

September 16, 2016

Town of Scarborough
259 U.S. Route 1
Scarborough, ME 04074

Ladies and Gentlemen:

Thank you very much for your attention and consideration to Martin's Point Health Care's proposal to finance the construction of its new facility via Scarborough's issuance of a tax-exempt bond through Maine's Municipal Securities Approval Program (the "Municipal Program"). This letter is to confirm and explain our decision to withdraw that proposal, in favor of borrowing through the Finance Authority of Maine's Revenue Obligation Securities Program (the "FAME Program"), and to discuss remaining open issues.

As we have discussed, 501(c)(3) entities (like Martin's Point) are eligible to borrow at favorable, tax-exempt rates, like municipalities, if certain conditions are met. In Maine, there are two relevant programs: the Municipal Program and the FAME Program. Generally speaking, there are two primary advantages to the Municipal Program over the FAME Program:

- 1) borrowers under the Municipal Program are often eligible for slightly lower, "bank qualified" tax-exempt rates, whereas borrowers under the FAME Program are not eligible for bank qualification, and
- 2) the fees and transaction costs associated with borrowing under the Municipal Program are often slightly lower than the costs associated with borrowing under the FAME Program.

We initially determined that the savings of borrowing through the Municipal Program justified approaching Scarborough to request assistance in participating in the Municipal Program.

In the course of our meeting with you earlier this month, and then discussing the matter with Androscoggin Bank (which will be the lender, regardless of which structure is chosen), Martin's Point learned that while bank qualification might be possible through the Municipal Program if we split the issuance, because of Martin's Point's larger relationship with Androscoggin Bank, the value of bank qualification in this case is considerably less than we had initially projected. Revisiting the financial projections based on the new information, we determined financing via the FAME Program would be the least expensive route.

Based on those considerations, Martin's Point hereby withdraws its request that Scarborough consider issuing a bond through the Municipal Program. Instead, Martin's Point intends to file an application for financing through the FAME Program in the next few days.

Because we propose to seek financing via FAME, the hearings and consideration we had requested are no longer necessary. Furthermore, Martin's Point has not filed, and will not file, the application for participation in the Municipal Securities Approval Program discussed and executed at the meeting on the 5th. Nor has it signed, or will it sign, the Inducement Agreement discussed at that meeting.

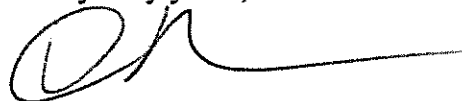
We are hoping to continue our partnership in a different capacity. In order for FAME to issue a bond, it must receive a letter from the municipality where the project is located stating the project will not create extra demand on municipal services, or that adequate provisions are being made to address whatever extra demand is created. It is our shared hope and expectation that this project will be a net benefit to Scarborough, and will not create any extra demand on municipal services. We would be grateful for a letter from the Town Manager, addressed to FAME, to that effect. Of course, if unreasonable demand is foreseen, we would like to discuss the matter at your earliest convenience to find a way to address your concerns.

Let me close by thanking each of you for your careful consideration of this matter. We are deeply grateful for your thorough review and guidance. Martin's Point has enjoyed working with Scarborough, and looks forward to a long and mutually rewarding relationship as its new facility becomes operational and begins offering healthcare to your residents and the surrounding communities.

Of course, if you have any questions or concerns about this matter, please do not hesitate to contact me at dpittman@eatonpeabody.com or at 992-4342.

Many thanks and best regards.

Very truly yours,



Dan Pittman