

NEW ISSUE - BOOK - ENTRY - ONLY

THE BONDS DESCRIBED HEREIN ARE BEING OFFERED ONLY TO SOPHISTICATED INVESTORS. POTENTIAL INVESTORS ARE SOLELY RESPONSIBLE FOR EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS AND ARE OFFERED HEREBY AN OPPORTUNITY TO OBTAIN INFORMATION FROM THE BORROWER, THE LESSEE, THE GUARANTOR AND THE SUBLESSEE. THIS INSTITUTIONAL OFFERING CIRCULAR HAS NOT BEEN PREPARED OR REVIEWED BY THE AUTHORITY.

In the opinion of Bond Counsel, under existing law interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes, assuming continued compliance by the Authority, the Borrower, the Lessee and the Sublessee with the Internal Revenue Code of 1986, as amended. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Bonds will be taken into account, however, in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations. In the opinion of Bond Counsel, under existing law, interest on the Bonds, and any profit made on the sale thereof, are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. See "TAX EXEMPTION" herein.

\$36,000,000

**MASSACHUSETTS HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS, CIVIC INVESTMENTS ISSUE, SERIES A**

\$44,900,000

**MASSACHUSETTS HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
REVENUE BONDS, CIVIC INVESTMENTS ISSUE, SERIES B**

Dated: Date of Delivery

Due: December 15, as set forth herein

The Series A Bonds and the Series B Bonds (collectively, the "Bonds") are special obligations of the Massachusetts Health and Educational Facilities Authority (the "Authority") issued pursuant to the Mortgage and Trust Agreement dated as of November 13, 2001 (the "Mortgage Agreement") among the Authority, Flagship Bank and Trust Company, as Trustee (the "Trustee") and Civic Investments, Inc. (the "Borrower") for purposes of acquiring certain Massachusetts health center facilities (the "Project") from Harvard Pilgrim Health Care, Inc. ("HPHC"). A maturity schedule for the Bonds is set forth on the inside cover hereof.

The Project will be leased by the Borrower, as lessor, to HPHC (also referred to as the "Lessee") pursuant to a Lease Agreement (the "Lease"). The Lessee will sublease the Project to Harvard Vanguard Medical Associates, Inc. ("Harvard Vanguard" or the "Sublessee") pursuant to a Sublease Agreement (the "Sublease"). Notwithstanding the Sublease, the Lessee will not be released from its obligation to make Lease payments in the event of a default by the Sublessee. The obligations of the Lessee under the Lease will be guaranteed by Harvard Pilgrim Health Care of New England, Inc. (the "Guarantor"). The Lease and the Sublease expire on December 15, 2015, and December 14, 2015, respectively, which expiration dates are prior to the maturity dates of the Series B Bonds.

INVESTMENT IN THE BONDS INVOLVES A HIGH DEGREE OF RISK AND EACH PROSPECTIVE INVESTOR SHOULD CONSIDER ITS FINANCIAL CONDITION AND THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE BONDS. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD READ AND CONSIDER THE SECTION ENTITLED "BONDOWNERS' RISKS" HEREIN.

The Bonds will be initially issued as fully registered Bonds in minimum denominations of \$100,000 or any 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 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 Bonds. See "THE BONDS - Book-Entry-Only System" herein. Interest on the Bonds will be payable on June 15, 2002, and semiannually thereafter on December 15 and June 15. The Bonds are subject to redemption prior to maturity as set forth herein.

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

The Bonds are offered when, as and if issued and received by the Institutional Offering Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of their legality and certain other matters by Palmer & Dodge LLP, Boston, Massachusetts, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Borrower by its counsel, Palmer & Dodge LLP, for the Lessee by its Office of the General Counsel and its counsel, Ropes & Gray, Boston, Massachusetts, McDermott, Will & Emery, Boston, Massachusetts, and Goulston & Storrs, P.C., Boston, Massachusetts, and for the Sublessee by its Office of the General Counsel and its counsel, McDermott, Will & Emery and Goulston & Storrs, P.C. Certain legal matters will be passed upon for the Institutional Offering Underwriter by its counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York, or its custodial agent, on or about February 6, 2002.

Salomon Smith Barney

February 1, 2002