

In the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel, under existing law, assuming continued compliance with certain tax covenants and provisions of the Internal Revenue Code of 1986, as amended, interest on the Series A Bonds will not be included in the gross income of the holders of the Series A Bonds for federal income tax purposes. Interest on the Series A Bonds will not constitute a preference item for purposes of computation of the alternative minimum tax imposed on individuals and corporations, although interest on the Series A Bonds will be taken into account in computing the alternative minimum tax applicable to certain corporations. Income on the Series A Bonds, including any profit made on the sale thereof, is exempt from Massachusetts personal income taxes, and the Series A Bonds are exempt from Massachusetts personal property taxes. Under certain circumstances involving a change in the rate period a new opinion is required, as a condition of such change, as to the aforesaid federal and Massachusetts tax status. For a discussion of federal and state tax law statutes, see “TAX EXEMPTION” herein.



\$ 40,000,000

MASSACHUSETTS HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

**Variable Rate Demand Revenue Bonds,
University of Massachusetts Issue, Series A**

Dated: Date of Issuance

Price 100%

Due: November 1, 2030

The Series A Bonds will be initially issued as fully registered bonds in denominations of \$100,000 each or any multiples of \$5,000 in excess thereof, except that when interest on the Series A Bonds is payable at a Fixed Rate or a Long-Term Rate, such Series A Bonds may be issued in the denomination of \$5,000 or any integral multiple thereof, registered in the name of Cede & Co., as nominee of The Depository Trust Company (DTC), New York, New York. DTC will act as the securities depository for the Series A Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners as registered owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the Series A Bonds. See The Series A Bonds — Securities Depository herein.

The Series A Bonds as initially issued will bear interest at a Weekly Rate. The first interest payment date for the Series A Bonds will be May 1, 2000, and, thereafter for so long as the Bonds are in the Weekly Rate, on the first Business Day of each calendar month. The rate of interest on the Series A Bonds may be changed from time to time to Daily, Flexible, or Long-Term Rates upon notice as described herein, and, under certain circumstances, the Series A Bonds may be converted to bear interest at a Fixed Rate until maturity.

Bondowners will be required to tender their Series A Bonds for purchase at the prices, at the times and under circumstances described herein. Any Series A Bonds or portions thereof bearing interest at a Daily or Weekly Rate may be tendered for purchase by the Bondowners upon written notice as set forth herein at a price equal to the principal amount thereof plus accrued interest to the Purchase Date.

Citizens Bank of Massachusetts serves as Trustee and Paying Agent under the Loan and Trust Agreement defined below. Bear, Stearns & Co. Inc. serves as initial Remarketing Agent.

The Series A Bonds will be subject to optional and special redemption and mandatory purchase prior to maturity as described herein.

The Series A Bonds are special obligations of the Authority payable solely from the Revenues (as hereinafter defined) of the Authority, including payments to the Trustee for the account of the Authority by the University of Massachusetts (the Institution) in accordance with the provisions of the Loan and Trust Agreement dated as of October 12, 1999 (the Loan and Trust Agreement) among the Authority, the Institution and the Trustee. Such payments required to be paid by the Institution will be in amounts sufficient to pay, when due, interest and principal of the Series A Bonds, all in accordance with the Loan and Trust Agreement. The payments pursuant to the Loan and Trust Agreement are a general obligation of the Institution to pay from any source legally available for expenditure by the Board of Trustees of the Institution for such purpose. The Series A Bonds are payable from amounts drawn under an irrevocable, direct-pay letter of credit (the Letter of Credit) in favor of the Paying Agent in an amount equal to the aggregate principal amount plus an interest component as described herein. The Letter of Credit will expire March 29, 2003, unless earlier terminated or renewed. The Letter of Credit will be issued by Dexia Crédit Local de France, acting through its New York Agency (the Letter of Credit Bank).



Crédit Local de France

NEITHER THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF NOR THE AUTHORITY IS OBLIGATED TO PAY THE PURCHASE PRICE, PRINCIPAL OR PREMIUM (IF ANY) OF OR INTEREST ON THE SERIES A BONDS EXCEPT FROM THE MONEYS TO BE PROVIDED UNDER THE LOAN AND TRUST AGREEMENT AND ANY OTHER SOURCE LEGALLY AVAILABLE FOR EXPENDITURE BY THE BOARD OF TRUSTEES OF THE INSTITUTION FOR SUCH PURPOSE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER NOR ANY MORAL OBLIGATION OF THE COMMONWEALTH OF MASSACHUSETTS OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE SERIES A BONDS. THE AUTHORITY DOES NOT HAVE TAXING POWER.

The Series A Bonds are offered when, as, and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality and certain other matters by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel and counsel to the Institution. Certain legal matters will be passed upon for the Underwriter by its counsel Krokidas & Bluestein LLP, Boston, Massachusetts. The Series A Bonds are expected to be available for delivery through DTC on or about March 29, 2000.

Bear, Stearns & Co. Inc.