

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 23, 2024

NEW MONEY/REFUNDING ISSUE – BOOK-ENTRY ONLY

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the 2024 Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the 2024 Bonds will not be included in computing the alternative minimum taxable income of individuals. However, interest on the 2024 Bonds will be included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under existing law, interest on the 2024 Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the 2024 Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2024 Bonds. See TAX EXEMPTION herein.

\$490,700,000*

THE COMMONWEALTH OF MASSACHUSETTS

\$150,000,000*

\$125,000,000*

**Commonwealth Transportation Fund
Revenue Bonds
(Rail Enhancement Program)
2024 Series A**

**Commonwealth Transportation Fund
Revenue Bonds
(Rail Enhancement Program)
2024 Series B (Sustainability Bonds)**



\$215,700,000*

**Commonwealth Transportation Fund
Revenue Refunding Bonds
2024 Series A**

Dated: Date of Delivery

Due: June 1, as shown on the inside cover hereof

The Commonwealth Transportation Fund Revenue Bonds (Rail Enhancement Program), 2024 Series A (the “Series A Bonds”) and the Commonwealth Transportation Fund Revenue Bonds (Rail Enhancement Program), 2024 Series B (Sustainability Bonds) (the “Series B Bonds” and, together with the Series A Bonds, the “New Money Bonds”) and the Commonwealth Transportation Fund Revenue Refunding Bonds, 2024 Series A (the “Refunding Bonds,” and collectively with the New Money Bonds, the “2024 Bonds”) will be issued by means of a book-entry only system evidencing ownership and transfer of the 2024 Bonds on the records of The Depository Trust Company (“DTC”) and its participants. Details of payment of the 2024 Bonds are more fully described in this Official Statement. The 2024 Bonds will bear interest from the date of delivery, and interest will be payable on June 1 and December 1, commencing December 1, 2024. The 2024 Bonds are subject to redemption prior to maturity as more fully described herein.

The 2024 Bonds are special limited obligations of The Commonwealth of Massachusetts (the “Commonwealth”) payable from and secured solely by a pledge of Pledged Funds, as defined herein, all rights to receive Pledged Funds, and all Funds and Accounts, other than the Rebate Fund, held under the Trust Agreement dated as of December 1, 2010 (as supplemented and amended, the “Trust Agreement”) between the Commonwealth and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as further supplemented by the Fourteenth Supplemental Trust Agreement between the Commonwealth and the Trustee dated as of October 1, 2024. Pledged Funds are moneys received or to be received by the Commonwealth from certain Motor Fuels Tax receipts, Registry Fees and certain other moneys, all as described herein. **The 2024 Bonds are not general obligations of the Commonwealth and are not secured by the full faith and credit of the Commonwealth. The 2024 Bonds are payable only from Pledged Funds and other moneys available to the owners of the 2024 Bonds under the Trust Agreement.**

The 2024 Bonds are offered when, as and if issued and received by the Underwriters and subject to the unqualified approving opinion as to legality of Locke Lord LLP, Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts. Omnicap Group LLC is acting as municipal advisor to the Commonwealth in connection with the issuance of the 2024 Bonds. Settlement of the issue is expected at DTC in New York, New York, on or about October __, 2024.

BofA Securities

**Jefferies
Academy Securities Inc.
RBC Capital Markets**

**Wells Fargo Securities
Fidelity Capital Markets
Siebert Williams Shank & Co., LLC**

September __, 2024

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under other securities laws of any such jurisdiction.

THE COMMONWEALTH OF MASSACHUSETTS

\$150,000,000*
Commonwealth Transportation Fund Revenue Bonds
(Rail Enhancement Program)
2024 Series A

Dated: Date of Delivery

Due: June 1, as shown below

<u>Year*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP† Numbers</u>
2044	\$11,150,000			
2047	7,945,000			
2048	8,345,000			
2049	8,765,000			
2050	9,200,000			
2051	9,655,000			
2052	46,310,000			
2053	48,630,000			

\$125,000,000*
Commonwealth Transportation Fund Revenue Bonds
(Rail Enhancement Program)
2024 Series B (Sustainability Bonds)

Dated: Date of Delivery

Due: June 1, as shown below

<u>Year*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP† Numbers</u>
2054	\$125,000,000			

\$215,700,000*
Commonwealth Transportation Fund
Revenue Refunding Bonds
2024 Series A

Dated: Date of Delivery

Due: June 1, as shown below

<u>Year*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP† Numbers</u>
2025	\$ 4,240,000			
2026	7,470,000			
2027	8,485,000			
2028	8,860,000			
2029	8,720,000			
2030	9,630,000			
2031	10,050,000			
2032	10,495,000			
2033	10,950,000			
2034	11,430,000			
2035	11,925,000			
2036	12,445,000			
2037	12,160,000			
2044	88,840,000			

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems, Inc., on behalf of The American Bankers Association. The CUSIP numbers are included solely for the convenience of owners of the 2024 Bonds, and the Commonwealth is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on several factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products.

No dealer, broker, salesperson or other person has been authorized by the Commonwealth or the Underwriters of the 2024 Bonds to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy nor shall there be any sale of the 2024 Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein or included by reference herein has been furnished by the Commonwealth and includes information obtained from other sources which are believed to be reliable but is not guaranteed as to the accuracy or completeness and is not to be construed as a representation by the original purchasers of the 2024 Bonds or, as to information from other sources, the Commonwealth. The information and expressions of opinion herein or included by reference herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Commonwealth, or its agencies, authorities, or political subdivisions, since the date hereof, except as expressly set forth herein.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

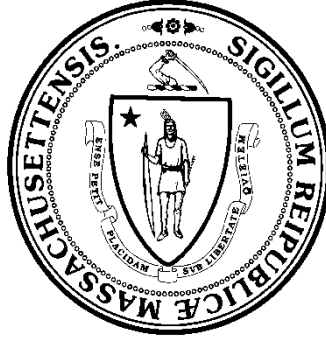
This Official Statement contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the Commonwealth and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the Commonwealth and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events, or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as “may,” “will,” “should,” “intends,” “expects,” “believes,” “anticipates,” “estimates” and others.

References to web site addresses presented in this Official Statement are for informational purposes only and may be in the form of a hyperlink for convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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THE COMMONWEALTH OF MASSACHUSETTS



CONSTITUTIONAL OFFICERS

Maura T. Healey Governor
Kimberley Driscoll Lieutenant Governor
William F. Galvin Secretary of the Commonwealth
Andrea J. Campbell Attorney General
Deborah B. Goldberg Treasurer and Receiver-General
Diana DiZoglio Auditor

LEGISLATIVE OFFICERS

Karen E. Spilka President of the Senate
Ronald Mariano Speaker of the House

SUMMARY DESCRIPTION OF THE 2024 BONDS

Selected information is presented on this page for the convenience of the reader. To make an informed investment decision regarding the 2024 Bonds, a prospective investor should read the entire Official Statement.

Description:	The Commonwealth of Massachusetts Commonwealth Transportation Fund Revenue Bonds (Rail Enhancement Program), 2024 Series A (the “Series A Bonds”) and The Commonwealth of Massachusetts Commonwealth Transportation Fund Revenue Bonds (Rail Enhancement Program), 2024 Series B (Sustainability Bonds) (the “Series B Bonds” and together with the Series A Bonds, the “New Money Bonds”) and the Commonwealth of Massachusetts Commonwealth Transportation Fund Revenue Refunding Bonds, 2024 Series A (the “Refunding Bonds,” and collectively with the New Money Bonds, “2024 Bonds”)
Principal Amount:	\$150,000,000* of Series A Bonds, \$125,000,000* of Series B Bonds and \$215,700,000* of Refunding Bonds
Denominations:	\$5,000 or integral multiples thereof
Date of Issue:	On or about October __, 2024
Record Date:	The record date for payment on account of the 2024 Bonds will be the 15th day of the month preceding each Interest Payment Date, or, if such day is not a business day, the next preceding business day
Interest Payments:	June 1 and December 1, beginning December 1, 2024
Maturities:	<i>See inside front cover</i>
Redemption*:	The 2024 Bonds are subject to optional redemption at par at the times described herein. The 2024 Bonds are also subject to mandatory redemption from sinking fund installments – <i>See pages 7-9</i>
Form:	Book-entry only – <i>See Appendix F</i>
Trustee:	The Bank of New York Mellon Trust Company, N.A.
Security:	The 2024 Bonds are special limited obligations of the Commonwealth and are payable solely from sources specified in the Trust Agreement (“Pledged Funds”). Pledged Funds represent amounts credited to the Commonwealth Transportation Fund, the primary sources of which are the Motor Fuels Tax receipts and Registry Fees, each as defined herein. The 2024 Bonds are not general obligations of the Commonwealth – <i>See pages 13-21</i>
Additional Bonds:	Pledged Funds for any 12 consecutive months during the last 18 months must be at least 4.0x the maximum aggregate Adjusted Bond Debt Service Requirement, including the Additional Bonds to be issued – <i>See pages 19-20</i>
Authority for Issuance:	The 2024 Bonds are issued under Section 20 of Chapter 29 of the General Laws (“Special Obligation Act”) and certain other bond authorizations pursuant to which bonds may be issued under the Special Obligation Act – <i>See pages 2-4</i>
Purpose:	Proceeds from the New Money Bonds will be used to fund costs of certain transportation projects of the Commonwealth and proceeds of the Refunding Bonds will be used to refund certain outstanding Prior CTF Bonds (as defined herein) – <i>See pages 4-5</i>
Designation as “Sustainability Bonds”:	The Commonwealth has designated the Series B Bonds as “Sustainability Bonds” based on the intended use of the proceeds of the Series B Bonds to finance a portion of the costs of the South Coast Rail project described herein, which will, among other things, provide service in areas that historically did not have access to fast and reliable public transit with a commitment to universal access. For further discussion of the “Sustainability Bond” designation, see <i>Designation as Sustainability Bonds</i> – <i>See pages 12-13</i>
Tax Exemption:	Interest on the 2024 Bonds is excluded from gross income for federal income tax purposes. Interest on the 2024 Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the 2024 Bonds are exempt from Massachusetts personal property taxes – <i>See pages 42-44</i>
Credit Ratings:	The 2024 Bonds have been rated “AAA” by Kroll Bond Rating Agency, “Aa1” by Moody’s Investors Services, Inc. and “AAA” by S&P Global Ratings – <i>See page 41</i>
Legal Opinion:	The 2024 Bonds are offered when, as and if issued and received by the Underwriters and subject to the unqualified approving opinion as to legality of Locke Lord LLP, Bond Counsel – <i>See Appendix C</i>

* Preliminary, subject to change.

OFFICIAL STATEMENT

THE COMMONWEALTH OF MASSACHUSETTS

\$150,000,000* Commonwealth Transportation Fund Revenue Bonds (Rail Enhancement Program) 2024 Series A	\$125,000,000* Commonwealth Transportation Fund Revenue Bonds (Rail Enhancement Program) 2024 Series B (Sustainability Bonds)
\$215,700,000* Commonwealth Transportation Fund Revenue Refunding Bonds 2024 Series A	

INTRODUCTION

General

This Official Statement (which includes the cover page and the Appendices hereto) is furnished by The Commonwealth of Massachusetts (the “Commonwealth”) to provide information in connection with the issuance of its \$150,000,000* Commonwealth Transportation Fund Revenue Bonds (Rail Enhancement Program), 2024 Series A (the “Series A Bonds”) and its \$125,000,000* Commonwealth Transportation Fund Revenue Bonds (Rail Enhancement Program), 2024 Series B (Sustainability Bonds) (the “Series B Bonds” and together with the Series A Bonds, the “New Money Bonds”) and its \$215,700,000* Commonwealth Transportation Fund Revenue Refunding Bonds, 2024 Series A (the “Refunding Bonds,” and together with the New Money Bonds, the “2024 Bonds”). Capitalized terms not otherwise defined in this Official Statement shall have the meanings set forth in *Appendix B – Form of Trust Agreement*.

The Series A Bonds are being issued to finance costs of certain other authorized transportation projects of the Commonwealth as further described herein and the Series B Bonds are being issued to finance a portion of the costs of the South Coast Rail project (the “SCR Project”). The Refunding Bonds are being issued to refund certain Prior CTF Bonds (as defined below), as set forth in *The 2024 Bonds – Plan of Refunding* and in *Appendix E – Table of Refunded Bonds*. The list of Prior CTF Bonds set forth in Appendix E to be refunded from the proceeds of the Refunding Bonds is not final and is subject to change prior to the sale of the Refunding Bonds. The Commonwealth reserves the right not to refund any or all Prior CTF Bonds listed in Appendix E and to refund any or all other Prior CTF Bonds not listed in Appendix E. See *The 2024 Bonds – Plan of Refunding*.

The 2024 Bonds will be issued under and secured by a Trust Agreement dated as of December 1, 2010 (as amended and supplemented from time to time, the “Trust Agreement”) between the Commonwealth and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as further supplemented by the Fourteenth Supplemental Trust Agreement dated as of October 1, 2024, between the Commonwealth and the Trustee. Bonds issued under the Special Obligation Act, herein referred to as “special obligation bonds,” including the 2024 Bonds, are not general obligations of the Commonwealth and are not secured by the full faith and credit of the Commonwealth.

The 2024 Bonds are being issued on a parity basis with the Commonwealth Transportation Fund Revenue Bonds and Commonwealth Transportation Fund Revenue Refunding Bonds previously issued under the Trust Agreement (the “Prior CTF Bonds”). Additional bonds may be issued on a parity basis with the Prior CTF Bonds and the 2024 Bonds (“Additional Bonds”) under the conditions and in the manner provided in the Trust Agreement (the Prior CTF Bonds, the 2024 Bonds and any Additional Bonds are collectively referred to herein as the “Bonds”).

* Preliminary, subject to change.

The 2024 Bonds are the Commonwealth’s twentieth issue of special obligation bonds under the Special Obligation Act, and the fourteenth issue of such bonds under the Trust Agreement. Certain of the Prior CTF Bonds are no longer outstanding. The table below identifies the Prior CTF Bonds issued and outstanding under the Trust Agreement.

PRIOR CTF BONDS OUTSTANDING (as of June 30, 2024)

	<u>Dated Date</u>	<u>Final Maturity</u>	<u>Principal Amount Outstanding</u>
<i>Series of Bonds:</i>			
2010A	12/23/2010	6/1/2040	\$554,800,000
2014A*	12/16/2014	6/1/2044	100,000,000
2015A	11/18/2015	6/1/2045	344,160,000
2016A	10/6/2016	6/1/2041	96,100,000
2016A (Refunding)	10/6/2016	6/1/2029	77,940,000
2016B	11/22/2016	6/1/2046	200,000,000
2017A**	11/16/2017	6/1/2047	321,450,000
2017A (Refunding)	11/16/2017	6/1/2043	243,255,000
2018A	6/27/2018	6/1/2048	212,830,000
2019A	11/21/2019	6/1/2049	200,000,000
2021A	6/24/2021	6/1/2051	187,285,000
2021A (Refunding)	6/24/2021	6/1/2043	279,020,000
2021B	6/24/2021	6/1/2046	206,620,000
2022A	6/30/2022	6/1/2050	200,000,000
2022B	6/30/2022	6/1/2052	150,000,000
2023A	10/3/2023	6/1/2053	300,000,000
2023B	10/3/2023	6/1/2051	200,000,000
Total			\$3,873,460,000

*Expected to be refunded in full with proceeds of the Refunding Bonds. See *The 2024 Bonds – Plan of Refunding and Appendix E – Table of Refunded Bonds*. Preliminary, subject to change.

**\$147,890,000 expected to be refunded with proceeds of the Refunding Bonds. See *The 2024 Bonds – Plan of Refunding and Appendix E – Table of Refunded Bonds*. Preliminary, subject to change.

