate to create or suffer to be created or permit the existence of, any Lien upon Property now owned or hereafter acquired by the Corporation or any Restricted Affiliate other than Permitted Liens.

(b) Permitted Liens shall consist of the following:

(i) The Liens created by the Master Indenture and the Related Bond Indenture;

(ii) Liens arising by reason of good faith deposits with the Corporation or any Restricted Affiliate in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Corporation or any Restricted Affiliate 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;

(iii) 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 for any purpose at any time as required 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 the Corporation or any Restricted Affiliate to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, employee benefit plans or pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(iv) Any judgment lien against the Corporation or any Restricted Affiliate so long as such judgment is being contested and execution thereon is stayed;

(v) (A) 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; (B) any liens on any Property for taxes, assessments, levies, fees, water and sewer rents, 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, which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested and execution thereon is stayed or, with respect to which liens of mechanics, materialmen laborers, suppliers or vendors have been due for less than 90 days; (C) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the value thereof; (D) 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; and (E) to the extent that it affects title to any Property, the Master Indenture;

(vi) Any Lien described in the exhibit to the Master Indenture which is existing on the date of authentication and delivery of the initial series of Notes provided that no such Lien may be extended, renewed or modified to apply to any Property of the Corporation or any Restricted Affiliate not subject to such Lien on such date, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien under the Master Indenture;

(vii) Any Lien securing only Non-Recourse Debt permitted under the Master Indenture;

(viii) Any Lien on Property acquired by the Corporation or a Restricted Affiliate if an Officer's Certificate is delivered to the Master Trustee certifying that (A) the Lien and the indebtedness secured thereby were created and incurred by a Person other than the Corporation or Restricted Affiliate acquiring such Property prior to acquisition of such Property by the Corporation or Restricted Affiliate, (B) the Lien was created prior to the decision of the Corporation or Restricted Affiliate to acquire the Property and was not created for the purpose of enabling the Corporation or Restricted Affiliate to avoid the limitations hereof on creation of Liens on Property of the Obligated Group; and (C) provided the Corporation, or the Restricted Affiliate, as the case may be, certifies that it will not extend or renew such Lien upon the expiration of the term of the security agreement;
(ix) Any Lien resulting from purchase agreements, installment sale agreements or financing leases relating to the acquisition of Property, if the Indebtedness which is secured by such purchase money security interest is incurred in compliance with the Master Indenture;

(x) Liens on monies deposited by patients or others with the Corporation or any Restricted Affiliate as security for or as prepayment for the cost of patient care;

(xi) Liens on Property received by the Corporation or any Restricted Affiliate through gifts, grants or bequests, such Liens being due to restrictions imposed by the donor, grantor or testator on such gifts, grants or bequests of Property or the income thereon;

(xii) Liens on Property due to rights of third party payors for recoupment of amounts paid to the Corporation or any Restricted Affiliate for patient care;

(xiii) The Lien on the Gross Revenues of the Restricted Affiliates granted pursuant to the Contribution Agreements and other items described therein;

(xiv) Any Lien on Gross Revenues of the Obligated Group to secure Indebtedness so long as such Indebtedness is incurred in compliance with the Master Indenture.

(xv) Liens on real Property provided the total fair market value of which real Property subject to such liens does not exceed 10% of the Book Value of the total assets of the Obligated Group; and

(xvi) Liens arising under law or by contract with respect to initial deposits made under life-care contracts.

Limitations on Incurrence of Additional Indebtedness

(a) Basic Tests. The Obligated Group may, from time to time, incur or assume Long-Term Debt on a parity with (subject to the provisions of the Master Indenture), or subordinated to, the Notes, or unsecured by the Gross Revenues or secured by Lien on Property permitted under the Master Indenture provided that:

(i) prior to incurrence of the Long-Term Debt, there is delivered to the Trustee a certificate of a Certified Public Accountant certifying that the Long-Term Debt Service Coverage Ratio for the two most recent Fiscal Years of the Obligated Group for which audited financial statements are available, taking into account the current aggregate Outstanding principal amount of all Long-Term Debt during each of such Fiscal Years and the proposed additional Long-Term Debt as if it had been incurred at the beginning of the first of such Fiscal Years, is not less than 1.35; or

(ii) prior to incurrence of the Long-Term Debt, there is delivered to the Trustee (A) a certificate of a Certified Public Accountant certifying that the Long-Term Debt Service Coverage Ratio for the two most recent Fiscal Years of the Obligated Group for which audited financial statements are available, not taking the proposed additional Long-Term Debt into account, is not less than 1.25, and (B) a Consultant's forecast certifying that the forecasted Long-Term Debt Service Coverage Ratio for each of the next two full Fiscal Years following the incurrence of such Long-Term Debt or, in the case of the incurrence of such Long-Term Debt for capital improvements, following the completion of the facilities being financed, taking the proposed additional Long-Term Debt into account, is not less than 1.35.

(b) Guaranties. In the event that the Long-Term Debt of the Corporation or any Restricted Affiliate includes debt of a Person which is guaranteed by the Corporation or any Restricted Affiliate, the following provisions shall be applied in determining compliance with the various coverage tests set forth in the Master Indenture and the Rate Covenant. In order to calculate Income Available for Debt Service, the Consultant, Certified Public Accountant or the Officers of the Corporation or Restricted Affiliate, as the case may be, shall take into consideration 0% of the annual debt service requirements on the indebtedness which is guaranteed, if the ratio of the income available for debt service of such Person to maximum annual debt service of such Person with respect to such indebtedness is 2.0 or greater; 20% of the annual debt service requirements on the indebtedness which is guaranteed, if the ratio of the income available for debt service of such Person to maximum annual debt service of such Person is less than 2.0 but not less than 1.5; 50% of the annual debt service requirements on the indebtedness which is guaranteed, if the ratio of the income available for debt service of such Person to maximum annual debt service of such Person is less than 1.5 but not less than 1.25; 75% of the annual debt service requirements on the indebtedness which is guaranteed, if the ratio of the income available for debt service of such Person to maximum annual debt service of such Person is less than 1.25 but not less than 1.10; and 100% of the annual debt service requirements on the indebtedness which is guaranteed, if the ratio of the income available for debt service of such Person to maximum annual debt service of such Person is less than 1.10.
c) Refundings. In addition to Long-Term Debt incurred for the purposes of refunding outstanding Long-Term Debt pursuant to paragraph (a) above, the Obligated Group may incur Long-Term Debt for the purpose of refunding any outstanding Long-Term Debt so as to render it not outstanding if prior to the incurrence thereof the Obligated Group shall deliver to the Trustee an Officers’ Certificate finding that such refunding is in the best interest of the Corporation or any Restricted Affiliate and stating the reasons for such a finding and that the Maximum Annual Debt Service Requirements on the Long-Term Debt being issued shall not exceed the Maximum Annual Debt Service Requirements on the Long-Term Debt being refunded by more than 10%.

(d) Variable Rate Long-Term Debt. If the Corporation or any Restricted Affiliate shall incur Variable Rate Long-Term Debt there shall be taken into account in determining the Debt Service Requirements for each future year the amount of principal maturing or subject to mandatory redemption in such year plus interest payable in such year, assuming that the interest rate on such Variable Rate Long-Term Debt will be equal to the greater of (i) the average interest rate for the prior 12 months on comparable issues as published in The Bond Buyer indices or (ii) the current rate on such Variable Rate Long-Term Debt. If such indices are no longer published by The Bond Buyer, or any successor thereof, then any similar indices may be used.

(e) Swaps. For the purposes of determining the Annual Debt Service Requirements on any Long-Term Debt as to which the Obligated Group Agent notifies the Trustee that the Corporation or any Restricted Affiliate has entered into an interest liability swap agreement or other similar agreement (the "swap agreement") under which a third party agrees to make payments to the Corporation or any Restricted Affiliate during a specified period equal to the interest, payable by the Corporation or any Restricted Affiliate on specified Long-Term Debt and the Corporation or any Restricted Affiliate agrees to make payments to the third party equal to the interest the Corporation or any Restricted Affiliate would be required to pay on such Long-Term Debt during such period if it bore a different interest rate as specified in the swap agreement, the interest rate on such Long-Term Debt (the "swapped indebtedness") shall be computed as follows:

(i) If the other party to the swap agreement (the "counterparty") is not in default in its obligations to make payments to or on behalf of the Corporation, or any Restricted Affiliate under the swap agreement, and if the counterparty (or any party guaranteeing the counterparty's obligations under the swap agreement) is rated by each applicable Rating Agency in one of its three highest categories, then the interest rate on the swapped indebtedness shall be deemed to be:

(A) In the case of a swap agreement under which the Corporation, or any Restricted Affiliate agrees to make payments based upon an assumed fixed rate of interest, the interest rate stated in the swap agreement or used to compute the payments to be made by the Corporation, or any Restricted Affiliate pursuant to the swap agreement; and

(B) In the case of a swap agreement under which the Corporation, or any Restricted Affiliate agrees to make payments based upon an assumed variable rate of interest, the interest rate which would have been computed for the swapped indebtedness had it been treated as Variable Rate Long-Term Debt.

(ii) In all cases, the interest rate on the swapped indebtedness shall be deemed to be the higher of the rate computed in accordance with the applicable provisions of subparagraph (i) above or the interest rate determined in accordance with the repayment terms of the swapped indebtedness.

No computation of Annual Debt Service Requirements shall include for any period both interest payments determined in accordance with the repayment terms of the swapped indebtedness and interest payments determined in accordance with the terms of the swap agreement.

(f) Balloon Indebtedness. There shall be taken into account for the period under consideration in determining the Annual Debt Service Requirements with respect to any Balloon Indebtedness an amount calculated using the following assumptions: the principal and interest payable in any Fiscal Year will be measured as if the Balloon Indebtedness were payable in level annual payments which would be required to retire such Balloon Indebtedness over a term of 20 years following the date of calculation at (1) an interest rate certified in an Officers’ Certificate (which shall be accompanied by and based on an opinion of the Original Purchaser (as defined below) delivered to the Trustee) to be the interest rate at which the Corporation or the Restricted Affiliate, as the case may be, could reasonably expect to borrow the same amount by issuing other indebtedness the principal of which is amortized over a 20-year term, or (2) the assumed interest rate determined pursuant to paragraph (d) above if such Balloon Indebtedness is Variable Rate Long-Term Debt; provided, however, that if the date of calculation is within twelve (12) months of a balloon payment year for such Balloon Indebtedness, the full amount of principal payable in such balloon payment year shall be included in such calculation, and provided, further, that if the Corporation or the Restricted Affiliate, as the case may be, has obtained a Loan Commitment under which funds are available for the payment of the balloon payment for any Balloon
Indebtedness, the Annual Debt Service Requirements for such Balloon Indebtedness may be calculated by using the debt service payable under such Loan Commitment during the period under consideration. The "Original Purchaser" as used above shall mean the investment firm which originally underwrote the Balloon Indebtedness.

(g) Demand Obligations. Annual Debt Service Requirements on Long-Term Debt in the form of Demand Obligations shall be determined in the same manner as provided in paragraph (f) above with respect to Balloon Indebtedness.

### Additional Permitted Debt

(a) Anything in the Master Indenture to the contrary notwithstanding, the Corporation, or any Restricted Affiliate may, from time to time, incur Short-Term Debt or Long-Term Debt (including Alternative Debt subject to the provisions of the Master Indenture), on a parity with or subordinated to, the Notes or unsecured by the Gross Revenues, or other Property of the Obligated Group, and Non-Recourse Debt for any purpose provided that the Obligated Group Agent shall deliver to the Trustee prior to the issuance of such debt an Officer's Certificate which states that the total principal amount of the debt to be incurred together with the total amount of debt then outstanding does not exceed 25% of the Net Patient Service Revenues for the immediately preceding Fiscal Year.

(b) In determining the total amount of Indebtedness outstanding under paragraph (a) above for the purpose of the Officer's Certificate described above, the Obligated Group Agent may eliminate any debt previously incurred and outstanding under (a) above by reclassifying such debt as having been incurred as “Additional Indebtedness” as discussed above and complying with the requirements set forth above with respect to the incurrence of such debt.

(c) With respect to any Indebtedness test or limitation under the Master Indenture or the Rate Covenant, debt may be ignored if money or defeasance securities have been escrowed sufficient to pay such debt in accordance with a defeasance complying with the underlying instrument of that debt.

(d) With respect to any Indebtedness test or limitation under the Master Indenture or the Rate Covenant, there may be subtracted from interest due on any Indebtedness any accrued interest and capitalized interest which is available and is to be applied to make such interest payment in the year such interest becomes due.

(e) With respect to any test or limitation under the Master Indenture or the Rate Covenant, Indebtedness may be incurred and ignored if it represents a reimbursement agreement between the Corporation, or any Restricted Affiliate and the issuer of a Credit Facility securing other debt incurred pursuant to the Master Indenture.

(f) With respect to any Indebtedness test or limitation under the Master Indenture or the Rate Covenant, Indebtedness may be incurred and ignored if it is incurred or deemed incurred without recourse in connection with any sale or assignment of Accounts Receivable for fair market value with an average discount not exceeding 15%.

### Transfer of Hospital Property

The Corporation covenants that it will not and will not permit any Restricted Affiliate to, except for Permitted Liens and as expressly authorized in the Master Indenture, transfer or permit the transfer of any Gross Revenues or Property or any interest therein or part thereof ("transfer", without intending to limit the generality of the foregoing, shall, at any given time, include grant, convey, mortgage, encumber, pledge, hypothecate, lease or sublease, release, quit-claim, assign and sell and shall embrace the creation of an easement, servitude or license, the passage or creation of title, the passage or creation of any interest, the creation of any lien or judgment of record against the Property or any disposition thereof or any interest therein or part thereof, whether voluntary or involuntary or by operation of law), provided, however, this provision shall not prohibit liens permitted under the Master Indenture, dispositions of property in the ordinary course of business or, so long as no Event of Default shall have occurred and be continuing, the following:

(a) the Corporation and any Restricted Affiliate may lease or license the use of a part or parts of the Property to any Person for use in performing professional or other services necessary or desirable for the proper and economical operation and use of the Property for hospital and related purposes in accordance with customary business practices in the industry; or

(b) the Corporation, or any Restricted Affiliate may sell, lease, exchange or otherwise dispose of, in a transaction in which the Corporation, or any Restricted Affiliate receives the full and fair market value of the item sold, leased, exchanged or disposed of, any machinery, fixtures, furniture, furnishings, apparatus, tools, instruments or other movable property or any materials used in connection with the Property if the Corporation, or any Restricted Affiliate shall determine that the sale or other disposition of such property is in the best interest of the administration of the Property, will not impair its operation and will not
adversely affect the security of the Notes or the Related Bonds, and the cash proceeds (if any) thereof shall be applied to the replacement of the properties so sold or disposed of if such property is replaced or shall acquire such other Property which is of equal or greater value to the Corporation, or any Related Affiliate, or if such property is not replaced or other property acquired and such proceeds, together with the proceeds of all similar transfers over the last 12 months exceed the greater of $250,000 or 1.5% of the Operating Expenses for the preceding Fiscal Year, such proceeds shall be deposited in the Bond Redemption and Improvement Fund under the Related Bond Indenture.

Additionally, the Related Bond Issuer shall from time to time release real property to the Corporation or any Restricted Affiliate for transfer, in a transaction in which the Corporation or any Restricted Affiliate receives the full and fair market value of the property sold, leased, exchanged or disposed of, real property forming part of the Property provided that:

(i) the Obligated Group Agent, by Certified Resolution delivered to the Master Trustee and the Related Bond Issuer, shall authorize the sale or other disposition of such real property as being in the best interest of the Corporation or any Restricted Affiliate;

(ii) such real property shall not include real property occupied by buildings used for health care purposes or required for access to a public highway;

(iii) the Obligated Group Agent shall provide to the Master Trustee an opinion of Counsel stating that the sale will not adversely affect the zoning status of the remaining Property; and

(iv) any net cash proceeds thereof, if any, shall be deposited in the Bond Redemption and Improvement Fund of the Related Bond Indenture.