Purpose and Content of Official Statement

This Official Statement describes the terms and use of proceeds of, and security for, the 2024 Bonds. This introduction is subject in all respects to the additional information contained in this Official Statement, including Appendices A through F. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. All capitalized terms not otherwise defined herein shall have the meanings set forth in *Appendix B – Form of Trust Agreement*. *Appendix A* is a summary of certain provisions of the Commonwealth Transportation Fund Act and the Special Obligation Act, respectively. *Appendix B* contains the form of the Trust Agreement, as amended. *Appendix C* contains the proposed form of legal opinion of bond counsel with respect to the 2024 Bonds. *Appendix D* contains the proposed form of the Commonwealth’s continuing disclosure undertaking to be included in the form of the 2024 Bonds to facilitate compliance by the Underwriters with the requirements of paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission. See *Continuing Disclosure and Availability of Other Information*. *Appendix E* contains a listing of Prior CTF Bonds expected to be refunded with the proceeds of the Refunding Bonds. *Appendix F* contains information regarding the Book-Entry Only System.

AUTHORITY FOR ISSUANCE

The 2024 Bonds are authorized by (i) Section 20 of Chapter 29 of the General Laws, as amended from time to time (the “Special Obligation Act”), (ii) Section 2ZZZ of Chapter 29, as amended, (iii) Section 53A of

Chapter 29 of the General Laws, as amended, (iv) Chapter 233 of the Acts of 2008, as it may be amended from time to time (the “Accelerated Bridge Program Act”) and (v) other special acts of the Commonwealth authorizing the issuance of either general obligation or special obligation bonds for transportation purposes, including, in particular, Section 20 of Chapter 79 of the Acts of 2014 (“Chapter 79”), Chapter 383 of the Acts of 2020 (“Chapter 383”), and Chapter 176 of the Acts of 2022 (“MassTRAC”), and are issued pursuant to and secured by the Trust Agreement. The principal (including sinking fund payments) of, or redemption price of and interest on the 2024 Bonds are payable from and secured solely by a pledge of and lien on Pledged Funds (defined below), all rights to receive Pledged Funds, amounts, securities and any investment earnings with respect thereto in all Funds and Accounts, other than the Rebate Fund, and any amounts payable to the Commonwealth pursuant to a Qualified Hedge Agreement, if any. See *Security and Sources of Payment for the Bonds*.

Additional Bonds may be issued under the Special Obligation Act to fund any other transportation projects of the Commonwealth for which bonds have been heretofore or are hereafter authorized to be issued thereunder as special obligations. See *Security and Sources of Payment for the Bonds – Additional Bonds and Debt Service Coverage – Future Issuance of Bonds and Notes*.

The Special Obligation Act authorizes the Commonwealth to issue special obligation bonds secured by all or a portion of revenues accounted to the Commonwealth Transportation Fund (formerly the Highway Fund). Revenues which are accounted to the Commonwealth Transportation Fund are primarily derived from taxes and fees relating to the operation or use of motor vehicles in the Commonwealth, including the motor fuels excise tax and registry of motor vehicles fees. In addition, a portion of the Commonwealth’s receipts from the sales tax is dedicated to the Commonwealth Transportation Fund, as is the underground storage tank petroleum cleanup fee to the extent it exceeds \$30 million; none of the sales tax receipts or cleanup fees have been pledged to secure Commonwealth special obligation bonds.

Accelerated Bridge Program (2010)

Pursuant to the Accelerated Bridge Program Act, the Commonwealth commenced a program (the “ABP”) in 2010 to finance the accelerated capital improvements of bridges and related infrastructure. The Accelerated Bridge Program Act authorized the aggregate issuance of \$2.984 billion of special obligation bonds secured by revenues in the Commonwealth Transportation Fund (“CTF Bonds”) and of federal highway grant anticipation notes secured by federal highway reimbursements (“GANs”) to finance the design, construction, reconstruction, and repair of or improvements to bridges and approaches. Under current law, bonds issued for the ABP may be issued for up to a 30-year term, with a final maturity date not later than June 30, 2054.

The GANs are secured by reimbursements received or to be received by the Commonwealth, acting through the Massachusetts Department of Transportation (“MassDOT”), from the federal government pursuant to the federal-aid highway program. Additionally, the GANs are secured by a back-up pledge of net amounts in the Commonwealth Transportation Fund after application of such amounts in accordance with the Trust Agreement securing the CTF Bonds. The Commonwealth has and expects to continue to pay interest on the GANs supporting the ABP from state appropriations. As of June 30, 2024, \$255.8 million of GANs were outstanding with a final maturity date of June 15, 2027.

Chapter 79 (2014)

Chapter 79 authorized the issuance of up to \$6.7 billion in general obligation debt, special obligation debt, or a combination of both, for the purpose of funding significant rail improvement projects of MassDOT, for the benefit of the Massachusetts Bay Transportation Authority (“MBTA”) and for other Rail Enhancement Program (“REP”) projects. Under current law, bonds issued under Chapter 79 may be issued for up to a 30-year term, with a final maturity date not later than June 30, 2054.

Chapter 383 (2020)

Chapter 383, as amended, authorized approximately \$16.3 billion of total capital authorization to improve the Commonwealth’s transportation infrastructure. Chapter 383 provides substantial flexibility for borrowing to be issued as either general obligation bonds or special obligation bonds, depending on market conditions and the most effective borrowing strategies for the Commonwealth. Included in the \$16.3 billion total authorization is \$5.1 billion

to support the MBTA, which is proposed to be issued as CTF Bonds, although such authorization also is eligible to be issued as general obligation bonds. Also included is authorization for \$1.325 billion of GANs to fund repairs, rehabilitation or replacement of the Commonwealth's bridges, helping to achieve long-term bridge condition targets. An additional \$5.48 billion is authorized for highway, rail and transit, planning and multi-modal transportation, aeronautics safety and modernization, transportation IT, and grant programs and local projects, and is eligible to be issued as either general obligation bonds or special obligation bonds. The remaining authorization includes \$4.4 billion for federally aided highway projects, with \$880 million eligible to be issued as either general obligation or special obligation bonds. Under current law, bonds issued under Chapter 383 may be issued for up to a 30-year term, with a final maturity date not later than June 30, 2060.

MassTRAC (2022)

On August 10, 2022, MassTRAC, which is entitled "An Act Relative to Massachusetts' Transportation Resources and Climate," was signed into law. MassTRAC authorizes a total of approximately \$11.375 billion of expenditures to support significant investments in the Commonwealth's roads, bridges, railways, transit agencies, and environmental infrastructure, including investments made possible by the federal Bipartisan Infrastructure Law (the "BIL") enacted in November 2021. MassTRAC allows MassDOT, the MBTA, and the Executive Office of Energy and Environmental Affairs to continue work supported by recent transportation and environmental bond bills, while also allowing the Commonwealth to take advantage of the historic increase in federal funding provided in the BIL. MassTRAC includes approximately \$6.3 billion in authorization to support the Commonwealth's core programs for Highway, Rail, Transit, Aeronautics, Planning and Shared Services, and Energy and Environmental Affairs. This authorization does not factor in anticipated federal reimbursements, which would reduce the amount of bonds needed to fund planned projects. MassTRAC also includes approximately \$3.5 billion to support the pursuit of federal discretionary and competitive grant program funding, as well as \$400 million in authorization to support capital projects that improve safety of the MBTA's transit assets and address findings identified during the Federal Transit Administration's safety management inspection of the MBTA, \$275 million in authorization for investments in the East-West passenger rail project, and \$920.9 million in authorization for various local and regional transportation projects.

As with Chapter 383 described above, all of the bonds authorized in MassTRAC may be issued as either general obligation bonds or special obligation bonds, depending on the market conditions and the most effective borrowing strategies for the Commonwealth. The actual spending and bonding that will occur under these or any other bond authorizations will be driven by the Commonwealth's rolling five-year capital plan. Under current law, bonds issued under MassTRAC may be issued for up to a 30-year term, with a final maturity date not later than June 30, 2062.

COMMONWEALTH TRANSPORTATION FUND PROGRAMS

Rail Enhancement Program

The REP was authorized by Chapter 79, which provides for the issuance of either general obligation bonds or special obligation bonds to fund capital expenditures of MassDOT for the benefit of the MBTA and for other rail improvements in the Commonwealth. The REP is intended to provide financing for certain significant rail improvement projects in the Commonwealth outside the MBTA's regular capital program. Proceeds from the 2024 Bonds are expected to finance certain significant rail improvement projects in the Commonwealth outside the MBTA's regular capital program some of which are highlighted below.

South Coast Rail Project: The SCR Project will offer a reliable transit connection between southeastern Massachusetts and Boston. Riders will be able to take a 1-seat trip – no transfers needed – from Fall River and New Bedford into Boston. Taunton, New Bedford, and Fall River are the only major cities within 50 miles of Boston that do not currently have commuter rail access to Boston. Phase 1 of the SCR Project will extend the Middleborough/Lakeville Commuter Rail line to Taunton, Fall River and New Bedford by May 2025. Work includes the construction of both new and rebuilt track and six commuter passenger stations, in Fall River and New Bedford. Phase 1 also includes a new pedestrian bridge over Route 18 in New Bedford, which will improve access to the New Bedford terminal station. Work is proceeding on the bridge, which will open concurrently with the new rail service. All major construction projects have been awarded and notices to proceed issued. Test trains are now running on the extension and work continues on the stations and some of the signals and communication equipment.

SCR Project costs are currently budgeted at \$990 million, including the procurement of 16 coaches to support SCR revenue service, and are expected to be funded with a combination of proceeds of both Commonwealth general obligation bonds and Bonds.

Red Line/Orange Line Vehicles and Infrastructure Improvements: This program is for the purchase of 404 new, heavy rail vehicles: 252 on the Red Line and 152 on the Orange Line, which will replace the Red and Orange Line vehicles in their entirety.

The new vehicles are equipped with wider doors, dedicated ADA accessible areas in each vehicle, LCD screens for passenger information, vehicle monitoring and wayside communication for maintenance, LED lighting, and redundant systems including the HVAC systems and train control to support reliability. Additionally, infrastructure modernization is upgrading the maintenance facilities, track, and signaling system to ensure a state of good repair on both lines.

The final assembly facility for the new Red and Orange Line vehicles is located in Springfield, Massachusetts. In April 2024, the MBTA signed a Settlement Agreement with the company constructing the vehicles and the new schedule shows the delivery of the final Orange Line vehicle in September 2025 and the final Red Line vehicle in December 2027.

Commuter Rail Bi-Level Coaches: The MBTA is procuring 83 bi-level coaches (including the 16 coaches for SCR) that will replace aging single-level coaches to address an immediate need for vehicles and will provide a more efficient way to add capacity on the commuter rail. These new bi-level coaches (i) include upgrades and improvements such as LED lighting, integration of positive train control and advanced climate control HVAC systems, (ii) are compatible with the current fleet and infrastructure and (iii) include system improvements to ease preventative maintenance programs. Sixteen coaches are being procured to support the SCR operations and are included under the SCR project budget. The remaining 67 coaches are being procured at a budget of \$276 million, all of which is expected to be financed by the Commonwealth. The pilot coaches arrived in the United States from South Korea in May 2022. Since deliveries began, 76 of the 83 coaches have been delivered to the MBTA. To date, 64 coaches have been conditionally accepted and placed in passenger service after successfully completing static and dynamic testing performed at the commuter rail facility in Rochester, Massachusetts. The final coaches are anticipated to be placed into service by the end of 2024. The MBTA recently exercised the option to purchase 41 more.

As with all transportation projects of this magnitude, the scope, schedule, cost, financing, and final determination to proceed with respect to any of these projects are subject to change and reconsideration. It should also be noted that the expected receipt of Pledged Funds is not dependent on completion of any of the projects expected to be financed with the proceeds of the New Money Bonds or any Additional Bonds.

Proceeds of the Series A Bonds may also be used to fund other projects authorized by Chapter 79, Chapter 383 or MassTRAC, or to fund projects under the ABP or other bridge projects authorized by Chapter 383 as described above.

PLEGGED FUNDS

The Commonwealth has state-wide and diverse sources of revenue deposited to the CTF and pledged to the 2024 Bonds. The primary sources of Pledged Funds are the Motor Fuels Tax (defined below) receipts and Registry Fees (defined below). Pursuant to Chapter 64A of the Massachusetts General Laws (“Chapter 64A”), the Commonwealth currently levies a tax of 24¢ per gallon upon each gallon of gasoline sold or used in the Commonwealth by distributors and unclassified exporters and importers (the “Gasoline Tax”). Under state law, a portion of such Gasoline Tax (other than with respect to aviation fuel) currently equal to 23.964¢ per gallon is deposited in the CTF (the “Pledged Gasoline Tax”). In addition, the Commonwealth currently levies a tax of 24¢ per gallon upon each gallon of special fuels and a tax of 19.1% of the average price per gallon of liquefied gas sold or used in the Commonwealth (together, the “Special Fuels Tax”), of which 100% is deposited in the CTF. The Commonwealth also levies a tax of 24¢ per gallon upon each gallon of gasoline and special fuels acquired outside and used within the Commonwealth (the “Motor Carrier Tax”), of which 100% is deposited in the CTF. The Gasoline Tax (other than with respect to aviation fuel), the Special Fuels Tax and the Motor Carrier Tax are referred to collectively herein as the “Motor Fuels Tax,” and the Pledged Gasoline Tax, Special Fuels Tax, and the Motor

Carrier Tax are referred to collectively herein as the “Pledged Motor Fuels Tax.” The Pledged Motor Fuels Tax receipts are available to be used only for transportation-related purposes, including debt service on special obligation bonds issued under the Special Obligation Act.

The Registry of Motor Vehicles (“RMV”), a division of MassDOT, imposes various fees related to the use and operation of motor vehicles and trailers. A portion of such fees (“Registry Fees”) are deposited to the CTF.

Under current law, Pledged Funds represent amounts received or to be received by the Commonwealth from the following sources of revenue.

Tax	Description	Amount Deposited to CTF
Gasoline Tax	24¢ per gallon upon each gallon of gasoline sold or used in the Commonwealth	23.964¢, or 99.85% ⁽¹⁾
Special Fuels Tax	24¢ per gallon upon each gallon of special fuels sold or used in the Commonwealth and a tax of 19.1% of the average price per gallon of liquefied gas sold or used in the Commonwealth	100%
Motor Carrier Tax	24¢ per gallon upon each gallon of gasoline and special fuels acquired outside and used within the Commonwealth	100%
Registry Fees	Motor vehicle registration fees; motor vehicle license fees; and miscellaneous fees and other revenue relating to the operation and use of motor vehicle transportation	100%
Direct Payments	Refundable tax credits received from US Treasury equal to the percentage of taxable interest the Commonwealth pays on its Build America Bonds (BABs) or Recovery Zone Economic Development Bonds (RZEDBs)	100%

⁽¹⁾ 0.15% of the Gasoline Tax is credited to the Inland Fisheries and Game Fund.

THE 2024 BONDS

General

The 2024 Bonds will be dated the date of delivery, will bear interest therefrom payable on June 1 and December 1 of each year, commencing December 1, 2024 (each an “Interest Payment Date”), until the principal amount is paid. The 2024 Bonds will mature on June 1 in the years and principal amounts and bear interest at the rates per annum set forth on the inside cover page of this Official Statement. The 2024 Bonds are subject to redemption as described below. The Trustee will be the trustee and paying agent for the 2024 Bonds.

So long as the 2024 Bonds are registered in book-entry only form, principal and interest will be payable solely to Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as the sole registered owner of the 2024 Bonds. *See Appendix F - Book-Entry Only System.*

The record date for payments on account of the 2024 Bonds will be the 15th day of the month preceding each Interest Payment Date, or, if such day is not a business day, the next preceding business day, provided that, with respect to overdue interest or interest payable on a redemption date that is not an Interest Payment Date or interest on any overdue amount, the Trustee may establish a special record date not more than 20 days before the date set for payment.

Redemption*

Optional Redemption. The Series A Bonds will be subject to redemption on and after June 1, ____ at the option of the Commonwealth from any monies legally available therefor, in whole or in part at any time, by lot, at 100% of the principal amount thereof, plus accrued interest to the redemption date.

The Series B Bonds will be subject to redemption on and after June 1, ____ at the option of the Commonwealth from any monies legally available therefor, in whole or in part at any time, by lot, at 100% of the principal amount thereof, plus accrued interest to the redemption date.

The Refunding Bonds maturing on and after June 1, ____ will be subject to redemption on and after June 1, ____ at the option of the Commonwealth from any monies legally available therefor, in whole or in part at any time, by lot, at 100% of the principal amount thereof, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Series A Bonds maturing on June 1, ____ are also subject to mandatory sinking fund redemption in part by lot, on the dates and in the amounts set forth below, at a redemption price equal to 100% of the principal amount of such Series A Bonds or portion thereof redeemed, plus accrued interest to the redemption date:

Series A Bonds

<u>June 1</u>	<u>Amount</u>
	\$

20__[†]

[†] Stated maturity.

The Series B Bonds maturing on June 1, ____ are also subject to mandatory sinking fund redemption in part by lot, on the dates and in the amounts set forth below, at a redemption price equal to 100% of the principal amount of such Series B Bonds or portion thereof redeemed, plus accrued interest to the redemption date:

Series B Bonds

<u>June 1</u>	<u>Amount</u>
	\$

20__[†]

[†] Stated maturity.

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* Preliminary, subject to change.

The Refunding Bonds maturing on June 1, ____ are also subject to mandatory sinking fund redemption on the dates and in the amounts set forth below, at a redemption price equal to 100% of the principal amount of such Refunding Bonds or portion thereof redeemed, plus accrued interest to the redemption date:

Refunding Bonds

<u>June 1</u>	<u>Amount</u>
20__ [†]	\$

† Stated maturity.

The Commonwealth is entitled to reduce its mandatory sinking fund redemption obligation in any year with respect to the applicable 2024 Bonds by the principal amount of any such 2024 Bonds previously purchased or optionally redeemed by the Commonwealth.

Selection of Bonds to be Redeemed. If less than all of any maturity of any 2024 Bond is to be redeemed, and so long as the book-entry only system remains in effect for such 2024 Bonds, the particular 2024 Bonds or portion of any such 2024 Bonds of a particular maturity to be redeemed will be selected by DTC by lot. If the book-entry only system no longer remains in effect for the 2024 Bonds, selection for redemption of less than all of any one maturity of the 2024 Bonds will be made by the Commonwealth by lot in such manner as in its discretion it shall deem appropriate and fair. For purposes of selection by lot within a maturity, each \$5,000 of principal amount of a 2024 Bond will be considered a separate 2024 Bond.

Notice of Redemption. Notice of redemption of any 2024 Bonds shall be mailed, not less than thirty (30) nor more than sixty (60) days prior to the date of redemption, to the registered owners of the 2024 Bonds, or portions thereof, so called, but the failure to so mail such notice or any defect therein with respect to any particular 2024 Bonds shall not affect the validity of such call for redemption of any 2024 Bonds with respect to which no such failure or defect has occurred. A notice of redemption may state (i) that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption not later than the redemption date, or (ii) that the Commonwealth may rescind such notice at any time prior to the scheduled redemption date if the Commonwealth delivers a notice thereof to the Bondholders. The redemption notice shall be of no effect if such moneys are not so deposited or if the notice is rescinded, and the failure of the Commonwealth to make funds available in whole or in part on or before the redemption date shall not then constitute a default under the Trust Agreement. So long as the book-entry only system remains in effect for such 2024 Bonds, notices of redemption will be sent by the Trustee only to DTC or its nominee. Any failure on the part of DTC, any DTC participant, or any nominee of a beneficial owner of any such 2024 Bond (having received notice from a DTC participant or otherwise) to notify the beneficial owner so affected, shall not affect the validity of the redemption.

On the specified redemption date, all 2024 Bonds called for redemption shall cease to bear interest, provided the Commonwealth has monies on hand to pay such redemption in full.

Application of New Money Bonds Proceeds

The net proceeds of the sale of the Series A Bonds will be applied by the Treasurer to fund other significant rail improvement projects in the Commonwealth under the REP and may also be used to fund other rail enhancement projects authorized by Chapter 79, Chapter 383 or MassTRAC or to fund remaining project costs under the ABP or other bridge projects authorized by Chapter 383 as described above. The net proceeds of the sale of the Series B Bonds will be applied by the Treasurer to fund capital expenditures of the Commonwealth for the SCR Project. See *Designation as Sustainability Bonds*.

Plan of Refunding

The Refunding Bonds are being issued pursuant to the provisions of Section 53A of Chapter 29 of the Massachusetts General Laws and provisions of the Trust Agreement for the purpose of refunding on a current basis the Prior CTF Bonds listed in *Appendix E* (the “Refunded Bonds”). The net proceeds of the Refunding Bonds will be applied to defease the Refunded Bonds on the date of delivery of the Refunding Bonds. The Refunded Bonds will be redeemed on the date set forth in *Appendix E – Table of Refunded Bonds*.

The Commonwealth, upon the delivery of the Refunding Bonds, will enter into a refunding trust agreement (the “Refunding Trust Agreement”) with the Trustee and U.S. Bank Trust Company, National Association, as Escrow Agent (the “Escrow Agent”). Such Refunding Trust Agreement will provide for the deposit of a portion of the net proceeds of the Refunding Bonds with the Escrow Agent to be applied immediately upon receipt to the purchase of non-callable direct obligations of the United States of America State and Local Government Series (the “Defeasance Obligations”) and to fund, if needed, a cash deposit in such account. Such Refunding Trust Agreement will require that maturing principal of and interest on the Defeasance Obligations held under such Refunding Trust Agreement, plus any initial cash deposit, be held in trust in such account and paid to the Commonwealth solely for the payment of the principal of and redemption premium, if any, and interest on the Refunded Bonds subject to such Refunding Trust Agreement. Upon the making of such deposit, the Refunded Bonds will be defeased in accordance with the Trust Agreement and no longer Outstanding thereunder.

According to the report described in *Verification of Mathematical Computations*, the Defeasance Obligations held under the Refunding Trust Agreement as described above will mature at such times and earn interest in such amounts such that they will produce sufficient monies, together with any initial cash deposits, to make the payments of principal of, premium, if any, and interest on the Refunded Bonds to and including their respective redemption dates, each as set forth in *Appendix E – Table of Refunded Bonds*.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the 2024 Bonds are as follows:

	Series A Bonds	Series B Bonds	Refunding Bonds
Sources of Funds			
Principal Amount	\$	\$	\$
[Net] Original Issue Premium			
Debt Service Fund Balance Allocable to Refunded Bonds			
Total:	\$	\$	\$
Uses of Funds			
Project Costs	\$	\$	
Payment of Refunded Bonds			\$
Underwriters’ Discount			
Total ⁽¹⁾ :	\$	\$	\$

⁽¹⁾ Totals may not add due to rounding.

DEBT SERVICE COVERAGE

The following table sets forth the projected ratios of Pledged Funds to annual debt service for the Prior CTF Bonds and the 2024 Bonds as well as to annual debt service for the anticipated issuance of \$640 million in aggregate par amount, raising approximately \$699 million of proceeds (which amount includes net premium), of Additional Bonds, to be issued in support of the REP and/or other rail enhancement projects authorized by Chapter 79, Chapter 383 or MassTRAC, or to fund remaining project costs under the ABP or other bridge projects authorized by Chapter 383 through fiscal year 2030. Pledged Funds for fiscal years 2024 and thereafter are

presented in the tables below and reflect preliminary, unaudited fiscal year 2024 Pledged Funds. The Commonwealth is not making any projection about future Pledged Funds and cannot ensure that future Pledged Funds will remain consistent with fiscal 2024 collections; certain factors may result in a decrease in collections, see *Commonwealth Motor Fuels Tax - Projected Collection of Motor Fuels Tax and Investment Considerations*.

Under the Trust Agreement, the Commonwealth is not obligated to maintain any debt service coverage ratio. The Commonwealth has covenanted to maintain a ratio of Pledged Funds equal to at least 400% of the maximum aggregate Adjusted Bond Debt Service Requirement in connection with any change to the rate of the Registry Fees or the Motor Fuels Tax credited to the Commonwealth Transportation Fund. See *Security and Sources of Payment for the Bonds – Commonwealth Covenants*. To issue Additional Bonds, the Commonwealth will also be required to comply with certain debt service coverage tests. See *Security and Sources of Payment for the Bonds – Additional Bonds*.

Based on certain assumptions that are subject to change, including the assumptions for Pledged Funds specified in the following tables, maximum annual debt service coverage on the Prior CTF Bonds and 2024 Bonds is estimated to be 5.1x. In addition, maximum annual debt service coverage on the Prior CTF Bonds, the 2024 Bonds and the anticipated future issuance of Additional Bonds, assuming the issuance of \$640 million in aggregate par amount, raising approximately \$699 million of proceeds (which amount includes net premium), of Additional Bonds, is estimated to be 4.5*x. All projections and estimates are subject to change. Anticipated future issuance of Additional Bonds assumes a final maturity date of no more than 30 years from the date of issuance. The actual debt service coverage will likely vary from the amounts shown as actual circumstances in the future will likely vary from the assumptions used for this Official Statement.

Future Issuance of Bonds and Notes. In addition to the 2024 Bonds, the Commonwealth currently expects to issue up to \$640 million in aggregate par amount, raising approximately \$699 million of proceeds (which amount includes net premium), of Additional Bonds by the end of fiscal year 2030 to finance costs in support of the REP and/or other projects authorized by Chapter 79, Chapter 383 or MassTRAC, or to fund remaining project costs under the ABP or other bridge projects authorized by Chapter 383. Projections of anticipated issuance reflect current capital plan projections. Any issuance of Additional Bonds is subject to compliance with the debt service coverage tests described herein. See *Security and Sources of Payment for the Bonds – Additional Bonds*. The actual amount and timing of the issuance of Additional Bonds under the Trust Agreement are subject to change. The current five-year capital investment plan of the Commonwealth anticipates that other capital needs, including projects for rail improvements, repairs to highways and bridges and other transportation infrastructure, will be funded from other sources, including general obligation bonds as well as additional notes issued under the GAN Trust Agreement, federal funds, pay-as-you-go funding from current revenues, and third party contributions.

The Commonwealth, to the extent authorized under other bond authorizations heretofore or hereafter enacted and subject to the Special Obligation Act, may issue Additional Bonds for other transportation purposes in addition to those purposes mentioned above. Any such issuance is subject to compliance with the debt service coverage tests described herein. See *Security and Sources of Payment for the Bonds – Additional Bonds*. In order to issue additional federal grant anticipation notes under the GAN Trust Agreement, the Commonwealth will be required to comply with certain debt service coverage tests set forth therein.

The Commonwealth annually updates its five-year capital plan on a rolling basis. The five-year capital plan coordinates capital expenditures by state agencies and authorities that are funded primarily by Commonwealth debt and federal reimbursements. MassDOT is one of these agencies. The five-year capital plan for fiscal year 2025 through fiscal year 2029 was published on June 13, 2024, and can be found at <https://budget.digital.mass.gov/capital/fy25/static/58aae3c76c4b534e0815f9ebbc019ecc/fy25capitalplanma.pdf>.

All financial information in this Official Statement for fiscal year 2024 is preliminary, unaudited and subject to change.

* Preliminary, subject to change.

CTF BOND DEBT SERVICE COVERAGE PROJECTION ⁽¹⁾⁽⁴⁾

(\$ in thousands)

FY Ending June 30	Projected Pledged Funds (2)	Prior CTF Bonds Debt Service (3)	Debt Service on 2024 Bonds	Prior CTF Bonds and 2024 Bonds Debt Service	Prior CTF Bonds & 2024 Bonds Debt Service Coverage	Excess Pledged Funds	Total Debt Service on Future Bonds (4)	Total CTF Bonds Debt Service (4)	Total Debt Service Coverage	Excess Pledged Funds
2025	\$1,360,407	\$238,296	\$22,624	\$260,920	5.2x	\$1,099,487	\$0	\$260,920	5.2x	\$1,099,487
2026	1,360,022	233,600	31,939	265,539	5.1x	1,094,483	6,563	272,101	5.0x	1,087,921
2027	1,359,584	232,794	32,592	265,386	5.1x	1,094,198	14,375	279,761	4.9x	1,079,823
2028	1,359,122	232,773	32,539	265,312	5.1x	1,093,811	20,000	285,312	4.8x	1,073,811
2029	1,358,635	233,351	31,957	265,308	5.1x	1,093,327	23,688	288,995	4.7x	1,069,639
2030	1,358,120	232,730	32,432	265,161	5.1x	1,092,958	30,125	295,286	4.6x	1,062,833
2031	1,357,576	232,707	32,371	265,078	5.1x	1,092,498	32,000	297,078	4.6x	1,060,498
2032	1,356,992	232,679	32,313	264,992	5.1x	1,091,999	32,000	296,992	4.6x	1,059,999
2033	1,356,375	232,656	32,244	264,900	5.1x	1,091,475	32,000	296,900	4.6x	1,059,475
2034	1,355,722	232,625	32,171	264,796	5.1x	1,090,926	32,000	296,796	4.6x	1,058,926
2035	1,355,033	232,597	32,094	264,691	5.1x	1,090,342	32,000	296,691	4.6x	1,058,342
2036	1,354,305	232,562	32,022	264,584	5.1x	1,089,721	32,000	296,584	4.6x	1,057,721
2037	1,353,535	233,475	31,099	264,574	5.1x	1,088,961	32,000	296,574	4.6x	1,056,961
2038	1,352,722	247,880	18,216	266,095	5.1x	1,086,627	32,000	298,095	4.5x	1,054,627
2039	1,351,863	247,694	18,216	265,910	5.1x	1,085,953	32,000	297,910	4.5x	1,053,953
2040	1,350,955	247,499	18,216	265,715	5.1x	1,085,240	32,000	297,715	4.5x	1,053,240
2041	1,349,995	247,300	18,216	265,516	5.1x	1,084,479	32,000	297,516	4.5x	1,052,479
2042	1,349,995	247,297	18,216	265,512	5.1x	1,084,483	32,000	297,512	4.5x	1,052,483
2043	1,349,995	247,296	18,216	265,512	5.1x	1,084,483	32,000	297,512	4.5x	1,052,483
2044	1,349,995	147,297	118,206	265,503	5.1x	1,084,492	32,000	297,503	4.5x	1,052,492
2045	1,349,995	252,300	13,216	265,516	5.1x	1,084,479	32,000	297,516	4.5x	1,052,479
2046	1,349,995	252,298	13,216	265,514	5.1x	1,084,481	32,000	297,514	4.5x	1,052,481
2047	1,349,995	239,484	21,221	260,705	5.2x	1,089,290	32,000	292,705	4.6x	1,057,290
2048	1,349,995	239,482	21,221	260,703	5.2x	1,089,292	32,000	292,703	4.6x	1,057,292
2049	1,349,995	239,480	21,221	260,701	5.2x	1,089,294	32,000	292,701	4.6x	1,057,294
2050	1,349,995	239,481	21,219	260,700	5.2x	1,089,295	32,000	292,700	4.6x	1,057,295
2051	1,349,995	239,484	21,221	260,705	5.2x	1,089,290	32,000	292,705	4.6x	1,057,290
2052	1,349,995	203,312	57,390	260,702	5.2x	1,089,294	32,000	292,702	4.6x	1,057,294
2053	1,349,995	203,312	57,390	260,702	5.2x	1,089,293	32,000	292,702	4.6x	1,057,293
2054	1,349,995	--	131,250	131,250	10.3x	1,218,745	53,340	184,590	7.3x	1,165,405
2055	1,349,995	--	--	--	--	1,349,995	184,593	184,593	7.3x	1,165,402
2056	1,349,995	--	--	--	--	1,349,995	173,250	173,250	7.8x	1,176,745
2057	1,349,995	--	--	--	--	1,349,995	115,750	115,750	11.7x	1,234,245
2058	1,349,995	--	--	--	--	1,349,995	115,630	115,630	11.7x	1,234,365
2059	1,349,995	--	--	--	--	1,349,995	115,626	115,626	11.7x	1,234,369

- (1) Preliminary, subject to change. Estimated debt service coverage is based on the Commonwealth's actual Pledged Funds for fiscal year 2024, assuming no growth in such receipts in future years, but accounting for expected Direct Payments relating to the 2010 Bonds. Debt service projections for Additional Bonds to be issued in fiscal years 2026 through 2030 are estimates based on current program needs and are subject to change.
- (2) Consists of (i) 23.964¢ per gallon of the 24¢ Gasoline Tax, (ii) 100% of the 24¢ Special Fuels Tax and 24¢ Motor Carrier Tax, (iii) Registry Fees credited to the Commonwealth Transportation Fund pursuant to Section 34(iii) of Chapter 90, and (iv) Direct Payments relating to the 2010 Bonds, which are assumed to be subject to a 5.7% reduction because of sequestration.
- (3) Reflects gross debt service on Prior CTF Bonds, excluding debt service of the Refunded Bonds.
- (4) Assumes aggregate issuance in fiscal years 2026 through 2030 (not including the 2024 Bonds) of \$640 million in aggregate par amount of Additional Bonds, substantially all for the REP, raising approximately \$699 million in net bond proceeds (including net original issue premium). Projected Debt Service on future issuance assumes current market rates. Projected Debt Service does not reflect any future refunding bond issues.