The Corporation, or any Restricted Affiliate need not comply with (b)(2) above if the Corporation, or any Restricted Affiliate delivers to the Issuer of any Related Bonds, the Related Bond Trustee and the Master Trustee, a Consultant's Certificate stating the transfer will not materially interfere with the operation of the Corporation, or any Restricted Affiliate, and the net proceeds shall be deposited in the Bond Redemption and Improvement Fund for the purchase or redemption of the Related Bonds. Upon compliance with the foregoing, the Related Bond Issuer and/or Related Bond Trustee shall execute such consent or release as to any such sale, disposition or encumbrance as may be appropriate; or

(c) the Corporation, or any Restricted Affiliate may, provided such action does not materially adversely affect the operations of the Corporation, or any Restricted Affiliate, at any time or times:

(i) grant easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any Property;

(ii) release existing easements, licenses, rights of way and other rights or privileges; or

(iii) give a purchase money security interest with respect to equipment or fixtures hereafter acquired with the proceeds of Long-Term Debt or Short-Term Debt, subject to the conditions of the Master Indenture, provided, however, that the net book value of such equipment and fixtures in which a purchase money security interest may be given shall at no time exceed 10% of Patient Service Revenues for the immediately preceding Fiscal Year;

all with or without consideration and upon such terms and conditions as the Corporation or any Restricted Affiliate shall determine, and the Related Bond Trustee shall execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way, purchase money security interest or other right or privilege. If the instrument of grant shall so provide, any such easement or right, and the rights of such other parties thereunder, shall be superior to the rights of the Related Bond Issuer and the Related Bond Trustee under the Master Indenture and the Related Bond Indenture and shall not be affected by any termination of the Master Indenture or default on the part of the Obligated Group under the Indenture. If no Event of Default shall have happened and be continuing, any payments or other consideration received by the Obligated Group for any such grant shall be considered Gross Revenues but, in the event of the termination of the Master Indenture, by default of the Obligated Group, all the Obligated Group's existing rights with respect to or under such grant shall inure to the benefit of and be exercisable by the Related Bond Issuer and the Related Bond Trustee; or

(d) so long as the transferred personal and real property is not necessary for the functioning of the Corporation as an acute care hospital or, in the case of any Restricted Affiliate, the functioning of such Restricted Affiliate, and so long as such transfer is in accordance with the Articles and By-Laws of the Corporation or any Restricted Affiliate, the Corporation, or any Restricted Affiliate may, without the prior consent of the Master Trustee or Noteholders, transfer (by lease, sale, gift or otherwise),
(e) so long as the transferred personal and real property is not necessary for the functioning of the Corporation as an acute care hospital or necessary for the functioning of the Restricted Affiliate, and so long as such transfer is in accordance with the Articles and By-Laws of the Corporation or such Restricted Affiliate, the Corporation, or such Restricted Affiliate may transfer, with or without consideration, 1.5% or more of its net property, plant and equipment (as shown on its latest audited financial statements) in any 12-month period to an Affiliate so long as the Obligated Group Agent furnishes to the Related Bond Trustee prior to such transfer a contract of guaranty between the Affiliate and the Related Bond Issuer, and assigned to the Master Trustee, whereby the Affiliate becomes liable for all payments payable under the Master Indenture and assumes all other obligations and covenants of the Corporation under the Master Indenture and, thereafter, the Corporation and the Affiliate satisfy all minimum Income Available for Debt Service requirements and other financial tests in the Master Indenture on a consolidated basis; or

(f) subject to the requirements hereof, the Corporation and any Restricted Affiliate may enter into a management contract or operating agreement whereby the manager or operator bears Operating Expenses and retains Income Available for Debt Service in excess of Operating Expenses and Debt Service Requirements provided that the manager or operator agrees to abide by the terms of the Master Indenture and to subordinate any rights it may have to the rights of Noteholders or holders of Alternative Debt; and provided further that the Corporation and any Restricted Affiliate shall, prior to entering into such Management Agreement, obtain an Opinion of Bond Counsel that the execution of such management contract will not adversely affect the tax-exempt status of interest on the Related Bonds.

(g) to another member of the Obligated Group without limit.

(h) to an Affiliate which is not a Restricted Affiliate or successor corporations pursuant to a merger or consolidation permitted by the Master Indenture without limit, if such Affiliate shall become an additional Restricted Affiliate pursuant to the Master Indenture.

For purposes of the above, the value of any property to be transferred shall be deemed to be the book value (net of accumulated depreciation) of such property as shown on the balance sheet in the last audited financial statements of the Corporation or of the Restricted Affiliate prior to such transfer.

**Hospital’s Existence, Consolidation.**

The Corporation covenants that during the term of the Master Indenture it shall not and shall not permit any Restricted Affiliate to consolidate with, transfer all or substantially all its assets to, or merge with or into any other corporation, unless the following conditions shall be met:

(a) the successor corporation resulting from such consolidation or merger shall be a not-for-profit corporation organized under the laws of the United States or any state, district or territory thereof and an organization under Section 501(c)(3) of the Internal Revenue Code, as amended;

(b) such successor corporation shall agree expressly, in writing, to fulfill the obligations of the Corporation or Restricted Affiliate under the Master Indenture;

(c) immediately after such consolidation, merger or transfer the Corporation or Restricted Affiliate, or such successor corporation, will not be in default in the performance or observance of any duties, obligations or covenants of the Corporation or Restricted Affiliate under the Master Indenture;

(d) prior to the transaction the Obligated Group Agent shall deliver to the Master Trustee and the Issuer of any Related Bonds a Consultant’s certificate stating: (i) the Long-Term Debt Service Coverage Ratio after the transaction will be greater than the Long-Term Debt Service Coverage Ratio prior to the transaction calculated as if the transaction had occurred at the beginning of the prior Fiscal Year; or (ii) the Long-Term Debt Service Coverage Ratio after the transaction is not more than 35% less than the Long-Term Debt Service Coverage Ratio prior to the transaction (assuming for purposes of said calculation that the transaction had already occurred) and the Long-Term Debt Service Coverage Ratio after the transaction is not less than 1.50; or (iii) the Long-Term Debt Service Coverage Ratio after the transaction is not more than 10% less than the Long-Term Debt Service Coverage Ratio prior to the transaction (assuming for purposes of said calculation that the transaction had already occurred) and the Long-Term Debt Service Coverage Ratio after the transaction is not less than 1.25; or (iv) the Long-Term Debt Service Coverage Ratio after the transaction is not less than 1.75. The provisions of Section 5.08 and 5.09 hereof shall be applicable to the calculation of Maximum Annual Debt Service Requirements with respect to the Corporation or any Restricted Affiliate and the successor corporation for purposes of the Master Indenture.
(e) The Related Bond Issuer and the Related Bond Trustee shall have received an Opinion of Bond Counsel satisfactory to each of them that the exclusion from gross income of the Bondholders of the interest on the Related Bonds will not be adversely affected by the merger, transfer or consolidation and that all required consents and approvals of any Regulatory Body have been obtained.

** Parties Becoming Restricted Affiliates  

Affiliates which are not Restricted Affiliates may become Restricted Affiliates if:

(a) The Affiliate which is becoming a Restricted Affiliate, shall adopt by appropriate action of its Governing Body amendments of its articles of incorporation, charter and by-laws or such other documents or agreements by which the Affiliate is lawfully constituted and governed, if required, such that after such amendment the articles of incorporation, charter and by-laws or such other documents or agreements by which the Affiliate is lawfully constituted and governed will contain the Required Charter Provisions, and such Affiliate will file such amendments in all public offices where such filing is required;

(b) The Corporation and Affiliate or successor or transferee entity shall execute and deliver a Contribution Agreement in form and substance substantially similar to the form of the Contribution Agreement attached hereto as Appendix B, with only such changes, omissions and insertions as, in the Opinion of Counsel filed with the Master Trustee, do not materially and adversely affect the substantive provisions thereof;

(c) The Corporation shall by appropriate action of its Governing Body designate such Affiliate as a Restricted Affiliate and shall file with Moody's, Fitch and/or S&P (if such rating agency then maintains a rating for any Notes or Related Bonds), the Master Trustee, each Insurer and with each Noteholder who may have so requested in writing or on whose behalf the Master Trustee has so requested certified copies of the documentation evidencing such corporate action;

(d) The Master Trustee shall also have received (i) a report by a Consultant which demonstrates that, immediately upon any Affiliate or successor transferee entity becoming a Restricted Affiliate neither the Corporation nor any Restricted Affiliate will, as part of such transaction, be in default in the performance or observance of any covenant or condition to be performed or observed by it under the Indenture (including any covenant or provision applicable to the Restricted Affiliates) and the Corporation or any Restricted Affiliate could meet the conditions described in subsection (a)(i) or (ii) of Section 5.08 for the incurrence of one dollar of Long-Term Debt and the Obligated Group's unrestricted fund balances determined in accordance with generally accepted accounting principles will not be less than 90% of such Obligated Group's unrestricted fund balance if no such affiliation would occur, and (ii) if all amounts due or to become due on any Related Bond have not been paid to the holder thereof, an Opinion of Bond Counsel, in form and substance satisfactory to the Master Trustee, to the effect that under then existing law the consummation of such transaction, whether or not contemplated on any date of the delivery of any such Related Bond, would not adversely affect the exemption from federal income taxation of interest payable on any such Related Bond, and (iii) and an Opinion of Counsel, which may be contained in the same opinion specified in clause (ii) above, to the effect that the Contribution Agreement referred to in clause (b) above has been duly authorized, executed and delivered by the Corporation and such Affiliate and constitutes the valid, binding and enforceable agreement of the Corporation and such Affiliate; and

(e) If an Affiliate which directly or indirectly controls Grand View Hospital (the “Hospital”) becomes a Restricted Affiliate under the Indenture and expressly assumes all the obligations of the Corporation under the Indenture and the Hospital executes a Contribution Agreement, then such Affiliate shall be the Corporation for all purposes under the Indenture and the Hospital shall be a Restricted Affiliate for all purposes under the Indenture.

(f) Upon any Person becoming a Restricted Affiliate pursuant to the Master Indenture, all of the provisions, terms, applicable covenants and representations set forth in the Master Indenture shall apply to such person from the time that such person becomes a Restricted Affiliate.

** Additional Covenants Pertaining to Restricted Affiliates  

(a) The Corporation covenants that it will not, and that it will not permit any Restricted Affiliate to, take any action, corporate or otherwise, which would cause any Restricted Affiliate to cease to be Restricted Affiliate unless, prior to the taking of such action, there is delivered to the Master Trustee a report by a Consultant stating that immediately after such action is taken:

(i) the Long-Term Debt Service Coverage Ratio for the two most recent periods of 12 full consecutive calendar months preceding the proposed date of such action for which Financial Statements have been reported upon by Certified Public Accountants, assuming such action actually occurred prior to the beginning of such period, 1) would not have been reduced by more than 20% and 2) would not have been reduced to less than 1.50; or
(ii) the Long-Term Debt Service Coverage Ratios for each of the two periods of 12 full consecutive calendar months immediately succeeding the proposed date of such action is expected to be either greater than 1.50 and not reduced to less than 90% of the Long-Term Debt Service Coverage Ratio for the period described in the Master Indenture, or higher than it would have been had such action not been effected; and an Opinion of Counsel is delivered to the Master Trustee, to the effect that:

(i) such disposition will not adversely affect the status of any member of the Obligated Group as an organization described in Section 501(c)(3) of the Code which is exempt from federal income taxes pursuant to Section 501(a) of the Code and is not a private foundation as defined in Section 509(a) of the Code;

(ii) no event of default will result from such affiliation under the Master Indenture or any Related Bond Indenture;

(iii) the consent of each remaining Restricted Affiliate has been obtained; and

(iv) the Obligated Group will no longer be liable for any debt incurred by the Obligated Group for the benefit of the entity leaving the Obligated Group.

(b) The Corporation covenants that it will not permit any Restricted Affiliate to issue any equity securities the payment of dividends on which rank prior to the duty of such Restricted Affiliate to comply with the Contribution Agreement or which require the distribution of assets upon any voluntary or involuntary liquidation to any person prior to the distribution of such assets to another member of the Obligated Group.

Events of Default

Event of Default under the Master Indenture shall mean any of the following events:

(a) if payment of the principal or redemption price of any Note is not made or provided for when it becomes due and payable at maturity or upon call for redemption; or

(b) if payment of any interest on any Note is not made or provided for when it becomes due and payable; or

(c) if any payment required by any Guaranty is not made or provided for when it becomes due and payable; or

(d) failure by the Corporation or any Restricted Affiliate to observe and perform any covenant or agreement of the Master Indenture on its part to be observed or performed for a period of thirty (30) days after the date on which written notice of such failure, specifying such failure and requesting that it be remedied, is given to the Corporation or by any Restricted Affiliate by the Master Trustee, or to the Corporation and the Master Trustee by the holders of at least 20% in aggregate principal amount of Notes then Outstanding; or

(e) An event of default shall have occurred under a Related Bond Indenture or Related Bond; or

(f) The entry of an order for relief with respect to the Corporation or any Restricted Affiliate under the Federal Bankruptcy Code, 11 U.S.C. 101 et seq, or a decree or order by any other court having jurisdiction in the premises adjudging the Corporation or any Restricted Affiliate a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Corporation or any Restricted Affiliate under any other applicable Federal or state law, or appointing a receiver, liquidator, assignee, or sequestrator (or other similar official) of the Corporation or any Restricted Affiliate or of any substantial part of its Property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for period of 90 consecutive days; or

(g) The institution by the Corporation of proceedings to be adjudicated bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other similar applicable Federal or state law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Corporation or any Restricted Affiliate or of any substantial part of its Property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due; or
(h) The Corporation or any Restricted Affiliate shall fail to make any required payment with respect to any material Indebtedness in excess of the greater of $500,000 or 1% of Total Operating Revenues.

**Acceleration; Annulment of Acceleration**

(a) Upon the occurrence and during the continuation of an Event of Default under the Indenture, the Master Trustee may and, upon the written request of the Holders of not less than 20% in aggregate principal amount of Notes Outstanding, declare all Notes Outstanding immediately due and payable, whereupon such Notes shall become and be immediately due and payable, anything in the Notes to the contrary notwithstanding. In such event, there shall be due and payable on the Notes an amount equal to the total principal amount of all such Notes, plus all interest accrued thereon and, to the extent permitted by applicable law, which accrues to the date of payment.

(b) At any time after the principal of the Notes shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, if (i) the Corporation has paid or caused to be paid or deposited with the Master Trustee monies sufficient to pay all matured installments of interest and interest on installments of principal and interest and principal or redemption prices then due (other than the principal then due only because of such declaration) of all Notes Outstanding; (ii) the Corporation has paid or caused to be paid or deposited with the Master Trustee monies sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Master Trustee and any paying agents; (iii) all other amounts then payable by the Corporation under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Master Trustee; and (iv) every Event of Default (other than default in the payment of the principal of such Notes then due only because of such declaration) shall have been remedied, then the Master Trustee may annul such declaration and its consequences with respect to any Notes or portions thereof not then due by their terms. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

**Additional Remedies and Enforcement of Remedies**

(a) 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 20% in aggregate principal amount of the Notes Outstanding (determined in accordance with the Master Indenture), together with indemnification of the Master Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Noteholders under the Indenture by such suits, actions or proceedings as the Master Trustee, being advised by counsel, shall deem expedient, including but not limited to:

(i) enforcement of the right of the Noteholders to collect and enforce the payment of amounts due or becoming due under the Notes;

(ii) suit upon all or any part of the Notes;

(iii) civil action to require any person holding monies, documents or other property pledged to secure payment of amounts due or to become due on the Notes to account as if it were the trustee of an express trust for the Holders of Notes;

(iv) civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of Notes; and

(v) enforcement of any other right of the Noteholders conferred by law or hereby, including the exercise of all rights as a secured party available to the Master Trustee under Pennsylvania Uniform Commercial Code.

(b) Regardless of the happening of an Event of Default, the Master Trustee, if requested in writing by the Holders of not less than 20% in aggregate principal amount of the Notes then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders, provided that such request and the action to be taken by the Master Trustee are not in conflict with any applicable law or the provisions hereof and, in the sole judgment of the Master Trustee, is not unduly prejudicial to the interest of the Holders of Notes not making such request.