DESIGNATION AS SUSTAINABILITY BONDS

The Commonwealth is issuing the Series B Bonds as “Sustainability Bonds” based on the intended use of the proceeds to finance the SCR Project that will provide public rail service and improve mobility in areas that historically did not have access to fast and reliable public transit. Additionally, by supporting an expansion of commuter rail service, this project is expected to reduce vehicle emissions on the road. The purpose of labeling the Series B Bonds as Sustainability Bonds is to allow investors to invest directly in bonds that finance socially and environmentally beneficial and sustainable projects. The SCR Project will offer a reliable transit connection between southeastern Massachusetts and Boston. The term “Sustainability Bonds” is neither defined in nor related to provisions in the Trust Agreement. The use of such term herein is for identification purposes only and is not intended to provide or imply that an owner of Sustainability Bonds is entitled to any additional security beyond that provided therefor in the Trust Agreement. Holders of Sustainability Bonds do not assume any specific risk with respect to the SCR Project by reason of the Series B Bonds being designated as Sustainability Bonds, and the Series B Bonds are secured on a parity with all other Bonds issued and to be issued under the Trust Agreement. See *Security and Sources of Payment for the Bonds*.

The Commonwealth’s designation of the Series B Bonds as Sustainability Bonds reflects the intended use of the Series B Bond proceeds in a manner that is generally consistent with the Green Bond Principles (June 2021), Social Bond Principles (June 2023) and Sustainability Bond Guidelines (June 2021) established by the International Capital Market Association (the “ICMA”).

In addition, by reference to the ICMA’s “Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals” (June 2023), the Commonwealth has determined that such Sustainability Bonds designation reflects the intended use of the Series B Bond proceeds in a manner consistent with the United Nations Sustainable Development Goals (the “UN SDGs”) detailed below. The Commonwealth does not guarantee that such criteria will ultimately be met, however, either in substance or with respect to any particular timelines set forth in the UN SDGs.

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

- **Target 9.1** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
- **Target 9.4** By 2030, upgrade infrastructure and retrofit industries to make them suitable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable.

- **Target 11.2** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

The Commonwealth’s designation of the Series B Bonds as Sustainability Bonds is also consistent with the MBTA’s Sustainability Bond Framework published in 2017. This framework evaluates the environmental and social benefits provided by the projects. Environmental considerations include the transition to a low-carbon, climate resilient and sustainable community. Social considerations include access to essential services and affordable infrastructure, critical health and safety improvements, and socioeconomic advancement. See <https://www.mbta.com/sustainability/sustainability-bonds> for more information.

Use of Proceeds: South Coast Rail Project Highlights

The SCR Project has been undertaken to restore commuter rail service between Boston and southeastern Massachusetts by May 2025. The SCR Project will provide services in areas that have not had access to reliable public transit for almost 65 years, including the gateway communities of Taunton, Fall River, and New Bedford, and is expected to significantly reduce vehicle emissions on the road by supporting anticipated increased ridership.

Some key benefits of the SCR Project include:

- A new, convenient, and reliable transit connection between southeastern Massachusetts and Boston. Riders will be able to take a one-seat trip – no transfers needed – for the first time since the late 1950s;
- A significant projected reduction in regional daily vehicle miles traveled by 66,400 miles, improving air quality and reducing automobile congestion;
- A commitment to universal access, with plans for new stations that will meet or exceed the Americans with Disabilities Act standards; and
- Mitigation measures that are intended to reduce noise and vibration impacts from the new service.

Additional information regarding the SCR Project may be found at <https://www.mbta.com/projects/south-coast-rail>.

Project Evaluation and Selection Process

The REP was authorized under Chapter 79 to fund capital expenditures of MassDOT for the benefit of the MBTA and for other rail improvements in the Commonwealth. The REP is intended to provide financing for certain significant rail improvement projects in the Commonwealth outside the MBTA's regular capital program including the SCR Project. MassDOT/MBTA use enterprise asset management systems, asset management plans, project scoring and policy guidance/goals to determine the need and prioritize projects for funding. The asset management plans allow MassDOT/MBTA to have a better understanding about the condition of its assets over a ten-year timeframe. Asset condition data are used as an input in sizing investment programs and the prioritization of projects. Cost benefit analyses are also considered and inform scoring and prioritization of projects.

Management of Bond Proceeds

The proceeds of the Series B Bonds will only be used to finance a portion of the costs of the SCR Project described above. All proceeds of the Series B Bonds will be used to reimburse the Commonwealth for SCR Project expenses already incurred and will be fully expended on the date of delivery of the Series B Bonds.

Post-Issuance Reporting

The proceeds of the Series B Bonds used to finance the SCR Project described above have been fully spent. No additional reporting on the status of the spending for the SCR Project will be provided.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Obligations

The 2024 Bonds are special limited obligations of the Commonwealth and are payable solely from the sources specified in the Trust Agreement. The 2024 Bonds are not general obligations of the Commonwealth and are not secured by the full faith and credit of the Commonwealth. The 2024 Bonds are not payable out of any funds of the Commonwealth other than the Pledged Funds and moneys otherwise available for the benefit of the owners of the 2024 Bonds pursuant to the Trust Agreement.

Payments of debt service on the 2024 Bonds are to be made from Pledged Funds held by the Trustee in the Revenue Account, created by the Treasurer under the Trust Agreement as a sub-account of the Commonwealth Transportation Fund. The Commonwealth has covenanted in the Trust Agreement that, so long as any Bonds are

Outstanding and unless an appropriation has been made by the Legislature which is sufficient to pay debt service on the Bonds, the Pledged Funds shall not be applied to any other use. See *Flow of Pledged Funds – Flow of Funds under the Trust Agreement*.

The Legislature has previously amended and may in the future amend the Special Obligation Act, the Commonwealth Transportation Fund Act and other statutes that govern any of the Pledged Funds. Any future amendments of the Special Obligation Act, the Commonwealth Transportation Fund Act and other statutes that govern Pledged Funds are subject to the covenant of the Commonwealth that it shall not take any action that would impair the rights and remedies of the owners of the Bonds. The Trust Agreement does not require the Commonwealth to increase the amounts of the Motor Fuels Tax or Registry Fees pledged as Pledged Funds. Under the Trust Agreement, the Commonwealth may change the rates of the Motor Fuels Tax or Registry Fees, in any respect, including lowering such rates, upon the delivery of certain certifications, including a certificate demonstrating that Pledged Funds in certain prior months, after taking into account the effect of any change, would equal at least 400% of the maximum aggregate Adjusted Bond Debt Service Requirement due in the then current or any future fiscal year on Bonds Outstanding. See *Commonwealth Covenants*.

The Special Obligation Act provides that the lien of the Trust Agreement on the Pledged Funds will be perfected by filing the Trust Agreement in the records of the Treasurer. The Trust Agreement has been so filed. The Commonwealth has waived its sovereign immunity and consented to be sued on contractual obligations, including the 2024 Bonds and all claims with respect thereto. Although the property of the Commonwealth is generally not subject to attachment or levy to pay a judgment, and the satisfaction of any judgment generally requires legislative appropriation, in accordance with the Special Obligation Act, the Commonwealth has granted a lien on Pledged Funds for the benefit of the owners of the Bonds. Enforcement of a claim for payment of debt service may also be subject to the provisions of federal or Commonwealth statutes, if any, hereafter enacted extending the time for payment or imposing other constraints upon enforcement, insofar as the same may be constitutionally applied. The United States Bankruptcy Code is not applicable to states. Under Massachusetts law, the Bonds have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code.

Pledged Funds

Pledged Funds represent amounts credited to the Commonwealth Transportation Fund, the primary sources of which are the Motor Fuels Tax receipts and Registry Fees. These sources are described in greater detail below.

Motor Fuels Tax. The Commonwealth's Motor Fuels Tax receipts are derived from the excise imposed on fuel (other than aviation fuel) by the provisions of Chapters 64A, 64E, and 64F of the Massachusetts General Laws. See *Commonwealth Motor Fuels Tax*.

Chapter 64A currently imposes an excise tax of 24¢ per gallon on gasoline sold in the Commonwealth by distributors and unclassified exporters and importers ("Gasoline Tax"). Under state law, 99.85% of the Gasoline Tax (other than with respect to aviation fuel) (currently 23.964¢ per gallon) is credited to the Commonwealth Transportation Fund and constitute Pledged Funds under the Trust Agreement. Fuel subject to the provisions of Chapter 64A consisting of cellulosic biofuel or a blend of gasoline and cellulosic biofuel is taxable in proportion to the percentage of the fuel content consisting of gasoline, as determined by the Commonwealth's Department of Energy Resources. All Gasoline Tax imposed with respect to aviation fuel under Chapter 64A is credited to the Commonwealth Transportation Fund and may be used only for airport development projects approved and carried out at airports and landing facilities, and revenue from the tax on aviation fuel is not included in Pledged Funds.

Chapter 64E of the Massachusetts General Laws ("Chapter 64E") imposes a tax on all combustible gases and liquids used or sold for use in an internal combustion engine, other than those fuels which are subject to the provisions of Chapter 64A, including diesel fuel and liquefied gases, such as propane gas. Special fuels are currently taxed at a rate per gallon equal to the rate imposed by Chapter 64A, or 24¢ per gallon, except for liquefied gas, which is taxed at a rate of 19.1% of the average price per gallon. All of the Commonwealth's receipts from the Special Fuels Tax imposed under Chapter 64E are credited to the Commonwealth Transportation Fund and constitute Pledged Funds under the Trust Agreement.

Chapter 64F of the Massachusetts General Laws ("Chapter 64F") currently imposes a tax on anyone who regularly operates motor vehicles on the highways of the Commonwealth which are propelled by gasoline or special

fuels acquired outside the Commonwealth equal to the rate imposed by Chapter 64A, or 24¢ per gallon. All of the Commonwealth's receipts from the Motor Carrier Tax imposed under Chapter 64F are credited to the Commonwealth Transportation Fund and constitute Pledged Funds under the Trust Agreement.

Registry Fees. The RMV imposes various fees related to the use and operation of motor vehicles and trailers. Such fees are subject to approval of the Executive Office for Administration and Finance. Pursuant to Section 34(iii) of Chapter 90 of the General Laws, the Registry Fees are directed to be deposited in the Commonwealth Transportation Fund and are available to be used for transportation-related purposes, including debt service on special obligation revenue bonds issued under the Special Obligation Act. See *Commonwealth Registry Fees*.

Direct Payments. Under Section 35SS of Chapter 10 of the Massachusetts General Laws ("Section 35SS"), any Direct Payments received by the Commonwealth in connection with Bonds issued as Build America Bonds or Recovery Zone Economic Development Bonds, including the 2010 Bonds, will be credited to the Commonwealth's Build America Bonds Subsidy Trust Fund. Pursuant to Section 35SS, the Treasurer, as trustee of the fund, may credit amounts deposited therein to the appropriate funds or accounts of the Commonwealth in accordance with any applicable trust agreements pursuant to which any bonds were issued and shall make expenditures from the Build America Bonds Subsidy Trust Fund, without further appropriation, to pay debt service related to such bonds. Pursuant to the Trust Agreement, the Treasurer has covenanted to credit any Direct Payments received with respect to the 2010 Bonds to the Non-Motor Fuels Tax Subaccount of the Revenue Account within the Commonwealth Transportation Fund and such Direct Payments constitute Pledged Funds under the Trust Agreement. The United States Department of Treasury has provided guidance that Direct Payments relating to the 2010 Bonds during federal fiscal year 2021 through federal fiscal year 2030 will be reduced by 5.7% because of sequestration. The sequestration reduction is subject to change.

Additional Pledged Funds. In order to issue Additional Bonds, the Commonwealth must comply with certain conditions contained in the Trust Agreement, including certain debt service coverage tests. See *Additional Bonds*. The Commonwealth may pledge certain additional revenues as security for the Bonds ("Additional Pledged Funds") to comply with the conditions to issuing Additional Bonds. Under the Trust Agreement, Additional Pledged Funds may only include revenues required to be expended for transportation purposes by Article 78 of the Articles of Amendment to the Massachusetts Constitution, as amended (previously defined as "Article 78 Revenues") or any Federal Highway Reimbursements (as defined in the Trust Agreement). Article 78 Revenues are revenues derived from the registration, operation, or use of vehicles on public highways, including Registry Fees, or from fuels used for propelling such vehicles, including the Motor Fuels Tax. See *Commonwealth Transportation System – Financing the Transportation System; Constitutional Limitations*. Currently, all Article 78 Revenues (excluding 0.15% of the Gasoline Tax credited to the Inland Fisheries and Game Fund) are credited to the Commonwealth Transportation Fund. The Trust Agreement provides that, to the extent subsequently permitted by law, the Commonwealth may pledge all or any additional Article 78 Revenues or any Federal Highway Reimbursements as Additional Pledged Funds.

In the event the Commonwealth pledges Additional Pledged Funds composed of either (a) revenues from sources other than the Motor Fuels Tax or Registry Fees or (b) revenues which have not been collected for 12 consecutive months out of the prior 18 months preceding the issuance of the Additional Bonds, the Trust Agreement requires that the Commonwealth obtain assurances from each rating agency then maintaining a rating on the Outstanding Bonds that such pledge will not adversely affect the ratings on the Outstanding Bonds (without regard to credit enhancement). See *Additional Bonds*. The Commonwealth is under no obligation to pledge Additional Pledged Funds, and any such pledge will be made for the benefit of the owners of all Outstanding Bonds.

Funds and Accounts

The following funds and accounts described below are established and held under the Trust Agreement to administer the deposits of Pledged Funds.

The Trustee shall establish and hold the following funds:

- Debt Service Fund;

- Redemption Fund;
- Bond Related Costs Fund; and
- Rebate Fund (not subject to pledge of the Trust Agreement).

The Treasurer has established the Revenue Account maintained as part of the Commonwealth Transportation Fund, which Revenue Account is to be held by the Trustee. The Treasurer has also established the following subaccounts within the Revenue Account:

- Motor Fuels Tax Subaccount; and
- Non-Motor Fuels Tax Subaccount.

All Pledged Motor Fuels Tax receipts shall be deposited in the Motor Fuels Tax Subaccount. All other Pledged Funds shall be deposited in the Non-Motor Fuels Tax Subaccount.

Collectively, the above-referenced funds and accounts are sometimes hereinafter referred to as the “Funds and Accounts.” The Trust Agreement requires that moneys deposited in the Funds and Accounts be accounted for separately from all other moneys received by the Trustee and shall be held by the Trustee in trust for the owners of the Bonds. The moneys on deposit in the Funds and Accounts may be invested in Permitted Investments as provided for in the Trust Agreement. See *Appendix B – Form of Trust Agreement* under the headings *Definitions - Permitted Investments and Investments*. On or prior to the delivery of any Subordinated Bonds under the Trust Agreement, the Trustee shall establish the Subordinated Debt Service Fund for such Subordinated Bonds, to be held by the Trustee, and subject to the pledge of the Trust Agreement.

Under the Trust Agreement, the Commonwealth has pledged all the moneys, securities, credit enhancement, if any, and any investment earnings with respect thereto in all Funds and Accounts, other than the Rebate Fund, to the Trustee for the benefit of the owners of the Bonds. However, because the Revenue Account is a sub-account of the Commonwealth Transportation Fund, moneys on deposit therein may not be expended without appropriation by the Legislature. The Trust Agreement provides that amounts in the Revenue Account may only be transferred to the foregoing Funds to the extent appropriations with respect to expenditures from such Funds have been made. The Trust Agreement further provides that no amounts may be transferred from the Revenue Account to the Commonwealth free and clear of the lien of the Trust Agreement, to be applied to any lawful purpose, unless a sufficient appropriation for debt service for the then current Fiscal Year has been made and the required monthly deposits to the Funds and Accounts have been made or are otherwise provided for. Since the first issuance of special obligation bonds in 1992, the Legislature has never failed to make the required appropriations. See *Flow of Pledged Funds* and *Appendix B – Form of Trust Agreement – Flow of Funds*.

Flow of Pledged Funds

The Pledged Funds must be accounted for and deposited in accordance with the terms of the Commonwealth Transportation Fund Act and the Trust Agreement. Set forth below is a description of the flow of the Pledged Funds under the Commonwealth Transportation Fund Act and the Trust Agreement. For a complete description of the flow of Pledged Funds, see *Appendix B – Form of Trust Agreement*.

Commonwealth Transportation Fund. The Trust Agreement provides that the Commissioner of Revenue and an Authorized Officer of MassDOT shall deliver to the Trustee within eight business days after the end of each month a certificate stating the amount of Pledged Funds collected by the Commonwealth during such month. The Trust Agreement further provides that all Pledged Funds received by the Commonwealth during such month shall be paid by the Treasurer to the Trustee within two business days of delivery of such certificate from amounts credited to the Commonwealth Transportation Fund and deposited by the Trustee in the applicable subaccounts of the Revenue Account. Pledged Funds representing Motor Fuels Tax shall be credited to the Motor Fuels Tax Subaccount of the Revenue Account within the Commonwealth Transportation Fund. All Registry Fees pledged under the Trust Agreement (see *Commonwealth Registry Fees*) shall be credited to the Non-Motor Fuels Tax Subaccount of the Revenue Account within the Commonwealth Transportation Fund. Upon receipt by the Treasurer, all Direct Payments received from the United States Treasury with respect to any Bonds issued as Build America Bonds or Recovery Zone Economic Development Bonds pursuant to the Trust Agreement shall be credited

to the Non-Motor Fuels Tax Subaccount of the Revenue Account within the Commonwealth Transportation Fund. See *Direct Payments*.

Appropriated Amount. At the beginning of each fiscal year, after the adoption of the operating budget for the Commonwealth for such fiscal year, the Secretary of Administration and Finance and the Treasurer shall certify to the Trustee the amount appropriated for such fiscal year for payment of the following amounts:

- (i) the Bond Debt Service Requirement for such Fiscal Year;
- (ii) the Bond Related Costs, if any, for such Fiscal Year;
- (iii) the Rebate Fund Requirement, if any, for such Fiscal Year; and

(iv) if the Secretary of Administration and Finance and the Treasurer have received a certificate from the GAN Trustee under the GAN Trust Agreement that amounts on deposit in any debt service fund under the GAN Trust Agreement are insufficient to pay debt service on any GANs issued thereunder, the amount set forth in such certificate. So long as the Holding Account (as defined in the GAN Trust Agreement) held by the GAN Trustee under the GAN Trust Agreement is deemed to be part of the Commonwealth Transportation Fund, as set forth in the GAN Trust Agreement, then no appropriation shall be required to transfer any requested amount from the Revenue Account established under the Trust Agreement to said account held by the GAN Trustee.

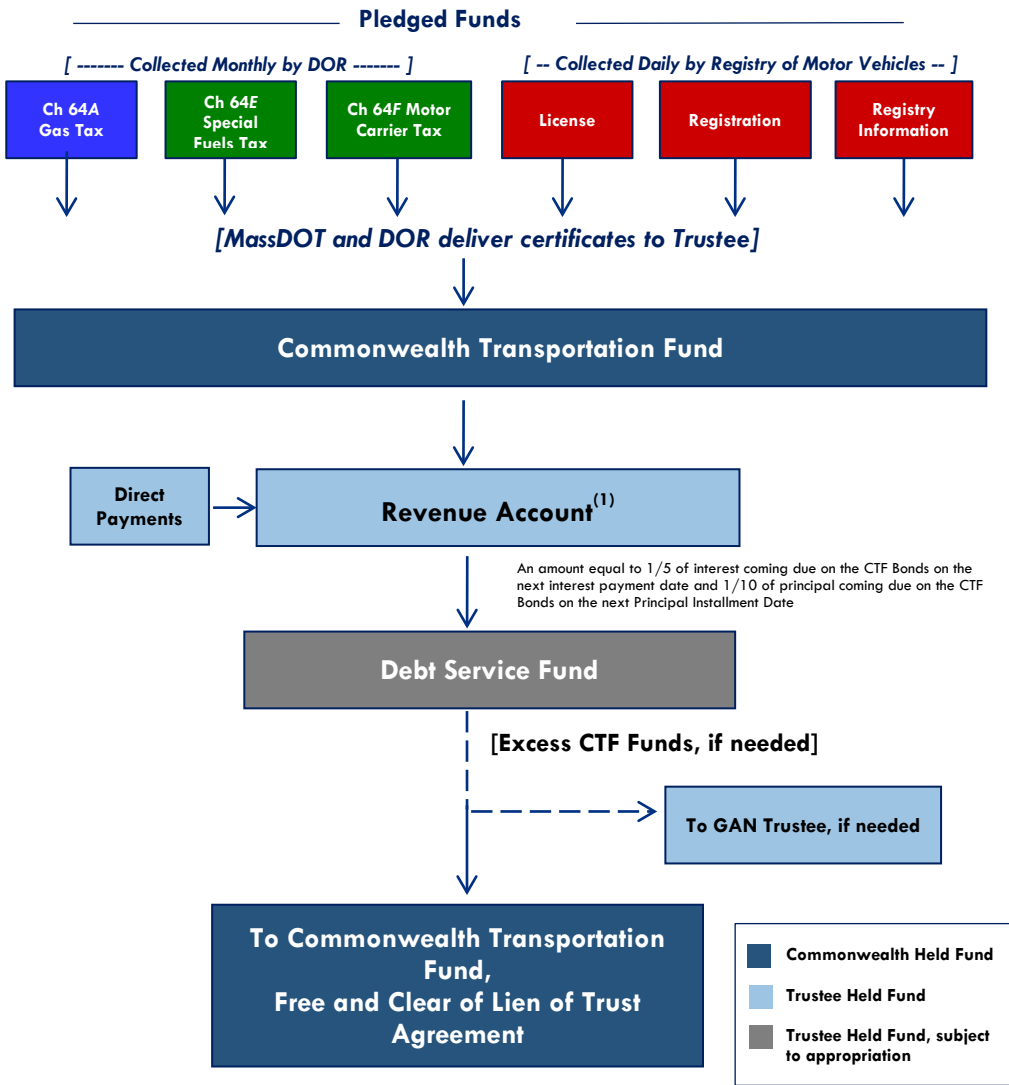
The aggregate amounts appropriated for each such purpose are referred to as an “Appropriated Amount” for such purpose.

Under the Trust Agreement, (a) if the Appropriated Amount is not sufficient to fund debt service on the Bonds in any fiscal year and to make the payments described in clause (iv) above, then all Pledged Funds remaining on deposit in the Revenue Account after the transfers to the Funds and Accounts required by the Trust Agreement must remain on deposit therein until a sufficient appropriation is made, and (b) if the Appropriated Amount is not sufficient to fund the required deposits to the Bond Related Costs Fund and the Rebate Fund, the amount of Pledged Funds necessary to fund such deposits must remain on deposit in the Revenue Account until sufficient appropriations are made. See *Appendix B – Form of Trust Agreement – Revenue Account* and *– Flow of Funds*.

If there is an Appropriated Amount sufficient to pay debt service due on the Bonds in a fiscal year and to make the payments described in clause (iv) above, the balance remaining in the Revenue Account after the deposit of the amounts required by the Trust Agreement (less any amounts which must be held on deposit therein pending appropriation to fund deposits to the Bond Related Costs Fund and the Rebate Fund) may be used to make payments owed by the Commonwealth under a Qualified Hedge Agreement, if any. (The Commonwealth has no outstanding Qualified Hedge Agreements with respect to the Bonds.) The balance remaining after any such payments will be transferred by the Trustee to the Treasurer no later than the next business day of each month and may be applied for any purpose permitted by law, including direct expenditures for purposes otherwise permitted for revenues credited to the Commonwealth Transportation Fund. For a discussion of permitted Commonwealth Transportation Fund expenditures, see *Commonwealth Transportation System – Financing the Transportation System*.

Flow of Funds under the Trust Agreement. The following diagram is a summary of the flow of funds under the Trust Agreement. For a complete flow of funds, see *Appendix B - Form of Trust Agreement*. The aggregate amount deposited in each fund during a fiscal year shall in no event exceed the Appropriated Amount for such purpose.

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(1) Includes Non-Motor Fuels Subaccount and Motor Fuels Subaccount.

Upon deposit of the amounts described above and so long as there shall be Appropriated Amounts sufficient to pay the amounts required to be deposited in the Debt Service Fund or the Subordinated Debt Service Fund or transferred to the GAN Trustee for the remainder of the then current Fiscal Year (if such appropriations shall be required by the Act or other provisions of law), the balance on deposit in the Revenue Account (less any amounts required to be deposited in the Bond Related Costs Fund or the Rebate Fund for which there are not sufficient Appropriated Amounts) shall be transferred by the Trustee no later than the next business day to the Treasurer free and clear of the lien hereof and may be applied to any purpose permitted by law.

The Trustee is authorized under the Trust Agreement to accept at any time from the Treasurer, in addition to Pledged Funds, any other moneys certified by the Treasurer to be lawfully available for carrying out or satisfying any purpose under the Trust Agreement. The Trustee shall deposit such moneys in such Fund or Account, as the Treasurer may direct, and, provided no Event of Default shall then be occurring under the Trust Agreement and the amounts then held in the Debt Service Fund, the Rebate Fund and the Bond Related Costs Fund are at least equal to the applicable amounts then specified in the Trust Agreement, the Trustee shall transfer such amount as the Treasurer may direct, but not in excess of the amount received from the Treasurer, to the Treasurer, for application as permitted by law, free and clear of the lien of the Trust Agreement.

For a more complete discussion of the flow of Pledged Funds, including the required deposits from the Commonwealth Transportation Fund to the Funds and Accounts, see *Appendix B – Form of Trust Agreement*.

1994 Trust Agreement

Certain special obligation bonds (the “1994 Trust Agreement Bonds”) were issued by the Commonwealth pursuant to a Trust Agreement dated as of June 1, 1994 (as amended and restated and supplemented, the “1994 Trust Agreement”). These bonds were secured by the Commonwealth’s pledge of 6.86¢ per gallon of revenue from the Commonwealth’s gasoline tax (the “Prior Pledged Funds”) imposed by Chapter 64A, which pledge was senior to the pledge of the Prior Pledged Funds under the Trust Agreement for the Bonds.

No 1994 Trust Agreement Bonds remain outstanding, and no additional bonds may be issued under the 1994 Trust Agreement. The Bonds are no longer subordinate to the 1994 Trust Agreement Bonds with respect to the lien on the Prior Pledged Funds. All references to the 1994 Trust Agreement in the form of Trust Agreement attached as Appendix B are no longer operative.

Additional Bonds

Additional Bonds may be issued upon receipt by the Trustee of certain documents and certifications. See *Appendix B - Form of Trust Agreement*. If the Commonwealth is not pledging any Additional Pledged Funds, then it must demonstrate that the amount of Pledged Funds for any 12 consecutive months during the 18-month period ending with the last full month immediately preceding the issuance of Additional Bonds was not less than 400% of the maximum aggregate Adjusted Bond Debt Service Requirement (as defined in the Trust Agreement, see *Appendix B - Form of Trust Agreement*) due in the then current or any future fiscal year on outstanding Bonds, including the Additional Bonds. If the Commonwealth is pledging Additional Pledged Funds, and the Additional Pledged Funds have been collected by the Commonwealth for at least 12 consecutive months of the 18-month period described in the preceding sentence, the Commonwealth must demonstrate that the amount of Pledged Funds and Additional Pledged Funds, for any 12 consecutive months during such 18-month period was not less than 400% of the maximum aggregate Adjusted Bond Debt Service Requirement during the then current fiscal year or any future fiscal year on all Bonds outstanding, including the Additional Bonds, and must obtain assurances from each rating agency then maintaining a rating on the outstanding Bonds that such pledge will not adversely affect the ratings on the outstanding Bonds (without regard to credit enhancement); and if the Additional Pledged Funds have not been collected by the Commonwealth during at least 12 consecutive months during such 18-month period, the Commonwealth must demonstrate that the amount of Pledged Funds and Additional Pledged Funds projected to be received by the Commonwealth during the first full fiscal year immediately following the issuance of the Additional Bonds will not be less than 400% of the maximum aggregate Adjusted Bond Debt Service Requirement due in the then current or any future fiscal year on Bonds outstanding, including the Additional Bonds, and must obtain assurances from each rating agency then maintaining a rating on the outstanding Bonds that such pledge will not adversely affect the ratings on the outstanding Bonds (without regard to credit enhancement).

Refunding Bonds may be issued at any time to refund in whole or in part any outstanding Bonds, provided that the Treasurer, certifies that either: (a) the Adjusted Bond Debt Service Requirement on any Bonds to be outstanding immediately after the issuance of the Refunding Bonds is not, for each fiscal year during which Bonds are scheduled to be outstanding, greater than the Adjusted Bond Debt Service Requirement by fiscal year on all Bonds outstanding immediately prior to the issuance of the Refunding Bonds, or (b) the net present value of the Adjusted Bond Debt Service Requirement as computed immediately after the issuance of the Refunding Bonds is less than the net present value of the Adjusted Bond Debt Service Requirement immediately prior to the issuance of the Refunding Bonds. If the Commonwealth cannot satisfy either requirement of the preceding sentence, the Commonwealth may nevertheless issue Additional Bonds for refunding purposes by complying with the tests relating to the issuance of Additional Bonds. Additional Bonds may be issued as Fixed Rate Bonds, Variable Rate Bonds or Tender Bonds.

For a more complete description of the requirements under the Trust Agreement for the issuance of Additional Bonds, see *Appendix B – Form of Trust Agreement*.

Subordinated and Other Indebtedness

The Commonwealth may issue bonds, notes or other evidences of indebtedness (other than Additional Bonds) which are payable out of, or secured by a pledge of Pledged Funds, provided that such bonds, notes or evidences of indebtedness are expressly subordinate to the obligations of the Commonwealth under the Trust Agreement, including the Bonds. In addition, the Commonwealth may issue bonds, notes or other evidences of indebtedness (other than Additional Bonds) which are payable out of, or secured by a pledge of an additional portion of the Motor Fuels Tax or other funds meeting the definition of “Additional Pledged Funds” under the Trust Agreement, to the extent such portions of the Motor Fuels Tax, Registry Fees or other funds meeting the definition of “Additional Pledged Funds” do not constitute Pledged Funds. See *Appendix B - Form of Trust Agreement*.

Commonwealth Covenants

Under the Trust Agreement, the Commonwealth has covenanted that it shall not limit or alter the rights vested in the Commonwealth to collect Pledged Funds and to deposit such amounts as provided in the Trust Agreement and that it shall not impair the rights and remedies of the Trustee and the owners of the Bonds under the Trust Agreement with respect to Pledged Funds. The Commonwealth has also covenanted that in any fiscal year and until an appropriation has been made which is sufficient for payment of debt service on the Bonds for such fiscal year and the amount of costs, if any, due in such fiscal year for any credit enhancement or liquidity facility, no Pledged Funds shall be applied to any other use.