**Application of Receipts and Other Monies after Default**
During the continuance of an Event of Default all monies received by the Master Trustee pursuant to any right given or action taken under the provisions of the Indenture, after payment of the costs and expenses of the proceedings resulting in the collection of such monies and of the expenses and advances incurred or made by the Master Trustee with respect thereto and all other fees and expenses of the Master Trustee under the Indenture shall be applied as follows:

(a) Unless the principal of all Outstanding Notes shall have become or have been declared due and payable:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Notes in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal installments of any Notes which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Notes due on any date, then to the payment thereof ratably, according to the amounts of principal installments due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all Outstanding Notes shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Notes without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Note over any other Note, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(c) If the principal of all Outstanding Notes shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Indenture, then, subject to the provisions of paragraph (b) above in the event that the principal of all Outstanding Notes shall later become due or be declared due and payable, the monies shall be applied in accordance with the provisions of paragraph (a) above.

Whenever monies are to be applied by the Master Trustee pursuant to the provisions stated above, such monies shall be applied by it at such times, and from time to time, as the Master Trustee shall determine, having due regard for the amount of such monies available for application and the likelihood of additional monies becoming available for such application in the future. Whenever the Master Trustee shall apply such monies, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Master Trustee shall give such notice as it may deem appropriate of the deposit with it of any such monies and of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Note until such Note shall be presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Notes and interest thereon have been paid under the provisions state above and all expenses and charges of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive the same; if no other Person shall be entitled thereto, then the balance shall be paid to the Corporation, its successors, or as a court of competent jurisdiction may direct.

**Remedies Not Exclusive**

No remedy by the terms hereof conferred upon or reserved to the Master Trustee or the Noteholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute on or after the date hereof.

**Remedies Vested in the Trustee**

All rights of action (including the right to file proof of claims) under the Indenture or under any of the Notes may be enforced by the Master Trustee without the possession of any of the Notes or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Master Trustee may be brought in its name as the Master Trustee without the necessity of joining as plaintiffs or defendants any holders of the Notes. Subject to the provisions of Section 6.04 hereof, any recovery or judgment shall be for the equal benefit of all of the Holders of the Outstanding Notes.

**Noteholders Control of Proceedings**
If any Event of Default shall have occurred and be continuing, notwithstanding anything to the contrary, the Holders of at least a majority in aggregate principal amount of Notes then Outstanding shall have the right, at any time, by any instrument in writing executed and delivered to the Master Trustee and accompanied by indemnity satisfactory to the Master Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions hereof or for the appointment of a receiver or any other proceedings under the Indenture, provided that such direction is not in conflict with any applicable law or the provisions hereof and provided further, that the Master Trustee shall have the right to decline to follow any such direction if the Master Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability, or, in the sole judgment of the Master Trustee, if it is unduly prejudicial to the interest of Noteholders not joining in such direction and provided further that nothing in the Indenture shall impair the right of the Master Trustee in its discretion to take any other action under the Indenture which it may deem proper and which is not inconsistent with such direction by Noteholders.

**Termination of Proceedings**

In case any proceeding taken by the Master Trustee on account of an Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Master Trustee or to the Noteholders, then the Corporation, the Master Trustee and the Noteholders shall be restored to their former positions and rights under the Indenture, and all rights, remedies and powers of the Master Trustee and the Noteholders shall continue as if no such proceeding had been taken.

**Waiver of Event of Default**

(a) No delay or omission of the Master Trustee or of any Holder of the Notes to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by the Master Indenture to the Master Trustee and the holders of the Notes, respectively, may be exercised from time to time and as often as may be deemed expedient by them.

(b) The Master Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof, or before the completion of the enforcement of any other remedy under the Indenture.

(c) Notwithstanding anything contained in the Master Indenture to the contrary, the Master Trustee, upon the written request of the holders of at least a majority of the aggregate principal amount of Notes then Outstanding, shall waive any Event of Default under the Indenture and its consequences; provided, however, that, except under the circumstances set forth in subsection (b) of Section 6.02 hereof, a default in the payment of the principal of, premium, if any, or interest on any Note, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Notes at the time Outstanding.

(d) In case of any waiver by the Master Trustee of an Event of Default under the Indenture, the Corporation, the Master Trustee and the Noteholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

**Appointment of Receiver**

Upon the occurrence of any Event of Default unless the same shall have been waived as provided in the Master Indenture, the Master Trustee shall be entitled as a matter of right if it shall so elect, (i) forthwith and without declaring the Notes to be due and payable, (ii) after declaring the same to be due and payable, or (iii) upon the commencement of an action to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Master Trustee or the Noteholders, to the appointment of a receiver or receivers of any or all of the Property of the Corporation with such powers as the court making such appointment shall confer. The Corporation hereby consents and agrees, and will if requested by the Master Trustee consent and agree at the time of application by the Master Trustee for appointment of a receiver of its Property, to the appointment of such receiver of its Property and that such receiver may be given the right, power and authority, to the extent the same may lawfully be given, to take possession of and operate and deal with such Property and the revenues, profits and proceeds therefrom, with like effect as the Corporation could do so, and to borrow money and issue evidences of indebtedness as such receiver.

**Compensation and Reimbursement**

The Corporation agrees:
(a) To pay the Master Trustee from time to time reasonable compensation for all services rendered by it under the Indenture (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust).

(b) Except as otherwise expressly provided in the Master Indenture, to reimburse the Master Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Master Trustee in accordance with any provision of the Master Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and its agents), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith.

(c) To indemnify the Master Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or its duties under the Indenture, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under the Indenture.

As security for the performance of the Corporation under the Indenture, the Master Trustee shall have a lien prior to the Notes upon all property and funds held or collected by the Master Trustee as such, except funds held in trust for the payment of principal of or interest or premiums, on the Notes.

Supplemental Indentures Not Requiring Consent of Noteholders

The Corporation, when authorized by resolution or other action of equal formality by its Governing Body, and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Supplemental Indentures for one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in the Master Indenture.

(b) To correct or supplement any provision in the Master Indenture which may be inconsistent with any other provision in the Master Indenture, or to add provisions with respect to matters or questions arising under the Master Indenture and which shall 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 that may lawfully be granted or conferred upon them subject to the provisions of the Master Indenture.

(d) To qualify the Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect.

(e) To create and provide for the issuance of a series of Notes or a Guaranty as permitted under the Indenture.

(f) To oblige a successor to the Corporation as provided in Section 5.14.

Supplemental Indentures Requiring Consent of Noteholders

(a) Other than Supplemental Indentures referred to in the Master Indenture and subject to the terms and provisions and limitations contained in the Master Indenture and not otherwise, the Holders of not less than 51% in aggregate principal amount of the Notes then Outstanding shall have the right, from time to time, anything contained in the Master Indenture to the contrary notwithstanding to consent to and approve the execution by the Corporation, when authorized by resolution or other action of equal formality by its Governing Body, and the Master Trustee of such Supplemental Indentures as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Master Indenture; provided, however, nothing in the Indenture shall permit or be construed as permitting a Supplemental Indenture which would:

(i) change the stated maturity or mandatory redemption schedule of or time for paying interest on any Note or reduce the principal amount of or the redemption premium or rate of interest payable on any Note without the consent of the Holder of such Note;

(ii) modify, alter, amend, add to or rescind any of the terms or provisions contained in Article V hereof in any manner which would materially and adversely affect the interests of the Noteholders or any of them without the consent of the Holders of all Notes then Outstanding; or
(iii) reduce the aggregate principal amount of Notes then Outstanding the consent of the Holders of which is required to authorize such Supplemental Indentures without the consent of the Holders of all Notes then Outstanding.

(b) If at any time the Corporation shall request the Master Trustee to enter into a Supplemental Indenture pursuant to these provisions, which request is accompanied by a copy of the resolution or other action of its Governing Body certified by its secretary or if it has no secretary, its comparable officer, and the proposed Supplemental Indenture and if within such period, not exceeding three years, as shall be prescribed by the Corporation following the request, the Master Trustee shall receive an instrument or instruments purporting to be executed by the Holders of not less than the aggregate principal amount or number of Notes specified in subsection (a) for the Supplemental Indenture in question which instrument or instruments shall refer to the proposed Supplemental Indentures 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, thereupon, but not otherwise, the Master Trustee may execute such Supplemental Indenture in substantially such form, without liability or responsibility to any Holder of any Note, whether or not such Holder shall have consented thereto.

(c) Any such consent shall be binding upon the Holder of the Note giving such consent and upon any subsequent holder of such Note and of any Note 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 Note 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 Supplement, such revocation and, if such Note or Notes are transferable by delivery, proof that such Notes are held by the signer of such revocation in the manner permitted by Section 10.01. At any time after the holders of the required principal amount or number of Notes shall have filed their consents to the Supplemental Indenture, the Master Trustee shall make and file with the Corporation a written statement to that effect. Such written statement shall be conclusive that such consents have been so filed.

(d) If the Holders of the required principal amount or number of the Notes Outstanding shall have consented to and approved the execution of such Supplemental Indenture as provided in the Master Indenture, no Holder of any Note shall have any right to object to the execution thereof, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Master Trustee or the Corporation from executing the same or from taking any action pursuant to the provisions thereof.

Satisfaction and Discharge of Master Indenture

If (i) the Corporation shall deliver to the Master Trustee for cancellation all Notes theretofore authenticated (other than any Notes which shall have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid as provided in Section 2.04) and not theretofore cancelled, or (ii) all Notes not theretofore cancelled or delivered to the Master Trustee for cancellation shall have become due and payable and been paid, or (iii) the Corporation shall deposit with the Master Trustee (or with a bank or trust company acceptable to the Master Trustee pursuant to an agreement between the Corporation and such bank or trust company in form acceptable to the Master Trustee) as trust funds the entire amount of monies or direct general obligations of, or obligations the payment of principal and interest on which are unconditionally guaranteed by, the United States of America or any other debt obligations sufficient to defease the lien of the Related Bond Indentures, the principal of and the interest on which is required to authorize such Supplemental Indentures without the consent of the Holders of all Notes then Outstanding.

Evidence of Acts of Noteholders

(a) As to any request, direction, consent or other instrument provided hereby to be signed and executed by the Noteholders (i) such action may be in any number of concurrent writings, shall be of similar tenor, and may be signed or executed by such Noteholders in person or by agent appointed in writing, and (ii) in determining whether the Holders of the requisite principal amount of Notes have concurred in the taking of any action, other than approving a Supplement described in Section 8.02(a)(ii), Notes or Guaranties issued under the Indenture owned or held by a Related Bond Trustee as security for the payment of any Related Bond shall be disregarded and deemed not Outstanding for purposes of such determination and each holder
of a Guaranty or Related Bond then Outstanding under the Related Bond Indenture shall, for purposes of such determination, unless the principal of and interest on such Guaranty or Related Bond is insured, be deemed to hold a Note then Outstanding in a principal amount equal to the aggregate principal amount of such Guaranty or Related Bonds held by such holder. If the principal of and interest on such Related Bond is supported by a credit facility, then the Insurer of such Related Bonds shall, for purposes of this Section, be deemed to hold a Note then Outstanding in a principal amount equal to the aggregate principal amount of Related Bonds enhanced or supported by such Insurer.

(b) Proof of the execution of any such request, direction, consent or other instrument or of the writing appointing any such agent and of the ownership of Notes, if made in the following manner, shall be sufficient for any of the purposes hereof and shall be conclusive in favor of the Master Trustee and the Corporation, with regard to any action taken by them, or either of them, under such request, direction or consent or other instrument, namely:

(i) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments in such jurisdiction, that the person signing such writing acknowledged before him the execution thereof, or by the affidavit of a witness of such execution;

(ii) The ownership of Notes registered in the name of a Holder as to principal or as to principal and interest may be proved by the register of such Notes; and

(iii) The ownership of Related Bonds registered in the name of a Holder as to principal or as to principal and interest may be proved by the register of such Related Bonds maintained pursuant to the Related Bond Indenture.

(c) Nothing in this Section shall be construed as limiting the Master Trustee to the proof specified in the Master Indenture, it being intended that the Master Trustee may accept any other evidence of the matters stated in the Master Indenture which it may deem sufficient.

(d) Any action taken or suffered by the Master Trustee pursuant to any provision hereof, upon the request or with the assent of any person who at the time is the Holder of any Note or Notes, shall be conclusive and binding upon all future holders of the same Note or Notes.

Notes or Related Bonds Owned by Members of Obligated Group

In determining whether the holders of the requisite aggregate principal amount of Notes have concurred in any demand, direction, request, notice, consent, waiver or other action under this Indenture, Notes or Related Bonds that are owned by any member of the Obligated Group or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such member shall be disregarded and deemed not to be Outstanding or outstanding under the Related Bond Indenture, as the case may be, for the purpose of any such determination, provided that for the purposes of determining whether the Master Trustee shall be protected in relying on any such direction, consent or waiver, only such Notes or Related Bonds which the Master Trustee has actual notice or knowledge are so owned shall be so disregarded. Notes or Related Bonds so owned that have been pledged in good faith may be regarded as Outstanding or outstanding under the Related Bond Indenture, as the case may be, for purposes of this Section, if the pledgee shall establish to the satisfaction of the Master Trustee the pledgee's right to vote such Notes or Related Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with any member of the Obligated Group. In case of a dispute as to such right, any decision by the Master Trustee taken upon the advice of Counsel shall be full protection to the Master Trustee.
THE BOND INDENTURES

The following is a summary of certain provisions contained in the Bond Indentures for each Series of Bonds. This summary is qualified in its entirety by reference to the applicable Bond Indenture itself, a copy of which may be viewed at the corporate trust office of the Bond Trustee located in Philadelphia, Pennsylvania, or will be provided to any prospective purchaser requesting the same upon payment by the prospective purchaser of the costs of complying with the purchaser’s request.

Trust Estate

In consideration of the premises and the acceptance by the Bond Trustee of the trusts created by the Bond Indentures for each Series of Bonds and of the purchase and acceptance of the Bonds by the Holders thereof, and of the sum of one dollar, lawful money of the United States of America, to it duly paid by the Bond Trustee, and for other good and valuable consideration, the receipt and sufficiency of which have been acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Authority of all the covenants expressed in each Bond Indenture and in the Bonds, the Authority does assign and grant a security interest in the following to the Bond Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Authority set forth below:

All right, title and interest of the Authority in and to the Series A Agreement the Series A Master Note for the 2008A Bonds and the Series B Agreement and the Series B Master Note for the 2008B Bonds, including, but not limited to, the present and continuing right to make claim for, collect, receive and receipt for any of the sums, amounts, income, revenues, issues and profits and any other sums of money payable or receivable under the Series A Agreement and Series B Agreement (except for Reserved Rights) and the Series A Master Note and Series B Master Note, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do under the Series A Agreement and the Series A Master Note or the Series B Agreement and the Series B Master Note.

All right, title and interest of the Authority in and to all monies and securities from time to time held by the Trustee under the terms of the Bond Indenture for each Series of Bonds (other than the Purchase Fund), including all amounts derived from the exercise by the Authority or the Trustee or any rights or remedies under the applicable Bond Indenture, Loan Agreements or Series A Master Note or Series B Master Note (other than amounts in respect of Reserved Rights), the Master Indenture insofar as the security provided for all obligations issued pursuant to the Master Indenture (including the Gross Revenues of the Obligated Group) secures the due and timely payment of the Series A Master Note or Series B Master Note, and all investment income, receipts and proceeds of the foregoing.

Any and all other property rights and interests of every kind and nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected hereto, as and for additional security, by the Corporation or any other person on its behalf or with its written consent or by the Authority or any other person on its behalf or with its written consent, and the Bond Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Bond Indenture for each Series of Bonds.

The Letter of Credit

(a) The Corporation shall maintain the Letter of Credit in effect as a liquidity facility for both Series of Bonds bearing interest at the Weekly Rate, the Daily Rate or Bond Term Rates and, if and to the extent that the Corporation shall elect, for Bonds bearing interest at the Long-Term Rate. The Letter of Credit shall be in such amount as shall be necessary to pay the Purchase Price and accrued interest on the Bonds as determined by the Corporation with the approval of the Remarketing Agent.

(b) On each Purchase Date or Mandatory Purchase Date, as the case may be, the Bond Trustee, by (i) telephone notice to the Bank given before 10:30 a.m. and (ii) telex, telecopy or telegraphic demand given before 11:00 a.m., shall make a draw under the Letter of Credit in accordance with its terms so as to receive by 2:30 p.m. on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of the Bonds on such date, to enable the Paying Agent to pay the Purchase Price in connection therewith. The proceeds of such draw shall be deposited in the Letter of Credit Purchase Account pursuant to the Bond Indenture provided that while the Holder of the Bonds is DTC, payment of the purchase price for the Bonds may be made by the Bank by instructing DTC to debit the account of the Bank at DTC for such purchase.

(c) Notwithstanding the foregoing paragraph (b) above, the Bond Trustee shall not draw on the Letters of Credit with respect to any payments due or made in connection with Bank Bonds or Corporation Bonds.
(d) The Bond Trustee and the Paying Agent shall not sell, assign or otherwise transfer the Letter of Credit, except to
a successor Bond Trustee and Paying Agent under the Bond Indenture and in accordance with the terms of the Letter of Credit and
the Bond Indenture.

Debt Service and Sinking Fund

(a) There is created and established with the Bond Trustee a trust fund to be designated “Debt Service and Sinking
Fund,” which shall be used to pay the principal of, premium, if any, and interest on the 2008A Bonds and the 2008B Bonds. The
Debt Service and Sinking Fund shall consist of a Hospital Debt Service Account and a Letter of Credit Debt Service Account for
each Series of 2008A Bonds and each Series of 2008B Bonds and may include separate accounts for principal and interest. The
monies held in the Debt Service and Sinking Fund shall be held in trust irrevocably pledged for the payment of the principal of and
interest on the Bonds.

(b) The Bond Trustee shall maintain the foregoing accounts as follows:

(i) The Bond Trustee shall deposit into the Hospital Debt Service Account all loan payments with respect
to the 2008A Bonds or the 2008B Bonds received by the Bond Trustee from the Hospital or for the account of the Hospital
pursuant to the Loan Agreement, and all payments under and pursuant to the provisions of the Bond Indenture or any of the
provisions of the Loan Agreement, when accompanied by written directions from the Person depositing such monies that such
monies are to be paid into such account.

(ii) The Trustee shall deposit into the respective Letters of Credit Debt Service Accounts for each Series of
2008A Bonds and each Series of 2008B Bonds all monies received by the Trustee from drawings under the Letters of Credit to pay
principal of, premium, if any, and interest on the applicable Series of 2008A Bonds or Series of 2008B Bonds (other than Bank
Bonds and Corporation Bonds) prior to the payment of any monies under the Bond Indenture.

(iii) Monies in the Letter of Credit Debt Service Account shall be applied to the payment when due of
principal of, premium, if any, and interest on the applicable Series of 2008A Bonds or Series of 2008B Bonds (other than Bank
Bonds and Corporation Bonds) prior to the payment of any monies under the Bond Indenture.

(iv) Monies in the Hospital Debt Service Account shall be applied to the following in the order of priority
indicated:

(A) if the Bank has honored in full a draw under its respective Letter of Credit, and the Hospital
has failed to reimburse the Bank as provided in the Reimbursement Agreement, to the reimbursement of the Bank when due for monies
drawn under the Letter of Credit and deposited in the Letter of Credit Debt Service Account for payment of principal of,
premium, if any, on and interest on the 2008A Bonds or the 2008B Bonds;

(B) when insufficient monies have been received under a Letter of Credit for application pursuant
to the Bond Indenture, to the payment when due of principal of, premium, if any, on and interest on the 2008A Bonds or the 2008B
Bonds, other than Bank Bonds or Corporation Bonds; and

(C) to the payment when due of principal of, premium, if any, on and interest on Bank Bonds.

(v) Before 12:00 noon, New York City time, on the Business Day immediately preceding each Interest
Payment Date, each redemption date and the Maturity Date of the 2008A Bonds or the 2008B Bonds, the Bond Trustee shall
present the requisite certificate for a drawing on the applicable Letter of Credit so as to comply with the provisions of the Letter of Credit
for payment to be made in sufficient time for the Bond Trustee to receive the proceeds of such drawing at or before 11:00
a.m., New York City time, on such Interest Payment Date, redemption date or Maturity Date, as the case may be, to pay principal of,
premium, if any, and interest on the 2008A Bonds or 2008B Bonds due on such date. In addition, the Bond Trustee shall draw
on the Letter of Credit pursuant to its terms in an amount sufficient to pay the principal of and accrued interest on the 2008A Bonds or
the 2008B Bonds in the event that the maturity thereof has been accelerated pursuant to the Bond Indenture. Promptly upon
presenting the requisite documents for a drawing on the Letter of Credit, the Bond Trustee shall give notice to the Hospital by
telephone, promptly confirmed in writing, of the amount so drawn. The Bond Trustee shall promptly notify the Hospital by oral or
telephonic communication confirmed in writing if the Bank fails to transfer funds in accordance with the Letter of Credit upon the
presentment of the requisite certificate. In calculating the amount to be drawn on the Letter of Credit for the payment of principal of,
premium, if any, and interest on the 2008A Bonds or the 2008B Bonds, whether on an Interest Payment Date, on a Maturity
Date or upon redemption or acceleration, the Bond Trustee shall not take into account the potential receipt of funds from the
Hospital under the Loan Agreement on such Interest Payment Date, Maturity Date, redemption date or date of acceleration or the
existence of any other monies in the Debt Service and Sinking Fund or the Bond Redemption and Improvement Fund, but shall
draw on the Letter of Credit for the full amount of principal of, premium, if any, and interest coming due on the 2008A Bonds or
2008B Bonds (other than Bank Bonds and Corporation Bonds). Monies in the Letter of Credit Debt Service Account shall be held
uninvested.

(c) If the 2008A Bonds or the 2008B Bonds shall be called for redemption prior to maturity or shall be purchased
by the Bond Trustee (other than by mandatory redemption or purchase procedures as set forth in the Bond Indenture), any monies
set aside for the payment of interest on the 2008A Bonds or 2008B Bonds so called for redemption or purchase shall be applied to
the payment of the accrued interest then payable upon such Bonds upon surrender of the 2008A Bonds or the 2008B Bonds.

In lieu of redeeming 2008A Bonds or 2008B Bonds, the Bond Trustee may, at the request of the Corporation, use such
funds available in the Debt Service and Sinking Fund, Bond Redemption and Improvement Fund or otherwise available therefor
under the Bond Indenture for redemption of the 2008A Bonds or 2008B Bonds to purchase 2008A Bonds or 2008B Bonds
respectively in the open market at a price not exceeding par plus accrued interest, such Bonds to be delivered to the Bond Trustee
for the purpose of cancellation. The Corporation may also purchase 2008A Bonds or 2008B Bonds other than through the Bond
Trustee and deliver such Bonds to the Bond Trustee for cancellation and receive credit against its mandatory sinking fund
payments as provided in the Bond Indenture. Any such purchase of 2008A Bonds or 2008B Bonds for cancellation must be
completed and the purchased 2008A Bonds or 2008B Bonds delivered to the Trustee at least 45 days prior to the date set for the
next succeeding mandatory redemption. It is understood that in the case of any such redemption or purchase of 2008A Bonds or
2008B Bonds, the Issuer and the Corporation shall receive credit against its required mandatory sinking fund payments in the
manner specified in a Corporation Certificate of the Corporation or if no certificate is delivered in the direct order thereof.

In the event of a partial optional or extraordinary redemption of 2008A Bonds or 2008B Bonds or a redemption of 2008A
Bonds or 2008B Bonds pursuant to the applicable Bond Indenture, or any purchase and surrender thereof to the Bond Trustee for
cancellation prior to maturity, the principal amount so redeemed or purchased shall be credited against a principal amount of
2008A Bonds or 2008B Bonds thereafter coming due upon mandatory redemption or at maturity in such amounts and such order of
due dates as shall be designated by the Corporation; acting as such under the applicable Bond Indenture for each Series of Bonds;
provided, however, that if no such designation is made at or prior to the time of any such redemption or at or prior to the purchase
in question, such credit shall be applied against such redemption amounts in their direct order of due dates.

Sums received upon exercise of remedies by the Bond Trustee or the Authority after an Event of Default (except sums
received by the Authority pursuant to the Reserved Rights) shall be deposited in the Debt Service and Sinking Fund. Such monies
shall be applied in accordance with the provisions of the applicable Bond Indenture for each Series of Bonds.

Investment of Monies

(a) Any monies held as a part of any fund other than the Debt Service and Sinking Fund shall be invested or
reinvested by the Bond Trustee, to the extent permitted by law, at the written request of and as directed by a Corporation
Representative, in any Qualified Investments. Any monies held as a part of any account of the Debt Service and Sinking Fund
shall be invested or reinvested by the Bond Trustee, at the written direction of the Corporation, to the extent permitted by law, in
United States Obligations with such maturities as shall be required in order to assure full and timely payment of amounts required
to be paid from the Debt Service and Sinking Fund, which maturities shall, in any event, extend no more than 30 days from the date
of acquisition thereof; provided, that any monies held pursuant to the provisions of the Bond Indenture either shall be held
uninvested or shall be invested in United States Obligations maturing on the next Business Day.

(b) The Bond Trustee may make any and all such investments through its own bond or investment department or the
bond or investment department of any bank or trust company under common control with the Bond Trustee. All such investments
shall at all times be a part of the fund or account from which the monies used to acquire such investments shall have come and all
income and profits on such investments shall be credited to, and losses thereon shall be charged against, such fund. All
investments under the Bond Indenture shall be registered in the name of the Bond Trustee, as Bond Trustee under the Bond
Indenture. All investments under the Bond Indentures shall be held by or under the control of the Bond Trustee. The Bond Trustee
shall sell and reduce to cash a sufficient amount of investments of funds in any account of the Debt Service and Sinking Fund
whenever the cash balance in such account of the Debt Service and Sinking Fund is insufficient, together with any other funds
available therefor, to pay the principal of, premium, if any, and interest on the 2008A Bonds or 2008B Bonds when due. The Bond
Trustee shall not be liable or responsible for any reduction in value or loss with respect to any investment made in accordance with
the instructions received from a Corporation Representative.

(c) The Authority covenants and certifies to and for the benefit of the Owners of the 2008A Bonds or 2008B Bonds
from time to time Outstanding that so long as any of the 2008A Bonds or 2008B Bonds remain Outstanding, the Authority shall not
direct that monies on deposit in any fund or account in connection with the 2008A Bonds or 2008B Bonds (whether or not such
monies were derived from the proceeds of the sale of the 2008A Bonds or 2008B Bonds or from any other sources), be used in a
manner which will cause the 2008A Bonds or 2008B Bonds to be classified as “arbitrage bonds” within the meaning of Section 148
There is created a Construction Fund which shall be held by the Trustee and shall consist of the funds deposited determining whether or not the investments made pursuant to the direction of the Corporation Representative or any of the

Construction Fund; Payments from Construction Fund and Requisitions

(a) There is created a Construction Fund which shall be held by the Trustee and shall consist of the funds deposited therein by the Corporation pursuant to the Bond Indenture and funds deposited therein by the Corporation. The moneys deposited in the Construction Fund shall be held in trust by the Trustee until applied to the payment of the Costs of the Projects in accordance with and subject to the limitations of the Bond Indenture, and pending such application, shall be subject to a lien and charge in favor of the holders of the 2008A Bonds or the 2008B Bonds, as the case may be, issued and Outstanding under the Bond Indenture and for the further security of such holders until paid out as provided in the Bond Indenture.

(b) Payment shall be made from the Construction Fund by the Trustee for Costs of the Projects upon receipt of requisitions and certificates as set forth below:

(i) a requisition signed by an Authorized Officer of the Corporation stating with respect to each payment to be made (A) the requisition number, (B) the name of the person, firm or corporation to whom payment is to be made, (C) the amount to be paid, and (D) in reasonable detail the purpose for which the obligation was incurred, certifying that each obligation for which payment is requested has been properly incurred, is a proper charge against the Construction Fund and that each amount requisitioned is unpaid and has not been the basis of any previous withdrawal; and

(ii) in the case of payments to contractors under any construction contracts or to a subcontractor thereof, which are under the administration and observation of the Architect, a certificate of the Architect approving the requisition and certifying that, based upon the Architect’s observation and to the best of his knowledge (i) with respect to any obligations incurred for work or materials or for the purchase or installation of equipment, such work was performed or such materials or items of equipment were installed in or about the applicable Project or delivered at the site of the work for that purpose, or delivered for fabrication at a place approved by the Architect and covered by insurance, (ii) all work done and materials furnished for which such obligations were incurred are in accordance with the plans and specifications, approved purchase orders for the Project or duly approved change orders or modifications thereof and (iii) the amount to be paid pursuant to the requisition, together with all prior amounts paid, does not exceed the total amount budgeted for such purposes or, if applicable, the amount available in the Construction Fund for contingencies; or

(iii) in the case of payments for materials or services, which are not covered by construction contracts and which are not under the administration and observation of the Architect, a certificate signed by an Authorized Officer of

The Authority hereby covenants that it will file such returns and make payments as directed by the Corporation (but only from monies provided to the Authority by or on behalf of the Corporation expressly for such purposes), if any, required to be made to the United States pursuant to the Code in order to establish or maintain the exclusion of the interest on the 2008A Bonds or 2008B Bonds from gross income for federal income tax purposes.

(d) Notwithstanding any provision of the Bond Indenture to the contrary, the Bond Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any applicable Treasury Regulations (the “Arbitrage Rules”), including, without limitation, the calculation of amounts required to be paid to the United States under the provisions of the Arbitrage Rules, the maximum amount which may be invested in “nonpurpose obligations” as defined in the Code and the fair market value of any investments made under the Bond Indentures, it being understood and agreed that the sole obligation of the Bond Trustee with respect to investments of funds under the Bond Indenture shall be to invest the monies received by the Bond Trustee pursuant to the instructions of the Corporation Representative given in accordance with the Bond Indenture. The Bond Trustee shall have no responsibility for determining whether or not the investments made pursuant to the direction of the Corporation Representative or any of the instructions received by the Bond Trustee under the Bond Indenture comply with the requirements of the Arbitrage Rules or the Loan Agreement and shall have no responsibility for monitoring the obligations of the Corporation or the Authority for compliance with the provisions of the Loan Agreement or the Bond Indenture with respect to the Arbitrage Rules.

(e) All amounts held in the Purchase Fund by the Tender Agent shall be held uninvested and separate and apart from all other funds and accounts.
the Corporation stating that the payment requested is for the cost not included in any construction contracts, and (B) certifying to the matters mentioned in paragraph (ii) above.

At the direction of the Corporation, the Trustee shall transfer amounts held in the Construction Fund to the Debt Service and Sinking Fund to pay interest on the 2008A Bonds or 2008B Bonds, as the case may be, during construction of the Project.

**Events of Default; Default**

The occurrence of any one or more of the following events shall constitute an “Event of Default” under the Bond Indenture:

(a) failure to pay interest on any 2008A Bond or 2008B Bond when due and payable;

(b) failure to pay any principal of or premium on any 2008A Bond or 2008B Bond when due and payable, whether at stated maturity or pursuant to any redemption requirement under the applicable Bond Indenture;

(c) failure by the Authority to observe or perform any other covenant, condition or agreement on its part to be observed or performed in the Bond Indenture or the 2008A Bonds or 2008B Bonds, for a period of 30 days after written notice of such failure shall have been given to the Corporation and the Authority by the Bond Trustee; provided, however, that if such observance or performance requires work to be done, actions to be taken or conditions to be remedied which by its or their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30-day period, no Event of Default under this Subsection (c) shall be deemed to have occurred or to exist if and so long as the Authority or the Corporation, as the case may be, shall have commenced such work, action or remediation within such 30-day period and provided written notice thereof to the Bond Trustee and shall diligently and continuously prosecute the same to completion;

(d) the occurrence of an “Event of Default” under the Series A Agreement or the Series B Agreement as defined in such Agreements;

(e) an “Event of Default” shall occur under the Master Indenture;

(f) written notice from the Bank that an Event of Default has occurred under the Reimbursement Agreement and that the Letter of Credit will not be fully reinstated in accordance with its terms; or

(g) written notice from a Bank that an Event of Default has occurred under a Reimbursement Agreement and directing the Bond Trustee to accelerate the Series of 2008A Bonds or the Series of 2008B Bonds as set forth in the applicable Bond Indenture.