The Trust Agreement does permit the Commonwealth to change the rate of the Registry Fees or the Motor Fuels Tax credited to the Commonwealth Transportation Fund, or both, in any respect, including lowering any rates or eliminating any fees or taxes, provided that prior to the effective date of any such change, the Treasurer shall deliver a certificate to the Trustee demonstrating the amount of Pledged Funds received by the Treasurer during any 12 consecutive months of the 18-month period ending with the last full month immediately preceding the effective date of any such change, as adjusted, as set forth in such certificate, to reflect the proposed change in rates to be at least equal to 400% of the maximum aggregate Adjusted Bond Debt Service Requirement due in the then current or any future fiscal year on the then Outstanding Bonds (other than Subordinated Bonds, if any).

The Special Obligation Act provides that, so long as any special obligation bonds remain outstanding and so long as the principal or interest on any such bond is unpaid: (i) the Commonwealth shall not divert any Pledged Funds from the Commonwealth Transportation Fund; and (ii) no Pledged Funds may be applied to any other use until, in any fiscal year of the Commonwealth, an appropriation has been made which is sufficient to pay the principal, including sinking fund payments, of and interest on all the special obligation bonds and to provide for or maintain any reserves, additional security, insurance or other forms of credit enhancement required or provided for in the Trust Agreement, including any Supplemental Trust Agreement, securing the Bonds. See *Appendix A – Summary of Certain Provisions of the Commonwealth Transportation Fund Act and the Special Obligation Act*.

The Commonwealth may amend the Special Obligation Act, and the Trust Agreement provides that any provision of the Special Obligation Act creating a covenant with the owners of Bonds shall be deemed a covenant under the Trust Agreement only to the extent expressly provided for in, and as limited by, the Trust Agreement.

Therefore, if otherwise permitted by law, the Commonwealth may utilize amounts credited to the Commonwealth Transportation Fund, other than Pledged Funds, without regard to the terms of the Bonds or the Trust Agreement. Expenditures from the Commonwealth Transportation Fund may, upon appropriation by the Legislature, be made for transportation related expenses of the Commonwealth, including paying or reimbursing the General Fund for payment of debt service on bonds issued by or otherwise payable pursuant to a lease or other contract assistance agreement by the Commonwealth for transportation purposes. See *Appendix B - Form of Trust Agreement*.

The covenants set forth in the Trust Agreement are more limited than the covenants contained in the Special Obligation Act. See *Appendix B - Form of Trust Agreement*.

Remedies of Owners of Bonds

The Trust Agreement sets forth the Events of Default relating to the Bonds, which include failure to pay debt service when due or failure to perform the covenants, agreements and conditions contained in the Trust Agreement, the limitation or alteration of the rights of the Commonwealth to collect and deposit Pledged Funds and the impairment of the rights and remedies of the owners of the Bonds.

Under the Trust Agreement, the Commonwealth has covenanted that, upon the occurrence of any Event of Default (which Event of Default has not been remedied), and upon demand by the Trustee, it shall pay over to the Trustee, to the extent permitted by law, any Pledged Funds not otherwise held by the Trustee in a Fund or Account. The Trust Agreement provides that upon the occurrence of an Event of Default, the Trustee may proceed either at law or in equity to protect and enforce the rights of the owners of the Bonds under the terms of the Trust Agreement or the laws of the Commonwealth. The Trust Agreement also provides that the owners of a majority in aggregate principal amount of the Bonds then outstanding may direct the time, method, and place of any proceeding for any remedy available to the Trustee, unless the Trustee determines that such direction would subject it to personal liability or be unjustly prejudicial to the owners not parties to such direction.

The Trust Agreement provides that neither the Trustee nor the owners of the Bonds shall have any right to accelerate the principal of or interest on the Bonds.

If an Event of Default has occurred, no owner of a Bond shall have any right to institute any suit, action or proceeding in equity or at law to exercise any remedy or otherwise take action to enforce the terms of the Trust Agreement unless the owners of at least 25% in aggregate principal amount of the Bonds then outstanding have requested the Trustee to act, and have afforded the Trustee adequate security or indemnity against the Trustee's costs, expenses and liabilities and the Trustee shall not have complied with such request within a reasonable time.

For a more complete description of the remedies available to the owners of the Bonds, see *Appendix B - Form of Trust Agreement*.

The remedies available to the Bondowners upon the occurrence of an Event of Default are limited and are in many respects dependent upon judicial actions which are often subject to discretion and delay.

COMMONWEALTH TRANSPORTATION FUND

The following sets forth certain information regarding the Commonwealth Transportation Fund. This summary does not purport to be complete and, accordingly, is qualified by reference to Section 2ZZZ of Chapter 29. The Legislature has altered and may in the future alter Section 2ZZZ of Chapter 29 and the statutes relating to the Pledged Funds. See *Commonwealth Motor Fuels Tax – Legislation*.

In 2009, the Commonwealth enacted comprehensive transportation reform legislation as Chapter 25 of the Acts of 2009, as amended (the "Transportation Reform Act") to reorganize its transportation agencies and authorities and to revise certain transportation financing statutes. The Transportation Reform Act created the Commonwealth Transportation Fund pursuant to Section 2ZZZ of Chapter 29 of the General Laws (the "Commonwealth Transportation Fund Act"). Pursuant to the Commonwealth Transportation Fund Act, receipts from the Commonwealth's Motor Fuels Tax imposed under Chapters 64A, 64E and 64F of the General Laws (excluding 0.15% of the Gasoline Tax credited to the Inland Fisheries and Game Fund) are credited to the Commonwealth Transportation Fund.

Prior to enactment of the Transportation Reform Act, a portion of the receipts from the Commonwealth's Gasoline Tax imposed under Chapter 64A equal to 10¢ per gallon had been credited to the Infrastructure Fund, a sub-fund of the Highway Fund, a portion of which constituted the Prior Pledged Funds (see *Security and Sources of Payment for the Bonds - 1994 Trust Agreement*). The Transportation Reform Act moved those Gasoline Tax receipts, including the portion that constituted the Prior Pledged Funds, to the Commonwealth Transportation Fund. The Highway Fund was not repealed by the Transportation Reform Act but is no longer an active fund of the Commonwealth. See *Commonwealth Motor Fuels Tax*.

In addition, the Transportation Reform Act provided that a portion of Registry Fees imposed under Chapter 90 of the General Laws and other applicable law shall be deposited in the Commonwealth Transportation Fund as provided in Section 34(iii) of Chapter 90. See *Commonwealth Registry Fees*.

The Transportation Reform Act amended the Special Obligation Act to provide that the Commonwealth could pledge or assign all or any part of monies credited to the Commonwealth Transportation Fund to the payment of special obligation bonds. The effect of these statutory changes was to increase the sources and total amount of revenue available to be pledged to the Commonwealth's special obligation bonds. The amendment to the Special Obligation Act enacted as part of the Transportation Reform Act expressly provided that a legislative authorization of special obligation bonds in effect as of July 1, 2009, such as the Accelerated Bridge Program Act, constitutes valid authorization to borrow under the provisions of the Special Obligation Act, as amended.

The Transportation Reform Act created a new entity, the Massachusetts Department of Transportation to own, manage and coordinate the Commonwealth's transportation systems, including the Divisions of Highways (formerly the MHD and Massachusetts Turnpike Authority), Rail and Transit (bus, subway and commuter rail services), the Registry of Motor Vehicles and Aeronautics.

On July 24, 2013, the Legislature enacted Chapter 46 of the Acts of 2013 (the "Transportation Finance Act") to provide additional resources for transportation. The Transportation Finance Act increased the Motor Fuels Tax rate by 3¢ per gallon to 24¢ per gallon, effective July 31, 2013, and provided for adjusting the rate annually to reflect increases in the Consumer Price Index (as defined in the Code), effective January 1, 2015. On November 4, 2014, the voters approved an initiative petition that repealed the indexing provision. Accordingly, absent future legislative action, the indexing provision is not in effect.

The Commonwealth Transportation Fund is subject to appropriation and, pursuant to the Commonwealth Transportation Fund Act, shall be used for transportation-related expenses of MassDOT, as successor to the Executive Office of Transportation, including to pay or reimburse the General Fund for debt service on bonds issued by or otherwise payable pursuant to a lease or contract assistance agreement by the Commonwealth for transportation purposes. Appropriations from the Commonwealth Transportation Fund are used to support the operations of MassDOT's Highway, RMV, Aeronautics and Rail and Transit Divisions, including essential operational programs for incident responses, high occupancy vehicle lanes, accident recovery, and snow and ice removal and other transportation-related purposes of the Commonwealth. All uses of Pledged Funds for such purposes are subordinate to the payment of debt service on the Bonds and satisfying other obligations set forth in the Trust Agreement, including, if necessary, payments to the GAN Trustee, as described previously in *Security and Sources of Payment for the Bonds – Flow of Pledged Funds*.

The Commonwealth Transportation Fund became effective on July 1, 2009. Therefore, fiscal year 2010 is the first year for which financial results for the Commonwealth Transportation Fund are available. However, the Commonwealth collected receipts from the Pledged Motor Fuels Tax and Registry Fees for many years prior to fiscal year 2010, and the following table sets forth the amounts of Pledged Motor Fuels Tax receipts and Registry Fee receipts collected in fiscal years 2005 through 2024. The table below does not include Direct Payments related to the 2010 Bonds, which are included in Pledged Funds and are expected to equal \$10.4 million in fiscal year 2025 after the 5.7% reduction in subsidy payments during federal fiscal year 2024 by the Department of Treasury as a result of sequestration.

For information regarding monthly collections of Pledged Funds through June 2024, see the tables labeled "Historical Monthly Collections of Motor Fuels Tax" and "Historical Monthly Collections Registry Fees" herein.

**HISTORICAL COMMONWEALTH TRANSPORTATION FUND PLEDGED FUNDS
(in thousands)**

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Motor Fuels Tax</u> ⁽¹⁾			<u>Total</u>
	<u>Chapter 64A</u> <u>Receipts</u> ⁽²⁾	<u>Chapter 64E and</u> <u>64F Receipts</u>	<u>Registry Fees</u>	
2024	\$613,679	\$97,775	\$638,541	\$1,349,995
2023	600,923	99,158	601,343	1,301,424
2022	618,856	102,299	598,987	1,320,142
2021	565,194	96,298	622,770	1,284,262
2020	609,818	96,477	561,867	1,268,162
2019	672,866	100,923	616,830	1,390,619
2018	667,866	99,654	612,779	1,380,299
2017	670,093	97,762	598,691	1,366,546
2016	666,539	98,309	580,426	1,345,274
2015	656,445	97,947	581,686	1,336,078
2014	640,702	89,938	533,194	1,263,834
2013	570,477	79,302	522,199	1,171,978
2012	581,148	79,028	508,608 ⁽³⁾	1,168,784
2011	580,031	79,152	496,034 ⁽³⁾	1,155,217
2010	576,676	76,369	485,789	1,138,834
2009	578,691	73,462	403,780	1,055,933
2008	595,380	75,560	396,904	1,067,844
2007	594,892	79,545	388,496	1,062,933
2006	589,591	80,785	375,670	1,046,046
2005	599,736	84,382	413,481	1,097,599

Source: Fiscal years 2005-2023, Office of the Comptroller of the Commonwealth; fiscal year 2024, Department of Revenue ("Motor Fuels Tax") and MassDOT ("Registry Fees"), unaudited. Totals may not add due to rounding.

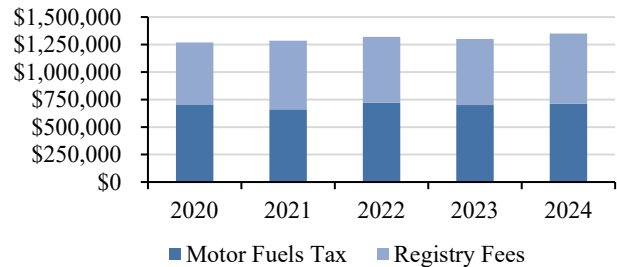
- (1) Includes all Pledged Motor Fuels Tax collected by the Commonwealth pursuant to Chapters 64A, 64E and 64F of the Massachusetts General Laws and credited to various budgeted funds, *except* Aviation Fuel (defined on the following page).
- (2) Equal to 20.9685¢ per gallon of the 21¢ per gallon Gasoline Tax imposed under Chapter 64A *prior to July 31, 2013*, and equal to 23.964¢ per gallon of the 24¢ per gallon Gasoline Tax imposed under Chapter 64A *after July 31, 2013*; prior to the Transportation Reform Act and the establishment of the Commonwealth Transportation Fund effective fiscal year 2010, the Gasoline Tax imposed under Chapter 64A was credited to the Highway Fund (84.85%), the General Fund (15.0%) and to the Inland Fisheries and Game Fund (0.15%).
- (3) Fiscal years 2011 and 2012 do not include \$1 million and \$2 million, respectively, of Registry Fees that represented civil motor infraction fees collected in such fiscal year and transferred to the Commonwealth Transportation Fund in fiscal year 2013. See *Commonwealth Registry Fees - Crediting of Receipts*.

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The following table sets forth the amounts of Motor Fuels Tax and Registry Fees collected for fiscal years 2020 through 2024.

**PLEGGED FUNDS FOR EACH FISCAL YEAR
(in thousands)**

Fiscal Year	Motor Fuels Tax	Registry Fees	Total	% Change
2024	\$711,454	\$638,541	\$1,349,995	3.7%
2023	700,081	601,343	1,301,424	(1.4)%
2022	721,155	598,987	1,320,142	2.8%
2021	661,492	622,770	1,284,262	1.3%
2020	706,295	561,867	1,268,162	--



Source: Department of Revenue (“Motor Fuels Tax”) and MassDOT (“Registry Fees”), unaudited. Totals may not add due to rounding.

COMMONWEALTH MOTOR FUELS TAX

The following is a summary of the Commonwealth’s Motor Fuels Tax. This summary does not purport to be complete and, accordingly, is qualified by reference to Chapters 64A, 64E and 64F. The Legislature has previously altered and may in the future alter Chapters 64A, 64E and 64F. See *Legislation* below.

General

The Commonwealth has imposed a tax on fuel since 1928. Fuel, as defined in Chapter 64A, includes all products commonly or commercially known as gasoline and any liquid prepared, advertised or offered for sale in the Commonwealth and commonly and commercially used as fuel in internal combustion engines. Chapter 64A also imposes a tax on fuel sold for use in non-jet-propelled aircraft (“Aviation Fuel”). Tax revenue derived from the sale of Aviation Fuel under Chapter 64A are not included within the definition of Motor Fuels Tax or Pledged Funds. Special fuels, including diesel fuel and liquefied gas, such as propane, are taxed under Chapter 64E (“Special Fuel”). Other fuel taxes also include the Motor Carrier Tax imposed under Chapter 64F on anyone who regularly operates motor vehicles on the highways of the Commonwealth which are propelled by gasoline or special fuels acquired outside the Commonwealth (“Motor Carrier Fuels”). See *Commonwealth Transportation System – Financing the Transportation System*.

Motor Fuels Tax Rates

Under Chapters 64A, 64E (except with respect to liquefied gas) and 64F, the tax rate is 24¢ per gallon. Under Chapter 64E with respect to liquefied gas, the tax rate is 19.1% of the average price per gallon.

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COMPARISON OF GASOLINE TAX RATES FOR SELECTED NORTHEASTERN STATES

The table below lists gasoline tax rates, in cents per gallon, as of January 1, 2022 for selected northeastern states.

	<u>Excise tax</u>	<u>Other taxes and fees</u>	<u>Total</u>
New York	8.05¢	40.17¢	48.22¢
Connecticut	25.00	10.75	35.75
Rhode Island	34.00	1.00	35.00
Vermont	12.10	20.04	32.14
Maine	30.00	0.01	30.01
Massachusetts	24.00	2.54	26.54
New Hampshire	22.20	1.63	23.83

Source: Massachusetts provided by Department of Revenue; all other states from American Petroleum Institute.