Within five days after actual knowledge by a Responsible Officer of the Trustee of an Event of Default under Subsection (a) or (b) above or a Loan Default pursuant to Section 8.1(a) of the Loan Agreement, the Trustee shall give written notice, by registered or certified mail, to the Authority, the Corporation, the Bank, the Master Trustee and the Bondholders, and upon notice as provided in Section 1001(h), shall give similar notice of any other Event of Default.

**Acceleration**

(a) The Bond Trustee may and, upon notice from the Bank pursuant to the Bond Indenture shall, declare all 2008A Bonds or 2008B Bonds, as the case may be, then outstanding to be due and payable immediately, and, upon such declaration, all principal and interest accrued thereon shall become immediately due and payable, and there shall be an automatic corresponding acceleration of the Corporation’s obligation to make all payments required to be made under the Series A Agreement or Series B Agreement and the 2008A Bonds Master Note or the 2008B Bonds Master as the case may be in an amount sufficient to pay immediately all principal of and accrued and unpaid interest on the accelerated 2008A Bonds or 2008B Bonds.

(b) Upon any such declaration under the Bond Indenture, the Bond Trustee shall (i) immediately exercise such rights as it may have under the Loan Agreement to declare all payments thereunder to be immediately due and payable and (ii) immediately draw upon the Letter of Credit to the full extent permitted by the terms thereof (such drawing to provide for payment by the Bank to be due at the earliest time which the Trustee may require under the Letters of Credit); provided that, in the case of a mandatory tender pursuant to an Event of Default under the Reimbursement Agreement for either Series of Bonds, the draw on the Letter of Credit shall be made not later than the Mandatory Purchase Date. Interest on the accelerated 2008A Bonds or 2008B Bonds, as the case may be, shall cease to accrue upon the declaration of acceleration provided monies for their payment have been deposited in the Letter of Credit Debt Service Account. Upon receipt by the Bond Trustee of payment of the full amount drawn on the Letters of Credit and provided sufficient monies are available in the Letter of Credit Debt Service Account to pay all
sums due on the 2008A Bonds or 2008B Bonds, the respective Bank shall succeed to and be subrogated to the right, title and
interest of the Bond Trustee and the Holders of the 2008A Bonds or 2008B Bonds in and to the Series A Agreement or Series B
Agreement, respectively, all funds held under the Bond Indenture (except any funds held in the Purchase Fund ) and any other
security held for the payment of the 2008A Bonds or 2008B Bonds, all of which, upon payment of any fees and expenses due and
payable to the Bond Trustee pursuant to the Series A Agreement or Series B Agreement or the Bond Indenture, shall be assigned
by the Bond Trustee to the Agent.

(c) There shall be no annulment of any such declaration resulting from (i) any Event of Default without the prior
written consent of the Bank and (ii) any Event of Default which has resulted in a drawing under the Letter of Credit unless the
Bond Trustee has received written notice from the Bank that the Letter of Credit has been reinstated to the stated amount required
under the Bond Indenture and the Bank has rescinded its written notice of default under the Reimbursement Agreement. No
annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

Rights of Bank to Direct Proceedings

So long as the Bank is not in default of its obligations under the Letter of Credit, the Bank shall be entitled to control and
direct the enforcement of all remedies and rights granted to the Bond Trustee or the Holders with respect to the 2008A Bonds or the
2008B Bonds, as the case may be, under the Bond Indenture, including the right to cause or prevent an acceleration of the 2008A
Bonds or 2008B Bonds, as the case may be, and an annulment of any such acceleration thereof, but excluding the right of the Bond
Trustee to receive compensation for its services and the right of the Bond Trustee to draw on the Letter of Credit, and, so long as
the Letter of Credit is fully reinstated following a drawing on the Letter of Credit, the Bank shall also have the sole right to waive
any Event of Default.

Other Remedies; Rights of Bondholders

Upon the continuance of an Event of Default, if so requested by the Bank or a Majority of the Bondholders, and if
satisfactory indemnity has been furnished to it, the Bond Trustee shall exercise such of the rights and powers conferred by the
applicable Bond Indenture for each Series of Bonds or the Corporation Security Instruments as the Bond Trustee, being advised by
counsel, shall deem most effective to enforce and protect the interests of the Bondholders including:

(a) by mandamus or other suit, action or proceeding at law, or in equity, enforce all rights of such Bondholders,
including the right to require the Issuer to enforce the provisions of the Agreement, and to require the Issuer to carry out any other
agreements with or for the benefit of such Bondholders and to perform its duties under the Act;

(b) bring suit upon the 2008A Bonds or the 2008B Bond as applicable;

(c) by action or suit in equity require the Issuer to account as if it were the trustee of an express trust for such
Bondholders;

(d) obtain the appointment of a receiver with all rights and powers of the Bond Trustee under the Bond Indenture
and under the Act;

(e) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of such
Bondholders;

(f) exercise any or all other rights and remedies provided for by the Act or by any other law, and by any suit, action
or special proceeding in equity or at law either for the specific performance of any covenant or agreement contained herein or in aid
or execution of any power granted in the Bond Indenture.

Provided that the Bond Trustee may take action with respect to the Series A Agreement or Series B Agreement, as the
case may be, only to enforce the rights expressly and specifically assigned to the Bond Trustee under the Granting Clauses of the
Bond Indenture.

No remedy under the Bond Indenture is intended to be exclusive, and to the extent permitted by law each remedy shall be
cumulative and in addition to any other remedy under the Bond Indenture, now or hereafter existing. No delay or omission to
exercise any right or power shall impair such right or power or constitute a waiver of any Default or Event of Default or
acquiescence therein; and each such right and power may be exercised as often as deemed expedient. No waiver by the Bond
Trustee or the Bondholders of any Default or Event of Default shall extend to any subsequent Default or Event of Default.
Right of Bondholders to Direct Proceedings

Subject to the rights of the Bank and the rights of the Bondholders pursuant to the applicable Bond Indenture for each Series of Bonds, but anything else in the applicable Bond Indenture to the contrary notwithstanding, a Majority of the Bondholders shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the applicable Bond Indenture, the Corporation Security Instruments, or for the appointment of a receiver or any other proceedings under such documents; provided that such direction shall be in accordance with applicable law and the Bond Indenture and, if applicable, the Corporation Security Instruments, and provided that the Bond Trustee shall be indemnified to its satisfaction.

Application of Monies in Event of Default

All moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of the applicable Bond Indenture for each Series of Bonds shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances owing to or incurred or made by the Bond Trustee, be deposited in the Debt Service and Sinking Fund and the moneys in the Debt Service and Sinking Fund shall be applied as follows:

(a) Unless the principal of all the 2008A Bonds or the 2008B Bonds, as the case may be, shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of all installments of interest then due on the 2008A Bonds or 2008B Bonds, as applicable, in the order of the maturity of the installments of such interest (with interest on overdue installments of such interest, to the extent permitted by law, at the rate of interest borne by the 2008A Bonds or the 2008B Bonds) and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the 2008A Bonds or 2008B Bonds, as applicable, which shall have become due (other than 2008A Bonds or 2008B Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Bond Indenture), (with interest on overdue installments of principal and premium, if any, to the extent permitted by law, at the rate of interest borne by the 2008A Bonds or 2008B Bonds) and, if the amount available shall not be sufficient to pay in full all 2008A Bonds or 2008B Bonds due on any particular date, then to the payment ratably according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD - To the payment to the persons entitled thereto as the same shall become due of the principal of and premium, if any, and interest on the 2008A Bonds or 2008B Bonds, as applicable, which may thereafter become due and, if the amount available shall not be sufficient to pay in full 2008A Bonds or 2008B Bonds, as applicable, due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of interest, principal and premium, if any, due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the 2008A Bonds or the 2008B Bonds, as the case may be, shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the 2008A Bonds or 2008B Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any 2008A Bonds over any other 2008A Bonds or of any 2008B Bonds over any other 2008B Bonds, ratably, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or privilege, with interest on overdue installments of interest or principal, to the extent permitted by law, at the rate of interest borne by the 2008A Bonds or the 2008B Bonds.

(c) If the principal of all the 2008A Bonds or the 2008B Bonds, as the case may be, shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Bond Indenture, then, subject to the provisions of paragraph (b) above, in the event that the principal of all the 2008A Bonds or 2008B Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) above.
Whenever moneys are to be applied pursuant to the provisions above, such moneys shall be applied at such times, and from time to time, as the Bond Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Owner of any 2008A Bonds or 2008B Bonds, as the case may be, until such 2008A Bonds or 2008B Bonds shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

No moneys shall be paid to the Corporation after the occurrence of an Event of Default unless the Trustee shall have received written confirmation from the applicable Bank that all Obligations of the Corporation under the applicable Reimbursement Agreement for each Series of Bonds have been satisfied.

Remedies Vested in Trustee

All rights of action (including the right to file proof of claims) under the Bond Indenture or under any of the 2008A Bonds or 2008B Bonds may be enforced by the Trustee without the possession of any of the 2008A Bonds or 2008B Bonds or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Bond Trustee shall be brought in its name as Bond Trustee without the necessity of joining as plaintiffs or defendants any Bondholders, and any recovery of judgment shall be for the equal and ratable benefit of the Owners of the Outstanding 2008A Bonds or 2008B Bonds, as the case may be.

Rights and Remedies of Bondholders.

The 2008 Bonds Master Notes securing the 2008A Bonds or the 2008B Bonds shall be on a parity with all other Master Notes issued under the Master Indenture; provided, however, that the funds held in the Funds under the applicable Bond Indenture and any payments due under the Loan Agreements or under any Credit Facility securing the 2008A Bonds or 2008B Bonds, as the case may be, shall be applied solely for the benefit of the Bondholders of the 2008A Bonds or 2008B Bonds, respectively.

Waivers of Events of Default

The Bond Trustee shall waive any Default under the Bond Indenture and its consequences and rescind any declaration of acceleration of principal upon the written request of the Bank and the Holders of (1) at least a majority in aggregate principal amount of all Outstanding 2008A Bonds or 2008B Bonds, as the case may be, in respect of which default in the payment of principal or interest, or both, exists, or (2) at least a majority in aggregate principal amount of Outstanding 2008A Bonds or 2008B Bonds in the case of any other Default; and provided that there shall not be waived any Default specified in the Bond Indenture unless prior to such waiver or rescission, the Corporation shall have caused to be paid to the Bond Trustee (i) all arrears of principal and interest (other than principal of or interest on the 2008A Bonds or 2008B Bonds which became due and payable by declaration of acceleration), with interest at the rate then borne by the 2008A Bonds or 2008B Bonds on overdue installments, to the extent permitted by law, and (ii) all expenses of the Bond Trustee in connection with such Default. In case of any waiver or rescission described above, or in case any proceeding taken by the Bond Trustee on account of any such Default shall have been discontinued or concluded or determined adversely, then and in every such case the Authority, the Bond Trustee, the Bank and the Owners of 2008A Bonds or the 2008B Bonds, as the case may be, shall be restored to their former positions and rights as stated under the Bond Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other Default, or impair any right consequent thereon.

Rights of Holders of Other Debt of the Corporation

For purposes of the Default provisions of the Bond Indenture, the terms “Bonds,” “2008A Bonds” and “2008B Bonds” shall include all Alternative Debt incurred in accordance with the terms of the Master Indenture or Agreement and the term “Bondholder” shall include the holder or holders of all such Alternative Debt; provided, however, that the funds held in the Funds under the Bond Indentures and any payments due under the Agreement or under any Credit Facility securing the 2008A Bonds or 2008B Bonds, respectively, shall be applied solely for the benefit of the actual Bondholders.

Payment of Trustee Compensation

The Issuer shall cause the Corporation to pay to the Bond Trustee reasonable compensation for all services rendered by it under the Bond Indenture and also all its reasonable expenses and charges and those of its attorneys, agents and employees incurred in and about the administration and execution of the trusts and the performance of its powers and duties under the Bond Indenture.
The Issuer shall cause the Corporation to reimburse the Bond Trustee with interest, at the rate of 10% per annum or such lesser rate if at the time required by law, to the extent permitted by law, until paid, for all advances made by the Bond Trustee in accordance with any of the provisions of the Bond Indenture. The obligations to the Bond Trustee for payment under the Bond Indenture shall constitute additional indebtedness which shall have priority to the rights of the Bondholders upon the Trust Estate, provided, however, that the Bond Trustee agrees that it shall not be entitled to apply money representing proceeds of a draw under any Credit Facility or remarketing proceeds to the payment of fees, costs or expenses of the Bond Trustee, and expressly waives any lien on such funds created under the Bond Indenture or by applicable law in favor of the Bond Trustee to secure payments of such amounts.

Notwithstanding anything in the Bond Indenture to the contrary, monies derived from drawings under the Letter of Credit shall be used solely to pay the principal or redemption price or purchase price of and interest on the 2008A Bonds or 2008B Bonds, as the case may be, in accordance with the Bond Indenture, and may not be used to pay the compensation or expenses or other amounts due to the Bond Trustee. In addition, amounts on deposit in the Purchase Fund may not be used to pay the compensation or expenses or other amounts due to the Bond Trustee.

**Supplemental Indentures**

**Without Consent of Bondholders.** The Authority and the Bond Trustee may with the consent of the Bank but without consent of, or notice to, any of the Bondholders enter into an indenture or indentures supplemental to the Bond Indenture for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in the Bond Indenture;

(b) to grant to or confer upon the Bond Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Bond Trustee;

(c) to subject to the Bond Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement the Bond Indenture or any indenture supplemental thereof in such manner as to permit the qualification thereof under the Trust Indenture Act or any similar federal statute in effect now or in the future or to permit the qualification of the 2008A Bonds or 2008B Bonds for sale under the securities laws of the Commonwealth or the United States of America;

(e) to evidence the appointment of a separate or Co-Trustee or the succession of a new Bond Trustee under the Bond Indenture;

(f) to correct any description of, or to reflect changes in, any of the properties comprising the Trust Estate;

(g) to make any revisions of the Bond Indenture that shall be required by Moody’s or S&P in order to obtain or maintain a Aaa or AAA, respectively, rating on the 2008A Bonds or 2008B Bonds, as the case may be, or, if lower, the rating then held by the 2008A Bonds or 2008B Bonds;

(h) to effect any other change in the Bond Indenture which, in the judgment of the Bond Trustee, is not to the prejudice of the Bond Trustee or the Bondholders; or

(i) to make revisions to the Bond Indenture that shall become effective only upon, and in connection with, the remarketing of all of the 2008A Bonds or 2008B Bonds then Outstanding.

In the event any Rating Agency has issued a rating of any of the 2008A Bonds or 2008B Bonds, as applicable, such Rating Agency or Rating Agencies, as the case may be, shall receive prior written notice from the Bond Trustee of the proposed amendment but such notice shall not be a condition of the effectiveness of such amendment.

**With Consent of Bondholders.** Exclusive of Supplemental Indentures permitted without the consent of Bondholders and subject to the terms and provisions contained in the Bond Indenture, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Outstanding 2008A Bonds or 2008B Bonds, shall have the right, from time to time, anything contained in the Bond Indenture to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Bond Trustee of such other indenture or indentures supplemental thereto as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Indenture or in any Supplemental Indenture; provided, however, that nothing in the Bond Indenture shall permit, or be construed as permitting, without the consent of the Owners of all 2008A Bonds or 2008B Bonds Outstanding, as the case may be,
(a) an extension of the maturity of the principal of, or the interest on, any 2008A Bonds or 2008B Bonds issued under the Bond Indenture, or (b) a reduction in the principal amount of, or redemption premium on, any 2008A Bonds or 2008B Bonds or the rate of interest thereon, or (c) a privilege or priority of any 2008A Bonds or 2008B Bonds over any other 2008A Bonds or 2008B Bonds, or (d) a reduction in the aggregate principal amount of the 2008A Bonds or 2008B Bonds required for consent to such Supplemental Indentures or any modifications or waivers of the provisions of the Bond Indenture or the Loan Agreement, or (e) the creation of any lien ranking prior to or on a parity with the lien of the Bond Indenture on the Trust Estate or any part thereof, except as expressly permitted in the Bond Indenture, or (f) the deprivation of the Owner of any Outstanding 2008A Bonds or 2008B Bonds of the lien created by the Bond Indenture on the Trust Estate, or (g) an extension of the date for making any scheduled mandatory redemption under the Bond Indenture.

If at any time the Authority shall request the Bond Trustee to enter into any such Supplemental Indenture for any of the purposes stated above, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be given to the Bondholders in the same manner as provided in the Bond Indenture for the giving of notices of redemption; provided, that prior to the delivery of such notice, the Bond Trustee may require that an Opinion of Bond Counsel be furnished to the effect that the Supplemental Indenture complies with the provisions of the Bond Indenture and will not adversely affect the exclusion of interest on the 2008A Bonds or 2008B Bonds, as the case may be, from gross income for federal income tax purposes. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Principal Office of the Bond Trustee for inspection by all Bondholders. If, within 60 days or such longer period as shall be prescribed by the Authority following such notice, the Owners of not less than a majority in aggregate principal amount of the 2008A Bonds or 2008B Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as provided in the Bond Indenture, no Bondholder shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as permitted and provided in the Bond Indenture, the Bond Indenture shall be and be deemed to be modified and amended in accordance therewith.

In the event S&P or Moody’s has issued a rating of any of the 2008A Bonds or 2008B Bonds, the Bond Trustee shall mail to each such rating agency prior written notice of the proposed amendment but such notice shall not be a condition of the effectiveness of such amendment.

Consent of Corporation. Anything in the Bond Indenture to the contrary notwithstanding, a Supplemental Indenture shall not become effective unless and until the Corporation shall have consented to the execution and delivery of such Supplemental Indenture. In this regard, the Bond Trustee shall cause notice of the proposed execution of any such Supplemental Indenture together with a copy of the proposed Supplemental Indenture to be mailed to the Corporation at least 15 Business Days prior to the proposed date of execution and delivery of any such Supplemental Indenture.

Amendments to Loan Agreements, 2008A Bonds Master Note & 2008B Bonds Master Note

Without Consent of Bondholders. The Authority and the Bond Trustee may, with the consent of the Banks but without the consent of or notice to the Bondholders, consent to any amendment, change or modification of (a) the Series A Agreement or the 2008A Bonds Master Note or (b) the Series B Agreement or the 2008B Bonds Master Note as may be required or permitted: (i) by the provisions of the Series A Agreement, the Series B Agreement or the 2008B Bonds Master Note, (ii) for the purpose of curing any ambiguity or formal defect or omission in the Series A Agreement, the Series B Agreement, the 2008A Bonds Master Note, the Series B Agreement or the 2008B Bonds Master Note, (iii) to enter into an indenture or indentures supplemental to the Bond Indenture as provided in the Bond Indenture, to provide for the issuance of a substitute note in accordance with the Bond Indenture or in connection with any supplement to the Master Indenture permitted the Bond Indenture, (iv) to make any revisions that shall be required by a Rating Agency in order to obtain or maintain a AAA rating on the 2008A Bonds or 2008B Bonds, or if lower, the then existing rating, (v) in connection with any other change therein which, in the judgment of the Bond Trustee, is not to the prejudice of the Bond Trustee or the Bondholders or (vi) to make revisions thereto which shall be effective only upon, and in connection with, the remarketing of all of the 2008A Bonds or 2008B Bonds then Outstanding.

With Consent of Bondholders. Except for the amendments, changes or modifications not requiring consent of Bondholders, neither the Authority nor the Bond Trustee shall consent to any other amendment, change or modification of the Series A Agreement, the 2008A Bonds Master Note, the Series B Agreement or the 2008B Bonds Master Note without mailing of notice and the written approval or consent of the Bank and the Holders of at least fifty-one percent (51%) in aggregate principal amount of the Outstanding 2008A Bonds or 2008B Bonds, as the case may be, provided that the written consent of the Holders of all 2008A Bonds or 2008B Bonds Outstanding is required for any amendment, change or modification of the Series A Agreement, the 2008A Bonds Master Note, the Series B Agreement or the 2008B Bonds Master Note that would permit the termination or
cancellation of the Series A Agreement, the 2008A Bonds Master Note, the Series B Agreement or the 2008B Bonds Master Note or a reduction in or postponement of the payments under the Series A Agreement, the 2008A Bonds Master Note, the Series B Agreement or the 2008B Bonds Master Note or any change in the provisions relating to payment thereunder except as provided in the Bond Indenture. If at any time the Authority and the Corporation shall request the consent of the Bond Trustee to any such proposed amendment, change or modification of the Series A Agreement, the 2008A Bonds Master Note, the Series B Agreement or the 2008B Bonds Master Note, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by the Bond Indenture with respect to Supplemental Indentures; provided, that prior to the delivery of such notice or request, the Bond Trustee or the Authority may require that an Opinion of Bond Counsel be furnished to the effect that such amendment, change or modification complies with the provisions of the Bond Indenture and will not adversely affect the exclusion of interest on the 2008A Bonds or 2008B Bonds from gross income for federal income tax purposes. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Principal Office of the Bond Trustee for inspection by all Bondholders.

Defeasance of Lien

When the Authority has paid or has been deemed to have paid, within the meaning of the Bond Indenture, to the Holders of all of the 2008A Bonds or the 2008B Bonds, as the case may be, the principal and interest and premium, if any, due or to become due thereon at the times and in the manner stipulated therein and in the Bond Indenture, all Reimbursement Amounts have been paid to the Banks, and all other obligations owing to the Bond Trustee under the Bond Indenture or under the Loan Agreements have been paid or provided for, the lien of the Bond Indenture on the Trust Estate shall terminate. Upon the written request of the Authority or the Corporation, the Bond Trustee shall, upon the termination of the lien, promptly execute and deliver to the Authority, with a copy to the Corporation, an appropriate discharge except that, subject to the provisions of the Bond Indenture, the Bond Trustee shall continue to hold in trust amounts held pursuant to the Bond Indenture for the payment of the principal of, premium, if any, and interest on the 2008A Bonds or 2008B Bonds, as the case may be.

Outstanding Bonds shall be deemed to have been paid within the meaning of the Bond Indenture if the Bond Trustee shall have paid to the Holders of such Bonds, or shall be holding in trust for and shall have irrevocably committed to the payment of such Outstanding Bonds, Available Moneys sufficient for the payment of all principal of and interest at the Maximum Bond Interest Rate if the Outstanding Bonds are in the Daily Mode or Weekly Mode and premium, if any, on such Bonds to the date of maturity or redemption, as the case may be; provided, that if any of such Bonds are deemed to have been paid prior to the earlier of the redemption or the maturity thereof, the Bond Trustee, the Corporation and the Authority shall have received an opinion of Bond Counsel that such payment and the holding thereof by the Bond Trustee shall not in and of itself cause interest on the 2008A Bonds or the 2008B Bonds to be included in gross income for federal income tax purposes; and provided, further, that if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given to the Bondholders and the Corporation or irrevocable provision satisfactory to the Bond Trustee shall have been duly made for the giving of such notice.

Outstanding Bonds also shall be deemed to have been paid for the purposes of the Bond Indenture if the Bond Trustee shall be holding in trust for and shall have irrevocably committed to the payment of such Outstanding Bonds cash constituting Available Moneys or United States Obligations acquired with Available Moneys the payments on which when due, without reinvestment, will provide moneys which, together with moneys, if any, so held and so committed, shall be sufficient for the payment of all principal of and interest at the Maximum Bond Interest Rate if the Outstanding Bonds are in the Daily Mode or Weekly Mode and premium, if any, on such Bonds to the date of maturity or redemption, as the case may be; provided, that if any of such Bonds are deemed to have been paid prior to the earlier of the redemption or the maturity thereof, the Bond Trustee, the Authority, the Corporation and the Bank shall have received (i) a Favorable Opinion of Bond Counsel that such payment and the holding of such United States Obligations and moneys, if any, shall not in and of itself cause interest on the 2008A Bonds or the 2008B Bonds, as the case may be, to be included in gross income for federal income tax purposes and (ii) a report in form and substance acceptable to the Bank, the Bond Trustee and the Corporation of a firm of certified public accountants acceptable to the Bank, the Bond Trustee and the Corporation verifying that the payments on such United States Obligations, if paid when due and without reinvestment, will, together with any moneys so deposited, be sufficient for the payment of all principal of and interest and premium, if any, on such Bonds to the date of maturity or redemption, as the case may be; and provided, further, that if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or irrevocable provision satisfactory to the Bond Trustee shall have been duly made for the giving of such notice.

Any moneys held by the Bond Trustee in the manner provided by the provisions of the Bond Indenture shall be invested by the Bond Trustee in the manner provided by the Bond Indenture (but only to the extent that such investments are available) only in United States Obligations which do not contain provisions permitting redemption at the option of the Authority, the maturities or redemption dates, without premium, of which shall coincide as nearly as practicable with, but not be later than, the time or times at which said moneys will be required for the aforesaid purposes. The making of any such investments or the sale or other liquidation thereof shall not be subject to the control of the Authority or the Corporation, and the Bond Trustee shall have no responsibility for
any losses resulting from such investment. Any income or interest earned by, or increment to, the investments held under the Bond Indenture, to the extent determined from time to time by the Bond Trustee to be in excess of the amount required to be held by it for the purposes stated here, shall be paid first to the Bond Trustee and then to the Authority to the extent necessary to repay any unpaid obligations owing to the Bond Trustee and/or the Authority under the Bond Indenture, the Series A Agreement or the Series B Agreement, and then to the Bank to the extent necessary to pay any Reimbursement Amounts owing to the Bank, and thereafter the remainder, if any, shall be paid to the Corporation.

After all of the Outstanding Bonds shall be deemed to have been paid and all other amounts required to be paid under the Bond Indenture shall have been paid, then upon the termination of the Bond Indenture any amounts in the Debt Service and Sinking Fund or other Fund or Account under the Bond Indentures shall be paid first to the Bond Trustee and then to the Authority to the extent necessary to repay any unpaid obligations owing to the Bond Trustee and/or the Authority under the Bond Indenture, the Series A Agreement or the Series B Agreement, and then to the Bank to the extent necessary to pay any Reimbursement Amounts owing to the Bank, and thereafter the remainder, if any, shall be paid to the Corporation.

Rights of the Banks

Notwithstanding anything in the Bond Indenture to the contrary, in the event that the principal and/or interest due on the 2008A Bonds or the 2008B Bonds, as the case may be, shall be paid by the applicable Bank pursuant to a Credit Facility, the 2008A Bonds or 2008B Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Authority or the Corporation, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations for the benefits of the Bondholders shall continue to exist and shall run to the benefit of the applicable Bank, and the applicable Bank shall be subrogated to the rights of such Bondholders.

THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. This summary is qualified in its entirety by reference to the Loan Agreement itself, a copy of which may be viewed at the corporate trust office of the Bond Trustee located in Philadelphia, Pennsylvania, or will be provided to any prospective purchaser requesting the same upon payment by the prospective purchaser of the costs of complying with the purchaser’s request.

Loan by Authority

The Authority agrees, upon the terms and conditions contained in the Series A Agreement, the Series A Bond Indenture, the Series B Agreement and the Series B Bond Indenture to make two Loans to the Corporation, and the Corporation agrees to accept such Loans, in accordance with, and subject to, the provisions of the Series A Agreement and Series B Agreement, as applicable. Such proceeds shall be disbursed to or on behalf of the Corporation as provided in the Series A Agreement, the Series A Bond Indenture, the Series B Agreement and the Series B Bond Indenture.

Loan Payments

(A) LOAN PAYMENTS. The Loan shall be a direct, general unconditional obligation of the Corporation. In order to evidence the Loan and the obligation of the Corporation to repay the same, the Corporation shall execute and deliver to the Bond Trustee, as assignee and pledgee of the Authority, the Series A Master Note and the Series B Master Note, each in principal amount equal to the aggregate principal amount of the 2008A Bonds and the 2008B Bonds, respectively. The Corporation agrees to repay the Loan in accordance with the terms of the Series A Master Note and the Series B Master Note. The Series A Master Note and the Series B Master Note shall be dated the date of the initial authentication of the 2008A Bonds and the 2008B Bonds and shall provide for payment of amounts, which among other things, correspond as to time and amount with payments due on the 2008A Bonds and the 2008B Bonds. The Series A Master Note and the Series B Master Note shall both be an obligation secured under the Master Indenture.

(B) CREDITS FOR PAYMENTS UNDER SERIES A MASTER NOTE AND SERIES B MASTER NOTE. The Corporation shall receive credit for payments under the Series A Master Note or the Series B Master Note, as the case may be, in addition to any credits resulting from payment or prepayment from other sources as follows:

(i) on the interest portion of its payments under the Series A Master Note or the Series B Master Note in an amount equal to the moneys on deposit in the Debt Service and Sinking Fund two Business Days prior to the next succeeding interest payment date which amounts are available to pay interest on the 2008A Bonds or the 2008B Bonds to the extent such interest amounts have not previously been credited against Loan Payments;
(ii) on the principal portion of its payments under the Series A Master Note or the Series B Master Note in an amount equal to the moneys on deposit in the Debt Service and Sinking Fund two Business Days prior to the next succeeding principal payment date which amounts are available to pay principal of the 2008A Bonds or the 2008B Bonds to the extent such principal amounts have not previously been credited against payments under the 2008 Master Notes;

(iii) on installments of principal and interest portions, respectively, of its payments under the Series A Master Note or the Series B Master Note, in an amount equal to the principal and interest of 2008A Bonds or 2008B Bonds which have been called by the Bond Trustee for redemption prior to maturity and for the redemption of which sufficient available amounts are on deposit in the Debt Service and Sinking Fund or Bond Redemption and Improvement Fund two Business Days prior to the next succeeding interest payment date to the extent such amounts have not previously been credited against such portions of payments under the Series A Master Note or the Series B Master Note, and interest on such 2008A Bonds or 2008B Bonds from and after the date interest thereon has been paid prior to cancellation. Such credits shall be made against principal and interest portions of payments under the Series A Master Note or the Series B Master Note which would be used, but for such call for redemption, to pay principal and interest of such 2008A Bonds or 2008B Bonds when due at maturity or upon mandatory sinking fund redemption pursuant to the Series A Bond Indenture for the 2008A Bonds or the Series B Bond Indenture for the 2008B Bonds; and

(iv) on installments of principal and interest portions, respectively, of its payments under the Series A Master Note or Series B Master Note, in an amount equal to the principal amount of 2008A Bonds or 2008B Bonds acquired by the Corporation and delivered to the Bond Trustee for cancellation or purchased by the Bond Trustee and cancelled, and interest on such 2008A Bonds or 2008B Bonds from and after the date interest thereon has been paid prior to cancellation. Such credits shall be made against principal and interest portions of payments under the Series A Master Note or Series B Master Note, as the case may be, which would be used, but for such cancellation, to pay principal and interest on the 2008A Bonds or 2008B Bonds when due, and with respect to mandatory sinking fund requirements for the 2008A Bonds or 2008B Bonds so canceled against principal installments which would be used to pay 2008A Bonds or 2008B Bonds in order of such mandatory sinking fund requirements.

(v) on its obligation to provide funds for the purchase of any 2008A Bonds or 2008B Bonds in an amount equal to the proceeds of the remarketing of 2008A Bonds or 2008B Bonds tendered for purchase and the funds on deposit under the Bond Indenture and available to meet such purchase obligation. The Corporation hereby authorizes the Bond Trustee to draw moneys under the Credit Facility in accordance with the provisions of the Series A Bond Indenture or the Series B Bond Indenture to the extent necessary to pay the principal of and interest on the 2008A Bonds or the 2008B Bonds if and when due.