Collection Procedure

Anyone qualified to do business in the Commonwealth who produces, refines, manufactures, or compounds gasoline or operates a port or pipeline terminal, as well as importers and exporters of gasoline (collectively referred to as “Distributors”), must file Gasoline Tax returns with the Commissioner of Revenue by the twentieth day of each month. Distributors must keep complete and accurate records of all sales of gasoline including the name and address of the purchaser, the place and date of delivery, the gross receipts and number of gallons for each type of gasoline sold, and a complete and accurate record of the number of gallons imported, produced, refined, manufactured, compounded, or exported. Purchasers of gasoline pay the Gasoline Tax to a Distributor when they purchase gasoline. Each Distributor is required to pay to the Commissioner of Revenue, simultaneously with the filing of a Gasoline Tax return, the Gasoline Tax on each taxable gallon of gasoline sold by it during the month covered by the return. In fiscal year 2023, approximately 53% of the total annual Gasoline Tax collections came from ten largest payers of the Gasoline Tax, and approximately 41% of the total annual Special Fuels Tax collections came from ten largest payers of the Special Fuels Tax. In fiscal year 2024, approximately 56% of the total annual Gasoline Tax collections came from ten largest payers of the Gasoline Tax, and approximately 44% of the total annual Special Fuels Tax collections came from ten largest payers of the Special Fuels Tax. In fiscal year 2025, the top ten Gasoline Taxpayers are expected to pay approximately 53% to 62% of the total annual Gasoline Tax collections, and the top ten Special Fuels Taxpayers are expected to pay approximately 40% to 44% of the total annual Special Fuels Tax collections.

All combustible gas and liquids, other than gasoline, which propel registered motor vehicles, are special fuels. Only licensed suppliers and user-sellers maintain storage facilities of special fuels. Suppliers acquire special fuels on a tax-free basis and collect the tax from user-sellers and users. User-sellers are required to pay the excise on all special fuels acquisitions. Suppliers of special fuels must file Special Fuels Tax returns by the twentieth day of each month.

A motor carrier is any person who uses or operates a qualified motor vehicle for commercial or business purposes on Massachusetts highways and the highways of at least one other International Fuels Tax Agreement (“IFTA”) jurisdiction. IFTA motor carriers must register and file returns with their base-jurisdiction for activity in all IFTA jurisdictions. All such qualified vehicles using Massachusetts highways must have (1) an IFTA license and (2) two IFTA decals. IFTA motor carrier tax licenses are required to file a quarterly return by the last day of the month following the close of the quarter.

Crediting of Receipts

Gasoline Tax receipts under Chapter 64A (not including Aviation Fuel), net of refunds and abatement, are credited to two budgeted funds of the Commonwealth. Fifteen hundredths of one percent (0.15%) of such Gasoline Tax receipts are credited to the Inland Fisheries and Game Fund. The remaining ninety-nine and eighty-five hundredths of one percent (99.85%) (currently 23.964¢ per gallon) of Gasoline Tax receipts is credited to the

Commonwealth Transportation Fund to be used for transportation purposes. All Special Fuel Tax receipts under Chapter 64E and all Motor Carrier Tax under Chapter 64F are credited to the Commonwealth Transportation Fund to be used for transportation purposes. Fuel subject to the provisions of Chapter 64A consisting of cellulosic biofuel or a blend of gasoline and cellulosic biofuel is taxable in proportion to the percentage of the fuel content consisting of gasoline, as determined by the Commonwealth's Department of Energy Resources, and the taxable portion thereof is credited in the same manner as other Motor Fuels Tax receipts.

Refunds and Abatements from Gasoline Tax

Other than (1) sales between licensed Massachusetts Distributors, (2) sales by a licensed Massachusetts Distributor to a licensed distributor of another state whereby the entire quantity purchased is exported out of the Commonwealth, (3) sales to the federal government, (4) sales to foreign embassies, (5) sales to certain transportation authorities, and (6) sales constituting foreign or interstate commerce, except where permitted by the Constitution and laws of the United States, all of which are tax-free sales, all purchases of gasoline within the Commonwealth are subject to the Gasoline Tax. In accordance with Chapter 64A, persons who pay the Gasoline Tax on gasoline which is (a) consumed other than on highways, (b) transferred into another state in which an additional excise tax is paid, (c) consumed on any turnpike constructed by the MassDOT until such turnpike has become part of the state highway system, (d) used in watercraft, and (e) used in qualified buses on authorized routes, may apply for a refund for the amount of Gasoline Tax paid on such gasoline. A person applying for a refund must supply the original invoices for the purchase of such gasoline and attest, by affidavit filed with the Commissioner of Revenue, that the gasoline was consumed for an exempt purpose. Persons engaged in the business of farming may also apply for a refund of the amount of Gasoline Tax paid on gasoline for which they would be entitled to a refund of the federal gasoline tax paid pursuant to Section 6420 of the Code. The Department of Revenue estimates that, on average, less than 0.5% of annual Gasoline Tax receipts are refunded or abated.

Legislation

The Legislature has previously altered and may in the future alter (1) the imposition of the Motor Fuels Tax on various fuels, including its imposition on different or alternative fuels; (2) Motor Fuels Tax rates; (3) the allocation of Motor Fuels Tax receipts between the various Commonwealth operating funds, including the Commonwealth Transportation Fund; and (4) the distribution of Motor Fuels Tax receipts to cities, towns and counties. The authority of the Legislature to make such changes in Motor Fuels Tax, Motor Fuels Tax rates and the allocation and use of Motor Fuels Tax receipts is subject to the requirement of the Massachusetts Constitution that amounts representing Article 78 Revenues, including Motor Fuels Tax receipts, may only be used for highway or mass transportation purposes including, but not limited to, paying debt service on Commonwealth general obligation highway bonds and any special obligation bonds issued under the Special Obligation Act.

The Legislature's right to make such changes is restricted by the Trust Agreement in which the Commonwealth has covenanted with the owners of the Bonds not to impair, in any way, the rights and remedies of said owners under the Trust Agreement; the Trust Agreement does permit the Commonwealth to lower the rates of the Motor Fuels Tax or any Registry Fees or both, provided that the Treasurer delivers to the Trustee a certificate demonstrating the amount of Pledged Funds received by the Treasurer during any 12 consecutive months of the 18-month period ending with the last full month immediately preceding the effective date of any such change, as adjusted, as set forth in such certificate, to reflect the proposed change in rates, to be at least equal to 400% of the maximum aggregate Adjusted Bond Debt Service Requirement due in any fiscal year on the then Outstanding Bonds (other than Subordinated Bonds, if any).

The Legislature has previously and may in the future enact legislation that may adversely affect the sale or operation of motor vehicles in the Commonwealth that run on motor fuels or that could directly or indirectly limit the sale, use, distribution or consumption of motor fuels subject to the Motor Fuels Tax. Such legislation could adversely impact Motor Fuels Tax receipts in the future. See *Projected Collection of Motor Fuels Tax* below.

Historical Information Regarding Gasoline Sales and Motor Fuels Tax

The amount of Motor Fuels Tax receipts is directly related to the consumption of gasoline and other fuels in the Commonwealth.

The following tables set forth certain information for the most recent ten full fiscal years regarding (i) historical gasoline sales and non-farm employment and (ii) collections of Pledged Motor Fuels Tax.

HISTORICAL GASOLINE SALES AND NON-FARM EMPLOYMENT

<u>Fiscal Year</u>	<u>Average Price of Gasoline⁽¹⁾</u>	<u>Gasoline Consumed (millions of gallons)⁽²⁾</u>	<u>Percentage Change in Gasoline Consumed</u>	<u>Non-Farm Employment (in thousands)⁽³⁾</u>	<u>Percentage Change in Non-Farm Employment</u>
2024	\$3.573	2,561	2.11%	3,725	0.62%
2023	3.756	2,508	(2.87)	3,702	2.32
2022	3.731	2,582	9.45	3,618	5.54
2021	2.465	2,359	(7.31)	3,428	(4.09)
2020	2.486	2,545	(9.37)	3,574	(2.96)
2019	2.753	2,808	0.75	3,683	1.24
2018	2.708	2,787	(0.32)	3,638	1.22
2017	2.347	2,796	0.54	3,594	1.67
2016	2.282	2,781	1.53	3,535	1.96
2015	2.925	2,739	--	3,467	--

Source: "Average Price of Gasoline": U.S. Department of Energy, Energy Information Administration; "Non-Farm Employment": U.S. Bureau of Labor Statistics; "Gasoline Consumed": Department of Revenue.

- (1) Reflects the Average Price of Gasoline (\$/gallon) in all of Massachusetts.
- (2) Based on Historical Gasoline Tax Collections pursuant to Chapter 64A, except Aviation Fuel. See *Commonwealth Motor Fuels Tax – Refunds and Abatements from Gasoline Tax*.
- (3) Seasonally adjusted. Calculated as fiscal year average of monthly employment.

HISTORICAL ANNUAL COLLECTION OF PLEDGED MOTOR FUELS TAX

<u>Fiscal Year</u>	<u>Gasoline and Special Fuels Tax Rate</u>	<u>Pledged Motor Fuels Tax Receipts (in thousands)⁽¹⁾</u>	<u>Percentage Change in Pledged Motor Fuels Tax Receipts</u>
2024	\$0.24	\$711,454	1.62%
2023	0.24	700,081	(2.92)
2022	0.24	721,155	9.02
2021	0.24	661,492	(6.34)
2020	0.24	706,295	(8.72)
2019	0.24	773,790	0.82
2018	0.24	767,519	(0.04)
2017	0.24	767,855	0.39
2016	0.24	764,848	1.39
2015	0.24	754,392	--

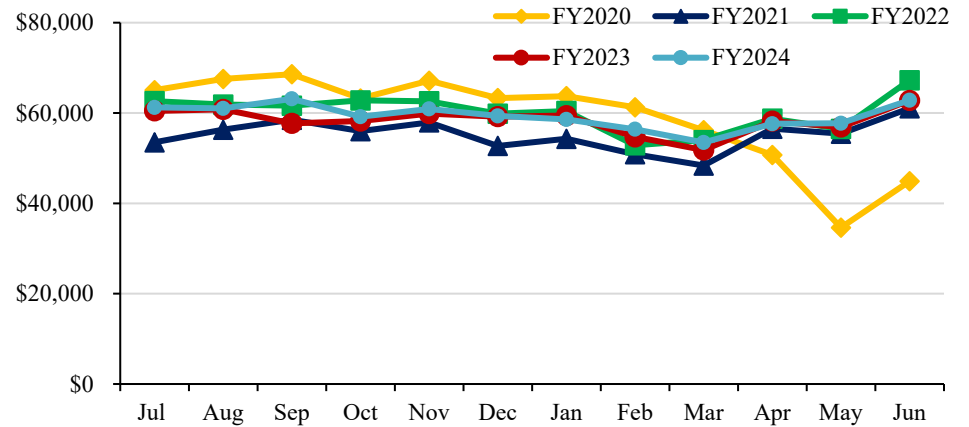
Source: "Gasoline and Special Fuels Tax Rate," Department of Revenue; "Pledged Motor Fuels Tax Receipts," fiscal years 2015-2023, Office of the Comptroller; fiscal year 2024, Department of Revenue, unaudited.

- (1) Includes all Motor Fuels Tax collected by the Commonwealth pursuant to Chapters 64A, 64E and 64F of the Massachusetts General Laws and credited to various budgeted funds, except Aviation Fuel. See *Commonwealth Motor Fuels Tax – Crediting of Receipts*. Net of refunds and abatements from Gasoline Tax. See *Commonwealth Motor Fuels Tax – Refunds and Abatements from Gasoline Tax*. The table above reflects tax rates of 24¢ per gallon on fuel (other than liquefied gas), 19.1% of the average price per gallon on liquefied gas and 23.964¢ of the 24¢ per gallon Gasoline Tax.

The following table and chart set forth information regarding monthly Motor Fuels Tax receipts for fiscal years 2020 through 2024.

HISTORICAL MONTHLY COLLECTION OF MOTOR FUELS TAX⁽¹⁾
(in thousands)

<u>Month</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>
July	\$65,062	\$53,503	\$62,634	\$60,463	\$61,238
August	67,547	56,313	61,871	60,811	61,019
September	68,585	58,497	61,616	57,714	63,120
October	63,210	55,991	62,795	58,225	59,172
November	67,149	57,914	62,590	59,870	60,895
December	63,306	52,719	59,860	59,198	59,362
January	63,732	54,298	60,437	59,420	58,578
February	61,266	50,880	52,854	54,713	56,406
March	56,188	48,374	54,000	51,795	53,482
April	50,712	56,523	58,742	58,203	57,617
May	34,633	55,427	56,495	56,891	57,731
June	44,903	61,053	67,262	62,779	62,834
Total	\$706,295	\$661,492	\$721,155	\$700,081	\$711,454



Source: Department of Revenue, unaudited. Totals may not add due to rounding.

(1) Represents Pledged Motor Fuels Tax receipts, net of applicable refunds, abatements and adjustments, if any; excludes Aviation Fuel. See *Commonwealth Motor Fuels Tax – Refunds and Abatements from Gasoline Tax*.

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HISTORICAL MONTHLY COLLECTION OF MOTOR FUELS TAX⁽¹⁾
(in thousands)

Month	<u>FY2020</u>			<u>FY2021</u>			<u>FY2022</u>			<u>FY2023</u>			<u>FY2024</u>		
	Chapter 64A Receipts	Chapter 64E and 64F Receipts	FY2020 Total	Chapter 64A Receipts	Chapter 64E and 64F Receipts	FY2021 Total	Chapter 64A Receipts	Chapter 64E and 64F Receipts	FY2022 Total	Chapter 64A Receipts	Chapter 64E and 64F Receipts	FY2023 Total	Chapter 64A Receipts	Chapter 64E and 64F Receipts	FY2024 Total
July	\$56,478	\$8,584	\$65,062	\$45,200	\$8,303	\$53,503	\$53,874	\$8,760	\$62,634	\$51,664	\$8,799	\$60,463	\$52,897	\$8,341	\$61,238
August	59,326	8,221	67,547	49,358	6,955	56,313	53,638	8,233	61,871	53,005	7,806	60,811	53,440	7,579	61,019
September	59,328	9,257	68,585	50,787	7,710	58,497	52,613	9,003	61,616	48,498	9,216	57,714	54,124	8,996	63,120
October	54,924	8,286	63,210	47,932	8,059	55,991	54,244	8,551	62,795	50,123	8,102	58,225	51,130	8,042	59,172
November	58,054	9,096	67,149	49,218	8,696	57,914	53,843	8,747	62,590	51,511	8,359	59,870	52,540	8,356	60,895
December	54,795	8,511	63,306	44,613	8,106	52,719	50,872	8,987	59,860	50,288	8,910	59,198	50,591	8,771	59,362
January	55,028	8,703	63,732	45,871	8,427	54,298	52,167	8,270	60,437	51,234	8,186	59,420	50,890	7,688	58,578
February	53,369	7,897	61,266	43,774	7,106	50,880	45,257	7,597	52,854	47,412	7,301	54,713	48,649	7,756	56,406
March	49,313	6,876	56,188	40,706	7,669	48,374	45,093	8,907	54,000	44,479	7,316	51,795	45,892	7,590	53,482
April	43,559	7,152	50,712	48,212	8,311	56,523	50,352	8,390	58,742	50,131	8,072	58,203	50,130	7,487	57,617
May	28,266	6,368	34,633	47,334	8,092	55,427	48,530	7,965	56,495	49,230	7,661	56,891	49,880	7,852	57,731
June	37,376	7,527	44,903	52,190	8,863	61,053	58,372	8,890	67,262	53,348	9,431	62,779	53,516	9,318	62,834
Total	\$609,818	\$96,477	\$706,295	\$565,194	\$96,298	\$661,492	\$618,856	\$102,299	\$721,155	\$600,923	\$99,158	\$700,081	\$613,679	\$97,775	\$711,454

Source: Department of Revenue, unaudited. Totals may not add due to rounding.