(C) OBLIGATIONS UNCONDITIONAL. The Corporation's obligations under the Series A Agreement, the Series A Master Note, the Series B Agreement and the Series B Master Note are continuing, unconditional and absolute, and are independent of and separate from any obligations of the Authority, and shall not be diminished or deferred for any reason whatsoever, irrespective of the doing of any act or the omission thereof by the Authority, or the Bond Trustee, irrespective of the existence of any other circumstances which might otherwise constitute a legal or equitable defense or discharge of the obligations of the Corporation under the Series A Agreement or the Series B Agreement, including without limitation (i) any matters of abatement, set off, counterclaim, recoupment, defense or other right the Corporation may have against the Authority or the Bond Trustee, suppliers of any portion of any Project or anyone for any reason whatsoever; (ii) compliance with specifications, conditions, design, operation, disrepair or fitness for use of, or any damage to or loss or destruction of any portion of any Project, or any interruption or cessation in the use or possession thereof by the Corporation, for any reason whatsoever; (iii) any insolvency, bankruptcy, reorganization or similar proceedings by or against the Corporation; or (iv) any failure of any supplier to deliver any portion of the Project for any reason whatsoever except as otherwise provided herein. The Corporation waives, to the extent permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the Series A Agreement or Series B Agreement except in accordance with the express terms thereof. Each Loan Payment made by the Corporation shall be final, and the Corporation will not seek to recover all or any part of such payment from the Authority or the Bond Trustee for any reason whatsoever. The parties to the Series A Agreement and the Series B Agreement intend that the payments made pursuant to the Series A Master Note and the Series B Master Note, respectively, shall be paid to the Bond Trustee on behalf of the Authority without diminution of any kind.

Corporation's Credit Support – Alternate Credit Facility

(a) Subject to the provisions of (d) below, the Corporation shall arrange for a Credit Facility to be in effect at all times prior to the time, if any, when the interest rate or rates on the 2008A Bonds or 2008B Bonds shall have been fixed to maturity. The parties acknowledge that the TD Bank Letter of Credit has been delivered to the Bond Trustee as security for the 2008A Bonds and that the PNC Letter of Credit has been delivered to the Bond Trustee as security for the 2008B Bonds.

(b) At any time, the Corporation may, at its option but subject to the requirements of the Series A Bond Indenture and the Series B Bond Indenture, provide for the delivery to the Bond Trustee of an Alternate Credit Facility. The Alternate Credit Facility, at the option of the Corporation, (i) may consist of a standby bond purchase agreement, letter of credit, line of credit, loan,
guaranty or such other support as the Corporation may elect to furnish and which is acceptable to the Bond Trustee and the Authority, in each case in an amount and having terms sufficient to provide liquidity support to pay the purchase price of 2008A Bonds or 2008B Bonds purchased pursuant to the Series A Bond Indenture or the Series B Bond Indenture, as the case may be, (ii) shall have administrative provisions satisfactory to the Bond Trustee, and (iii) shall be for a stated term and shall not be terminable prior to the end of such term except by action of the Bond Trustee at the direction of the Corporation upon the fulfillment of any requirements of such Alternate Credit Facility and compliance with the conditions set forth in the Series A Agreement or the Series B Agreement. Prior to any delivery of an Alternate Credit Facility, extension of the expiration date of any Alternate Credit Facility or modification of any Alternate Credit Facility, the Corporation agrees to notify the Rating Agency.

(c) On or prior to the date of delivery of an Alternate Credit Facility, and as a condition to the exercise of its option set forth in the Series A Agreement or the Series B Agreement, the Corporation shall provide to the Authority, the Bond Trustee and the Remarketing Agent, at least thirty-five (35) days prior to the tenth (10th) Business Day next preceding the effective date of such change, a notice specifying (i) that the Credit Facility then in effect will be changed, (ii) the effective date of such change, (iii) the form and substance of the Credit Facility then in effect and (iv) the form and substance of the Alternate Credit Facility to be in effect on the date specified in (b) above. Such notice to the Trustee must be accompanied by the items required by the Series A Bond Indenture or the Series B Bond Indenture.

(d) The Authority and the Corporation agree that the Authority will in the Series A Bond Indenture and the Series B Bond Indenture authorize and direct the Bond Trustee to accept and agree to conditions and provisions of any Credit Facility which may be provided in accordance with the provisions of the Series A Agreement or the Series B Agreement.

Covenants Relating to the Tax Status of the 2008A Bonds and the 2008B Bonds

(a) The Corporation covenants that it will not take (or fail to take) and shall cause the Restricted Affiliates to not take (or fail to take) any action or permit (or fail to permit) any action to be taken in their behalf, or cause or permit any circumstance within the Corporation’s control to arise or continue, if such action or circumstance, or its reasonable expectation on the date of issuance of the 2008A Bonds and the 2008B Bonds, would cause the interest on the 2008A Bonds or the 2008B Bonds to be includable in the gross income of owners thereof for federal income tax purposes.

(b) Without limiting the foregoing, the Corporation covenants that, notwithstanding any other provision of the Series A Agreement or the Series B Agreement, as the case may be, or any other instrument, it will neither make nor cause to be made, or permit any investment or other use of the proceeds of the Loan or any property or investment property financed or refinanced thereby which use would cause any of the 2008A Bonds or the 2008B Bonds to be an “arbitrage bond” under Section 148(a) of the Code, and that it will comply with the requirements of such Section, including, without limitation, the requirement to make arbitrage rebate payments pursuant to Section 148(f) of the Code to the extent required therein.

(c) The Corporation shall comply and shall cause the Restricted Affiliates to comply with its covenants in the Tax Agreement and Certification.

Borrower to Maintain 501(c)(3) Status

The Corporation covenants that it will, and shall cause the Restricted Affiliates to, conduct their operations and file all required reports and documents with the Internal Revenue Service so as to maintain their status as organizations described in Section 501(c)(3) of the Code and so as to maintain their status as organizations exempt from tax under Section 501(a) of the Code.

The Corporation agrees that it has not and will not use or permit to be used any of the property for which it or any Restricted Affiliate is reimbursed or which is acquired, constructed, remodeled, renovated or equipped, in whole or in part, out of the loan of 2008A Bond or 2008B Bond proceeds or out of the proceeds of any loans refinanced or for the refinancing of which the Corporation or any Restricted Affiliate is reimbursed, in whole or in part, whether directly or indirectly, from the proceeds of the 2008A Bonds or the 2008B Bonds, by any Person in an unrelated trade or business of the Corporation or any Restricted Affiliate or by any Person who is not a tax-exempt organization, in either case in such manner or to such extent as would result in the loss of any exemption for purposes of federal income taxation to which the interest on the 2008A Bonds or 2008B Bonds would otherwise be entitled.

Loan Default and Remedies

If any of the following events occurs, it is hereby defined as and declared to be and to constitute a “Loan Default”: 
(a) failure by the Corporation to pay any Loan Payment or other payment required to be paid under the Series A Agreement, the Series A Master Note, the Series B Agreement or the Series B Master Note on or before the date on which such Loan Payment is due and payable;

(b) failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Series A Agreement or the Series B Agreement other than the failure referred to in (a) above for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied, is given to the Corporation by the Authority or the Bond Trustee, unless the Authority and the Bond Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice is correctable but cannot be corrected within the applicable period, no Loan Default shall be deemed to have occurred or to exist if, and so long as, the Corporation shall commence such observance or performance within such 30-day period and shall diligently and continuously prosecute the same to completion. The Authority and the Bond Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Corporation within the applicable period and diligently pursued until such failure is corrected;

(c) the filing by the Corporation of a petition seeking relief for itself under Title 11 of the United States Code, as now constituted or hereafter amended, or the filing by the Corporation of an answer consenting to, admitting the material allegations of or otherwise not controverting, or the failure of the Corporation to timely controvert, a petition filed against it seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or the filing of such petition or answer by the Corporation or the failure of the Corporation to timely controvert such a petition, with respect to relief under the provisions of any other now existing or future applicable bankruptcy, insolvency or other similar law of the United States of America or any state thereof,

(d) the entry of an order for relief, which is not stayed, against the Corporation under Title 11 of the United States Code, as now constituted or hereafter amended, or the entry of an order, judgment or decree by operation of law or by a court having jurisdiction, which is not stayed, adjudging the Corporation a bankrupt or insolvent under, or ordering relief against the Corporation under, or approving as properly filed a petition seeking relief against the Corporation under, the provisions of any other now existing or future applicable bankruptcy or insolvency or other similar law of the United States of America or any state thereof, or appointing a receiver, liquidator, assignee, sequestrator, trustee or custodian of the Corporation or of all or any substantial portion of the property of the Corporation, or ordering the reorganization, winding up or liquidation of the affairs of the Corporation, or the expiration of sixty (60) days after the filing of any involuntary petition against the Corporation seeking any of the relief specified in this Section without the petition being dismissed prior to that time;

(e) an event of default shall occur under the Series A Bond Indenture for the 2008A Bonds or the Series B Bond Indenture for the 2008B Bonds; or

(f) receipt of notice from the Master Trustee to the effect that an “Event of Default” under the Master Indenture shall have occurred.

Whenever any Loan Default shall have occurred and be continuing, the Authority and the Bond Trustee shall, in addition to any other remedies provided herein or by law, have the right, at its or their option without any further demand or notice, to take one or any combination of the following remedial steps:

(i) declare all amounts due under the Series A Master Note or the Series B Master Notes, as the case may be, to be immediately due and payable, and upon notice to the Corporation the same shall become immediately due and payable without further notice or demand; or

(ii) take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the Series A Agreement, the Series A Master Note, the Series B Agreement or the Series B Master Note, as the case may be, or to enforce any other rights of the Bond Trustee or the Authority under the Series A Agreement or the Series B Agreement or as the owner of the Series A Master Note or the Series B Master Note, issued under the Master Indenture. Except for amounts relating to the Authority’s Reserved Rights, any amounts collected pursuant to action as stated above shall be paid to the Bond Trustee and applied in accordance with the provisions of (a) the Series A Agreement and the Series A Bond Indenture for the 2008A Bonds and (b) the Series B Agreement and the Series B Bond Indenture for the 2008B Bonds.

[END OF APPENDIX B]
TD Bank, N.A. (as successor to Commerce Bank, N.A.)

TD Bank, N.A. (the “Bank”) is a national banking association organized under the laws of the United States, with its main office located in Wilmington, Delaware. The Bank is an indirect, wholly-owned subsidiary of The Toronto-Dominion Bank (“TD”) and, operating under the brand names TD Banknorth and Commerce Bank, offers a full range of banking services and products to individuals, businesses and governments throughout its market areas, including commercial, consumer, trust, investment advisory and insurance agency services. The Bank operates banking offices in Connecticut, Delaware, the District of Columbia, Florida, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Vermont and Virginia.

On October 2, 2007, TD entered into a merger agreement with Commerce Bancorp, Inc. (“Commerce”), the holding company for Commerce Bank, N.A., Philadelphia, Pennsylvania, and Commerce Bank/North, Ramsey, New Jersey (together, the “Commerce Banks”), which provided for Commerce to be acquired by TD. The acquisition was consummated on March 31, 2008. On May 31, 2008, the Commerce Banks merged with and into TD Banknorth, N.A. (“TD Banknorth”) and the legal name of the resulting entity was changed to “TD Bank, N.A.” As of June 30, 2008, the Bank had consolidated assets of $96.85 billion, consolidated deposits of $73.49 billion and stockholder's equity of $19.08 billion, based on regulatory accounting principles.

Additional information regarding the foregoing is available from the filings made by TD with the U.S. Securities and Exchange Commission (the “SEC”), which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. In addition, the SEC maintains a website at http://www.sec.gov, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning TD and the Bank contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Letter of Credit is the obligation of the Bank and not TD.

The Bank will provide copies of the publicly available portions of the most recent quarterly Call Report of the Bank (or its predecessor banks) delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

TD Bank, N.A.
P.O. Box 9540
Portland, ME 04112-9540
Attn: Corporate Communications
Mail Stop: ME 089-71

Information regarding the financial condition and results of operations of the Bank will be contained in the quarterly Call Reports of the Bank delivered to the Comptroller of the Currency and available online at https://cdr.ffiec.gov/public. General information regarding the Bank may be found in periodic filings made by TD with the SEC. TD is a foreign issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare certain filings with the SEC in accordance with the disclosure requirements of Canada, its home country. Canadian disclosure requirements are different from those of the United States. TD’s financial statements are prepared in accordance with Canadian generally accepted accounting principles, and may be subject to
Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies prepared in accordance with United States generally accepted accounting principles.

The delivery hereof shall not create any implication that there has been no change in the affairs of TD or the Bank since the date hereof, or that the information contained or referred to in this Appendix D is correct as of any time subsequent to its date.

NEITHER TD NOR ANY OTHER SUBSIDIARY OF TD OTHER THAN THE BANK IS OBLIGATED TO MAKE PAYMENTS UNDER THE CONSTRUCTION LOC.

The Bank is responsible only for the information contained in this section of the Official Statement and did not participate in the preparation of, or in any way verify the information contained in, any other part of the Official Statement. Accordingly, the Bank assumes no responsibility for and makes no representation or warranty as to the accuracy or completeness of information contained in any other part of the Official Statement.
APPENDIX D

CERTAIN INFORMATION CONCERNING

PNC BANK, NATIONAL ASSOCIATION
November 7, 2008

PNC BANK, NATIONAL ASSOCIATION

This summary incorporates by reference certain Call Reports of PNC Bank, National Association (“PNC Bank”) filed with the Office of the Comptroller of the Currency (“OCC”), and certain reports of its ultimate parent, The PNC Financial Services Group, Inc. (“PNC Financial”), filed with the Securities and Exchange Commission (“SEC”). You should read these reports and the information set forth below under the headings “PNC Bank and PNC Financial” and “Supervision and Regulation.” You should also understand that, except to the limited extent described herein, this summary does not describe the business or analyze the condition, financial or otherwise, of PNC Bank or otherwise describe any risks associated with PNC Bank or the Letter of Credit. You must rely on your own knowledge, investigation and examination of PNC Bank and PNC Bank’s creditworthiness. Neither PNC Bank nor PNC Financial makes any representation regarding the Bonds or the advisability of investing in the Bonds, nor do they make any representation regarding, nor has PNC Bank or PNC Financial participated in the preparation of, any document of which this summary is a part other than the information supplied by PNC Bank or PNC Financial and presented in this summary headed “PNC Bank, National Association.”

PNC Bank and PNC Financial

PNC Bank is a national banking association with its principal office in Pittsburgh, Pennsylvania. PNC Bank’s origins as a national bank date to 1865. PNC Bank and its subsidiaries offer a wide range of commercial banking, retail banking, and trust and wealth management services to their customers. PNC Bank’s business is subject to examination and regulation by federal banking authorities. Its primary federal bank regulator is the OCC and its deposits are insured by the Federal Deposit Insurance Corporation. PNC Bank is a wholly-owned indirect subsidiary of PNC Financial, a Pennsylvania corporation with its principal executive offices in Pittsburgh, Pennsylvania, and is PNC Financial’s principal bank subsidiary. At September 30, 2008, PNC Bank had total consolidated assets representing approximately 93% of PNC Financial’s consolidated assets.

PNC Financial, the parent company of PNC Bank, was incorporated under the laws of the Commonwealth of Pennsylvania in 1983 with the consolidation of Pittsburgh National Corporation and Provident National Corporation. Since 1983, PNC Financial has diversified its geographic presence, business mix and product capabilities through internal growth, strategic bank and non-bank acquisitions and equity investments, and the formation of various non-banking subsidiaries. PNC Financial is one of the largest diversified financial services companies in the United States based on assets, with businesses engaged in retail banking, corporate and institutional banking, asset management, and global investment servicing. PNC Financial provides many of its products and services nationally and others in PNC Financial’s primary geographic markets located in Pennsylvania, New Jersey, Washington, D.C., Maryland, Virginia, Ohio, Kentucky, and Delaware. PNC Financial also provides certain investment servicing internationally.


On October 24, 2008, PNC Financial entered into a definitive agreement with National City Corporation (“National City”) for PNC to acquire National City. National City, headquartered in Cleveland, Ohio, is one of the nation’s largest commercial banking organizations based on assets. At September 30, 2008, National City had total assets of approximately $145 billion and total deposits of approximately $96 billion. National City operates through an extensive network in Ohio, Florida, Illinois, Indiana, Kentucky, Michigan, Missouri, Pennsylvania and Wisconsin and also conducts selected consumer lending businesses and other financial services on a nationwide basis. Its primary businesses include commercial and retail banking, mortgage financing and servicing, consumer finance and asset management. After closing, PNC Financial intends to merge National City’s banking affiliates into PNC Bank. The merged entity will have its headquarters in Pittsburgh. The transaction is currently expected to close by December 31, 2008 and is subject to customary closing conditions, including the approval of regulators and the shareholders of both PNC and National City.

At September 30, 2008, PNC Financial had consolidated total assets, deposits, and shareholders’ equity of $145.6 billion, $85.0 billion, and $14.2 billion, respectively. At December 31, 2007, the comparable amounts were $138.9 billion, $82.7 billion, and $14.9 billion, respectively. At September 30, 2008, PNC Bank had total assets of $134.8 billion, total loans (net of unearned income) and loans held for sale of $75.0 billion, total deposits of $87.6 billion, and total equity capital of...
$12.0 billion. The comparable amounts at December 31, 2007 were $124.8 billion, $68.2 billion, $79.4 billion, and $12.6 billion, respectively.

**THE LETTER OF CREDIT IS SOLELY AN OBLIGATION OF PNC BANK AND IS NEITHER AN OBLIGATION OF NOR GUARANTEED BY PNC FINANCIAL OR ANY OF ITS OTHER AFFILIATES.**

**Supervision and Regulation**

PNC Financial, the parent company of PNC Bank, is a bank and financial holding company and is subject to numerous governmental regulations involving both its business and organization. Its businesses are subject to regulation by multiple bank regulatory bodies as well as multiple securities industry regulators. Applicable laws and regulations restrict PNC Financial’s ability to repurchase stock or to receive dividends from bank subsidiaries and impose capital adequacy requirements. They also restrict permissible activities and investments and require compliance with protections for loan, deposit, brokerage, fiduciary, mutual fund and other customers, and for the protection of customer information, among other things. The consequences of noncompliance can include substantial monetary and nonmonetary sanctions as well as damage to the company’s reputation and business.

In addition, PNC Financial and PNC Bank are subject to comprehensive examination and supervision by banking and other regulatory bodies. Examination reports and ratings (which often are not publicly available) and other aspects of this supervisory framework can materially impact the conduct, growth, and profitability of the company’s businesses. Over the last several years, there has been an increasing regulatory focus on compliance with anti-money laundering laws and regulations, resulting in, among other things, several significant publicly-announced enforcement actions. There has also been a heightened focus recently, by customers and the media as well as by regulators, on the protection of confidential customer information. A failure to have adequate procedures to comply with anti-money laundering laws and regulations or to protect the confidentiality of customer information could expose the company to damages, fines and regulatory penalties, which could be significant, and could also injure the company’s reputation with customers and others with whom it does business.

You will find a general discussion of some of the elements of the regulatory framework affecting PNC Financial and PNC Bank as well as a discussion of the key risk factors that affect PNC Financial in the following sections of PNC Financial’s 2007 annual report on Form 10-K: the Supervision and Regulation section included in Item 1 -- Business; Item 1A – Risk Factors; and Note 22 Regulatory Matters of the Notes To Consolidated Financial Statements included in Item 8 of that Report. Item 1A – Risk Factors was updated in PNC Financial’s first and third quarter 2008 quarterly reports on Form 10-Q.

**Incorporation of Certain Documents by Reference**

PNC Bank submits quarterly to the OCC, its primary regulator, certain unaudited reports called “Consolidated Reports of Condition and Income” (“Call Reports”). Each Call Report consists of a balance sheet, income statement, changes in equity capital and other supporting schedules as of the end of or for the period to which the report relates. The Call Reports are prepared in accordance with regulatory instructions issued by the Federal Financial Institutions Examination Council. Because of the special supervisory, regulatory and economic policy needs served by the Call Reports, those regulatory instructions do not in all cases follow accounting principles generally accepted in the United States, including the opinions and statements of the Accounting Principles Board or the Financial Accounting Standards Board (“U.S. GAAP”). While the Call Reports are supervisory and regulatory documents, not primarily financial accounting documents, and do not provide a complete range of financial disclosure about PNC Bank, the reports nevertheless provide important information concerning the financial condition and results of operations of PNC Bank.

The publicly available portions of the Call Reports are on file with, and publicly available on written request to, the FDIC, Public Information Center, 801 17th Street, NW, Room 100, Washington, D.C. 20434, or by calling the FDIC Public Information Center at 877-275-3342 or 202-416-6940. The Call Reports are also available by accessing the FDIC’s website at http://www.fdic.gov.

PNC Financial, the parent company of PNC Bank, is subject to the informational requirements of the Securities Exchange Act of 1934 (“Exchange Act”). In accordance with the Exchange Act, PNC Financial files annual, quarterly and current reports, proxy statements, and other information with the SEC. PNC Financial’s SEC File Number is 001-09718. You may read and copy this information at the SEC’s Public Reference Room, located at 100 F Street, N.E., Room 1580,
Washington, D.C. 20549. You can obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You can also obtain copies of this information by mail from the public reference section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates.

The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers, like PNC Financial, who file electronically with the SEC. The address of that website is http://www.sec.gov. You can also inspect reports, proxy statements and other information about PNC Financial at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

The publicly-available portions of PNC Bank’s Call Reports for the years ended December 31, 2007, 2006, and 2005 and the quarters ended March 31, 2008, June 30, 2008, and September 30, 2008, and of any amendments or supplements thereto, as filed by PNC Bank with the OCC, are incorporated herein by reference. The publicly-available portions of each other PNC Bank Call Report, and of any amendments or supplements thereto or to any of the PNC Bank Call Reports listed above, filed with the OCC after December 31, 2007 and prior to the expiration of the Letter of Credit are also incorporated herein by reference and will be deemed a part hereof from the date of filing of each such document. Subsequently filed reports, and amendments or supplements to reports, will automatically update and supersede prior information.


Each other annual, quarterly and current report, and any amendments or supplements thereto or to any of the PNC Financial reports listed above, filed by PNC Financial with the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act after December 31, 2007 and prior to the expiration of the Letter of Credit is incorporated herein by reference and will be deemed a part hereof from the date of filing of each such document. Subsequently filed reports, and amendments or supplements to reports, will automatically update and supersede prior information. The information incorporated by reference herein does not include any report, document or portion thereof that PNC Financial furnishes to, but does not file with, the SEC unless otherwise specifically provided above.

Neither the delivery of this document nor the sale of any Bonds will imply that the information herein or in any document incorporated by reference is correct as of any time after its date. Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes hereof to the extent that a statement contained therein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part hereof.

Any of the above documents incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into such documents) are available upon request by holders of the Bonds or by prospective investors in the Bonds without charge: (1) in the case of PNC Bank documents, by written request addressed to Patricia J. Jablonski, Manager of Regulatory Reporting, at The PNC Financial Services Group, Inc., One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2707; or (2) in the case of PNC Financial documents, (a) for copies without exhibits, upon written request addressed to Computershare Investor Services, LLC, 250 Royall Street, Canton, MA 02021 or via e-mail at web.queries@computershare.com, or by calling 800-982-7652, and (b) for exhibits, by contacting Shareholder Relations at 800-843-2206 or via e-mail at investor.relations@pnc.com.
APPENDIX E

FORM OF BOND COUNSEL OPINION
November __, 2008

$144,740,000
BUCKS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
BUCKS COUNTY, PENNSYLVANIA
HOSPITAL REVENUE BONDS (GRAND VIEW HOSPITAL), SERIES OF 2008
consisting of
$73,965,000 Series A of 2008
and
$70,775,000 Series B of 2008

OPINION

TO THE PURCHASERS OF THE ABOVE-ENTITLED BONDS:

We have acted as Bond Counsel in connection with the issuance by the Bucks County Industrial Development Authority (the “Authority”) of $73,965,000 in aggregate principal amount of its Hospital Revenue Bonds (Grand View Hospital), Series A of 2008 (the “2008A Bonds”) and $70,775,000 in aggregate principal amount of its Hospital Revenue Bonds (Grand View Hospital), Series B of 2008 (the “2008B Bonds”, and together with the 2008A Bonds, the “Bonds”). The Bonds are issued in accordance with the provisions of the Economic Development Financing Law, as amended (the “Act”) and pursuant to a resolution of the Authority adopted on August 7, 2008 (the “Resolution”). Additionally, the 2008A Bonds are being issued under and pursuant to a Trust Indenture dated as of November 1, 2008 (the “Series A Bond Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Bond Trustee”), and the 2008B Bonds are being issued under and pursuant to a Trust Indenture dated as of November 1, 2008 (the “Series B Bond Indenture”, and together with the Series A Bond Indenture, the “Bond Indenture”) between the Authority and the Bond Trustee.

The Bonds initially will bear interest at a weekly rate determined as stated therein and in the Bond Indenture. Upon satisfaction of the conditions specified in the Bond Indenture, the Bonds may be converted to other interest rate modes.

Pursuant to the Resolution and the Bond Indenture, the Authority has determined to undertake a project (the “Project”) for the benefit of Grand View Hospital (the “Hospital”)
consisting of: (a) the current refunding of (i) the Authority’s outstanding Hospital Revenue Bonds (Grand View Hospital), Series A and B of 2004, and (ii) two loans through the Capital Asset Financing Program of the VHA of Pennsylvania Cooperative, Inc., (b) the undertaking of various capital improvement projects as described in the Bond Indenture, and (c) the payment of all or a portion of the costs of issuing the Bonds.

In connection with the undertaking of the Project, the proceeds of the Bonds will be loaned by the Authority to the Hospital pursuant to two Loan Agreements dated as of November 1, 2008 (collectively, the “Loan Agreements”). Under the Loan Agreements, the Hospital is obligated to make payments in amounts sufficient to pay, inter alia, the principal of and premium, if any, and interest on the Bonds. The Authority has assigned its interest in the Loan Agreements (except for certain reserved rights) to the Bond Trustee for the benefit of the registered owners of the Bonds. The Hospital’s obligations under the Loan Agreements will be secured in accordance with the Series A Master Note and the Series B Master Note (collectively, the “2008 Master Notes”) which the Hospital is issuing pursuant to a Master Trust Indenture, dated as of July 1, 1993, as previously amended and supplemented and as further amended and supplemented in connection with the issuance of the 2008 Master Notes by a Sixth Supplemental Master Indenture dated as of November 1, 2008 (collectively, the “Master Trust Indenture”).

To provide a source of payment for the 2008A Bonds and the 2008B Bonds, the Hospital will cause TD Bank, N.A. (“TD Bank”) and PNC Bank, National Association (“PNC”, and together with TD Bank, the “Banks”), respectively, to issue to the Bond Trustee their irrevocable, direct-pay letters of credit (collective, the “Letters of Credit”) each in an initial stated amount sufficient to cover draws permitted thereunder by the Bond Trustee of up to (i) an amount equal to the principal amount of the 2008A Bonds, to pay the principal of such Bonds when due or the principal portion of the purchase price of such Bonds which are tendered and not remarketed, and (ii) an amount equal to fifty-one (51) days accrued interest on the 2008A Bonds and 2008B Bonds as applicable (at the maximum interest rate of 10%), to pay interest on such Bonds or to pay the interest portion of the purchase price of such Bonds which are tendered and not remarketed.

The Letters of Credit will be issued pursuant to two Reimbursement, Credit and Security Agreements both dated as of November 1, 2008 (collectively, the “Reimbursement Agreements”), between the Hospital and TD Bank with respect to the Letter of Credit for the 2008A Bonds and between the Hospital and PNC with respect to the Letter of Credit for the 2008B Bonds. Unless earlier terminated or extended, the Letters of Credit will expire on November 19, 2011. As security for its obligations to the Banks under the Reimbursement Agreements, the Hospital will issue to TD Bank and PNC master notes under the Master Trust Indenture (the “2008 TD Bank Master Note” and the “2008 PNC Master Note, respectively”).

The Authority and the Hospital have made certain factual representations in the Bond Indenture, the Loan Agreements, the Master Trust Indenture and certain certificates delivered on the date hereof that are material to the opinions expressed herein, including representations as to the qualification of the Hospital as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) and the reasonable expectations of the Hospital and the Authority on the date hereof as to the use of the proceeds of the Bonds. We have not undertaken to verify these factual representations by independent investigation.
In our capacity as Bond Counsel, we have examined a record of the proceedings relating to the issuance of the Bonds, including original counterparts or certified copies of the Bond Indenture, the Resolution, the Loan Agreements, the Master Trust Indenture, the approval of the Project by the Secretary of Community and Economic Development for the Commonwealth of Pennsylvania and such other certificates (including the certificates described above), documents, records, proceedings, statutes and decisions as we have deemed necessary to enable us to express the opinions set forth below. We have also examined specimens of fully executed Bonds and a certificate of the Bond Trustee, upon which we have relied, with respect to the authentication by the Bond Trustee of the Bonds. We have also examined the opinion of Grim, Biehn & Thatcher, counsel to the Hospital, on which we have relied as to the exemption of the Hospital from federal income tax under Section 501(a) of the Code, and the opinion of Begley, Carlin & Mandio, LLP, counsel for the Authority, on which we have relied as to, among other things, the due authorization, execution and delivery by the Authority of the Bond Indenture, Loan Agreements and the Bonds. In rendering our opinions, we have relied upon the genuineness, authenticity, truthfulness and completeness of all documents, records and other instruments examined. We have not undertaken to verify the factual matters set forth therein by independent investigation. Except as set forth in paragraph 5 below, our opinions are given only with respect to the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof.

Based on and subject to the foregoing and the additional qualifications and limitations stated below, we are of the opinion that:

1. The Authority is a body corporate and politic, validly existing under the laws of the Commonwealth of Pennsylvania, with full power and authority thereunder to undertake the Project, to execute and deliver the Bond Indenture and the Loan Agreements, and to issue and sell the Bonds.

2. The Bond Indenture and the Loan Agreements have been duly authorized, executed and delivered by the Authority and the Bond Indenture and the Loan Agreements constitute valid and binding obligations of the Authority enforceable against the Authority in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, moratorium and other similar laws and equitable principles affecting the rights and remedies of creditors generally and by the exercise of judicial discretion in accordance with general principles of equity. All right, title and interest of the Authority in and to the Loan Agreements and the amounts payable thereunder (except for certain reserved rights) have been validly assigned to the Bond Trustee.

3. The Bonds have been duly authorized, issued and sold by the Authority and are the valid and binding limited obligations of the Authority enforceable in accordance with their terms, except as their enforcement may be limited by bankruptcy, insolvency, moratorium and other similar laws and equitable principles affecting the rights and remedies of creditors generally and by the exercise of judicial discretion in accordance with general principles of equity.
4. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, the Bonds and the interest thereon are free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but such exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon.

5. Interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion set forth in the preceding sentence is subject to the condition that the Authority and the Hospital comply with all applicable federal income tax requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon continues to be excluded from gross income for purposes of federal income taxation. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so includable in gross income retroactive to the date of issuance of the Bonds. The Authority and the Hospital have covenanted to comply with all such requirements. Interest on the Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the individual and corporate alternative minimum taxes; however, we call to your attention that under the Code, to the extent that interest on the Bonds is a component of a corporate holder's “adjusted current earnings,” a portion of that interest may be subject to the corporate alternative minimum tax. We express no opinion regarding other federal tax consequences relating to the Bonds or the receipt of interest thereon.

We call your attention to the fact that the Bonds are limited obligations of the Authority, payable only out of the Trust Estate (as such term is defined in the Bond Indenture), and that the Bonds do not pledge the credit or taxing power of the Commonwealth of Pennsylvania or any political subdivision thereof.

We express no opinion herein with regard to, and we assume no responsibility for the accuracy or completeness of the Official Statement prepared in connection with the offer and sale of the Bonds.

This opinion is given as of the date hereof, and we assume no obligations to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.