⁽¹⁾ Represents Pledged Motor Fuels Tax receipts, net of applicable refunds, abatements, and adjustments, if any; excludes Aviation fuel. See *Commonwealth Motor Fuels Tax – Refunds and Abatements from Gasoline Tax*.

Motor Fuels Tax collections, which include pledged and unpledged motor fuels and aviation fuel, in fiscal year 2024 totaled approximately \$713.2 million, an increase of approximately \$11.3 million, or 1.6% as compared with fiscal year 2023. This amount is \$7.2 million, or 1.0% less than the fiscal year 2024 benchmark estimate of the Department of Revenue.

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Projected Collection of Motor Fuels Tax

The Commonwealth does not perform an official forecast of Motor Fuels Tax receipts beyond the current fiscal year. Motor Fuels Tax receipts in the Commonwealth's fiscal year 2024 General Appropriation Act budget were originally projected to be approximately \$708.2 million but were revised to \$720.4 million in January 2024. The original projected amount was \$6.3 million or 0.9% more than the Motor Fuels Tax receipts for fiscal year 2023. As mentioned above, actual Motor Fuels Tax receipts totaled \$713.2 million in fiscal year 2024 (unaudited), which is \$7.2 million, or 1.0% less than the fiscal year 2024 benchmark. The fiscal year 2025 benchmark for Motor Fuels Tax receipts is approximately \$721.6 million. The actual revenue that will be collected by the Commonwealth in fiscal year 2025 and later may vary from historical patterns and any annual projection because of fluctuating economic conditions, technological advances, improving fuel efficiency of motor vehicles, greater use of non-fossil fuel-based vehicles, changes in law and other variables affecting revenue growth.

Future consumption of gasoline will be affected by many factors including some beyond the control of the Commonwealth. These factors include, but are not limited to, the level of employment, the price of gasoline, the fuel efficiency of motor vehicles, the use of hybrid and all-electric motor vehicles, limitations on the sale of non-zero emission vehicles, increased telecommuting, and the availability of alternative fuels. The Commonwealth cannot predict the future impact of these factors or any others that will likely influence the consumption of gasoline or the amount of Motor Fuels Tax receipts to be received in the future. Long-range decarbonization policies aimed at mitigating greenhouse gas emissions are intended to reduce future gasoline consumption.

"An Act Creating A Next-Generation Roadmap for Massachusetts Climate Policy" approved in March 2021 established a 2030 limit of at least a 50% reduction in greenhouse gas ("GHG") emissions below the 1990 GHG emissions baseline and requires the Secretary of EEA to set interim emissions limits and sector-specific sublimits every five years. In accordance with this law, the Secretary released the Commonwealth's Clean Energy and Climate Plan for 2025 and 2030 ("2025/2030 CECP") on June 30, 2022. The 2025/2030 CECP is a comprehensive plan to achieve a 33% percent reduction in GHG emissions in 2025 and a 50% reduction in 2030, and to maximize the Commonwealth's ability to achieve Net Zero in 2050. The 2025/2030 CECP highlights two overarching approaches: (i) electrify non-electric energy uses; and (ii) decarbonize the electricity system. The 2025/2030 CECP was informed by the 2050 Decarbonization Roadmap that the Administration released in December 2020, along with updated analyses, and includes key strategies, policies, and actions to put the Commonwealth on a pathway to achieving Net Zero GHG emissions.

"An Act Driving Clean Energy and Offshore Wind" approved in August 2022 as Chapter 179 of the Acts of 2022 introduced several new climate change measures, including those aimed at renewable energy and reducing transportation sector GHG emissions. This act includes an amendment to the Massachusetts General Laws relating to the sale of motor vehicles in the state to prohibit the sale of any new vehicle that is not a zero-emission vehicle as of the date the Secretary of EEA certifies in writing to the Secretary of State that a similar requirement regarding the sale of zero-emission vehicles has taken effect in the state of California, provided, however, that this prohibition shall not take effect prior to January 1, 2035, unless otherwise authorized by Section 142k of Chapter 111 of the Massachusetts General Laws, which pertains generally to motor vehicle emissions standards in the Commonwealth.

On January 6, 2023, Governor Healey signed Executive Order N. 604 establishing the position of Climate Chief and creating an Office of Climate Innovation and Resilience ("OCIR") within the Governor's Office. OCIR is charged with harnessing all of the resources and authority available to the Governor and the executive department to advance climate innovation, mitigation, adaptation and resilience policies. The Climate Chief conducted a comprehensive review of all Secretariats to support a whole-of-government approach to addressing climate change and provide initial recommendations for achieving the Commonwealth's climate goals.

Additionally, Massachusetts is one of twelve states that have chosen to adopt California's clean air standards in lieu of federal requirements. This is permitted under Section 177 of the federal Clean Air Act and these states, which are often referred to as "Section 177 states," have a requirement in state law to follow California's regulations from the Clean Air Resources Board ("CARB"). As such, the Massachusetts Department of Environmental Protection ("MassDEP") has updated regulations to conform with CARB's standards, which set vehicle related requirements to come into effect with model year 2025 vehicles.

The CARB Heavy-duty Omnibus regulations require nitrogen oxides (NOx) emissions reductions from new, on road, heavy-duty engines and ensure emission reductions are maintained as those engines and vehicles are operated. The CARB Advanced Clean Trucks (“ACT”) regulation accelerates the introduction of zero emission vehicles in the medium- and heavy-duty truck sector. Beginning with model year 2024, manufacturers are required to sell zero-emission trucks as an increasing percentage of their annual sales for such vehicles in Massachusetts. Zero-emission vehicles include all-electric and fuel cell electric vehicles. Under the current regulations, the percentages increase annually to 2035, as shown at <https://afdc.energy.gov/laws/12473>.

CARB has also promulgated regulations that MassDEP has under review for Massachusetts’ adoption that provide certain exemptions and flexibility in meeting emission standards. CARB signed a separate settlement agreement with the Truck and Engine Manufacturers Association (“EMA”) and the heavy-duty, on-highway manufacturer members of EMA. The settlement agreement included, among other items, commitments from CARB to changes to legacy provisions for easing transition and future regulation changes to allow some flexibility in meeting requirements in future model years as well as provide longer lead times for emission regulations. Massachusetts and other Section 177 states are considering how to address the settlement agreement in each of their states.

The Commonwealth cannot predict whether the goals in the plan described above will be achieved in the timelines described or how such goals and strategies for achieving the goals may change in the future nor can the Commonwealth predict what impact the laws and plan described above will have on the amount of Pledged Funds to be received by the Commonwealth in future years, including any additional Pledged Funds that may be available in the future, or what other plans or policies or laws may be implemented or enacted in the future pertaining to these matters. See also *Investment Considerations*.

As noted above, the Commonwealth is not obligated to maintain any debt service coverage ratio under the Trust Agreement. To issue Additional Bonds, the Commonwealth must comply with certain debt service coverage tests. See *Security and Sources of Payment for the Bonds – Additional Bonds*.

COMMONWEALTH REGISTRY FEES

The following is a summary of the Commonwealth’s Registry Fees. This summary does not purport to be complete and, accordingly, is qualified by reference to Chapter 90. The Legislature has altered and may in the future alter Chapter 90. See *Commonwealth Motor Fuels Tax – Legislation*.

General

Registry Fees deposited in the Commonwealth Transportation Fund include: (1) motor vehicle registration fees imposed under Chapter 90 (“Registration Fees”); (2) motor vehicle license fees imposed under Chapter 90 (“License Fees”); and (3) miscellaneous fees and other revenue relating to the operation and use of motor vehicle transportation (“Other Non-Tax Revenue”). The Registration Fees and License Fees are collected by the Registrar of Motor Vehicles (“Registrar”) or authorized agents. Pursuant to Section 3B of Chapter 7 of the Massachusetts General Laws, the Secretary of Administration and Finance, after having conducted a public hearing, determines the amounts to be charged for each fee. Chapter 90 excludes certain vehicles or trailers, such as school buses, emergency vehicles and municipally owned vehicles from payment of Registration Fees. Other than certain minimum fees, most Registration Fees are based on the weight of the registered vehicle. Fees from licenses include driver’s licenses and learner’s permits. Other Non-Tax Revenue include other fees collected by the Registrar under Chapter 90.

Registry Fees

Massachusetts General Laws Chapter 90, Section 33 authorizes the RMV to collect fees as set by that statute or as set or amended by 801 Code of Massachusetts Regulation (“CMR”) 4.02, as issued by the Executive Office for Administration and Finance.

The three primary categories of Registry Fees are license, registration, and title. License Fees include driver’s license, identification cards, professional driving schools and reinstatement fees. Registration Fees include

motor vehicle registration according to types of license plates. Title fees include certificates of title which certify vehicle ownership.

In fiscal year 2009, the schedule of Registry Fees was simplified and consolidated with some fee adjustments. On July 1, 2014, a limited number of Registry Fees were increased; Road Tests were increased from \$20 to \$35, Passenger Registration (two-year) was increased from \$50 to \$60, Passenger Registration (one-year) was increased from \$25 to \$30. The following table provides certain information regarding Registry Fees.

Fees	Fiscal Years 2009-2024
Passenger Vehicle Registration New and Renewal	2009-2014: \$50.00 2015-2024: \$60.00
Commercial Vehicle Registration New and Renewal⁽¹⁾	\$20 per 1,000 lbs of Gross Vehicle Weight for a 1-year registration
New Certificate of Title	\$75.00
Class D License Renewal	\$50.00

Source: MassDOT

(1) For vehicles over 5,000 lbs.

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The following table shows the number of selected RMV transactions for the following categories for the ten most recent full fiscal years⁽¹⁾. New license transactions in fiscal year 2024 increased by approximately 47% due primarily to a new law, Chapter 81 of the Acts of 2022, “An Act Relative to Work and Family Mobility” (the “WFMA”), that took effect on July 1, 2023, and allows Massachusetts residents to obtain a driver’s license regardless of immigration status.

HISTORICAL RMV TRANSACTIONS

Fiscal Year	Vehicle Registrations Renewals or Modifications	License Duplicates	License Renewal	New License	New Vehicle Registrations	Total
2024	3,012,749	223,328	1,082,068	315,509	676,166	5,309,820
2023	2,985,236	224,356	1,106,130	214,104	665,887	5,195,713
2022	3,171,702	223,170	930,987	221,628	782,551	5,330,038
2021	3,457,195	203,847	902,968	229,256	1,149,735	5,943,001
2020	3,210,530	259,625	821,201	167,564	952,171	5,411,091
2019	3,265,072	226,764	992,905	217,269	1,298,783	6,000,793
2018	3,267,124	216,538	948,738	160,191	1,299,835	5,892,426
2017	3,021,320	233,338	790,989	152,968	1,302,777	5,501,392
2016	3,206,242	210,267	602,081	158,807	1,315,621	5,493,018
2015	3,208,001	194,490	918,640	207,191	1,250,330	5,778,652

Source: MassDOT. Totals may not add due to rounding.

(1) Amounts are unaudited. Does not include all RMV transactions, such as certificate of title transactions.

The following table sets forth the historical collection of Registry Fees for the ten most recent full fiscal years.

HISTORICAL ANNUAL COLLECTION OF REGISTRY FEES

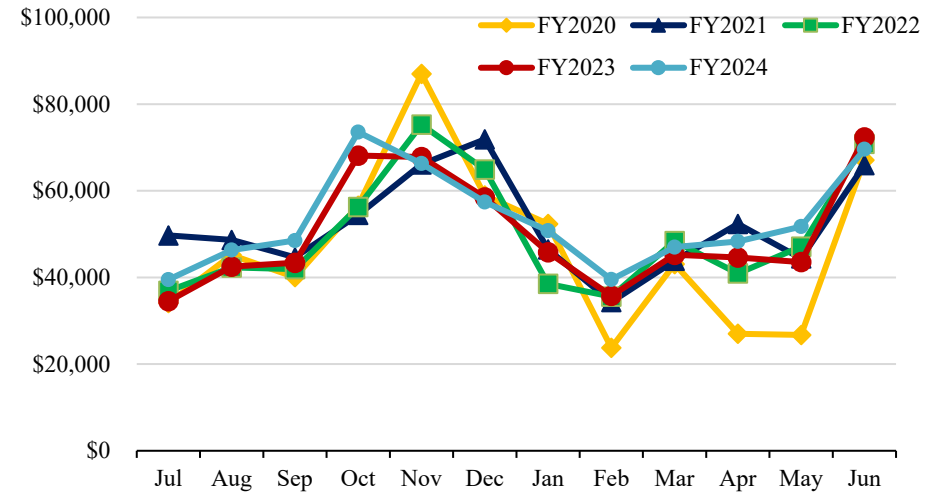
Fiscal Year	Registry Fee Receipts (in thousands)	Percentage Change in Registry Fee Receipts
2024	\$638,541	6.19%
2023	601,343	0.39
2022	598,987	(3.82)
2021	622,770	10.84
2020	561,867	(8.91)
2019	616,830	0.66
2018	612,779	2.35
2017	598,691	3.15
2016	580,426	(0.22)
2015	581,686	--

Source: Fiscal years 2015-2023, Office of the Comptroller; fiscal year 2024, MassDOT, unaudited.

The following table sets forth the historical collection of Registry Fees for the most recent five fiscal years. In fiscal year 2024, Registry Fees totaled \$638.5 million, an increase of approximately \$37 million, or 6.19% as compared with fiscal year 2023. This increase is primarily attributable to the increase in license transactions resulting from the WFMA discussed above.

HISTORICAL MONTHLY COLLECTION OF REGISTRY FEES
(in thousands)

<u>Month</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>
July	\$34,119	\$49,691	\$36,900	\$34,500	\$39,501
August	45,174	48,668	42,317	42,489	46,322
September	40,085	44,630	41,921	43,378	48,510
October	56,565	54,450	56,271	68,122	73,557
November	86,999 ⁽¹⁾	66,085	75,267	67,786	66,294
December	58,905	71,874	64,911	58,464	57,408
January	52,357	46,479	38,519	45,829	50,789
February	23,765 ⁽¹⁾	34,344	35,588	35,765	39,518
March	43,096	43,837	48,391	45,225	47,001
April	27,004	52,363	40,928	44,598	48,309
May	26,727	44,398	47,113	43,543	51,746
June	67,070	65,951	70,861	71,644	69,584
Total	\$561,867	\$622,770	\$598,987	\$601,343	\$638,541



Source: MassDOT, unaudited. Totals may not add due to rounding.

(1) During the implementation of Phase 2 of the ATLAS System, Motor Vehicle Registry Fees were overbooked under the Electronic Vehicle Registration (“EVR”) program in November 2019 and adjusted in February 2020.

Collection Procedure

As of June 2024, Registry Fees were collected by 1,063 employees (full time equivalents) of the RMV at the division's administrative headquarters in Quincy, at 29 RMV service center locations, via a telephone center or on-line. Methods of payment include cash, checks, electronic checks, money orders, credit card and debit cards. However, certain locations do not accept cash based on site security. The Court Records Unit accepts fees for producing certified records. The Vehicle Safety and Compliance staff accepts payments for inspection station and inspector licenses and renewals. The mail-in registration unit processes registration renewals paid via check or money order. The telephone center also accepts transaction payments via credit card. Customers may make payments for the website transactions via credit card or electronic check.

Security measures are established by MassDOT in connection with the collection of Registry Fees and MassDOT's internal audit department periodically audits service centers and employees for compliance with payment handling policies and procedures. When appropriate, administrative sanctions, such as retraining or termination, and in the cases in which criminal activity may have occurred, the matter is referred to the Massachusetts State Police for investigation.

Third parties also accept fees on behalf of the RMV. Presently, 34 Southern New England AAA offices throughout Massachusetts process license renewals and duplicates (excluding CDL), duplicate ID (excluding Liquor IDs), registration renewals and duplicates (under 5,500 pounds), duplicate titles, registration amendments and registration transfer transactions. The appropriate fees are collected at the sites. Participants in the EVR program also collect Registry Fees. These third-party sites process certain registration-based transactions, including the issuance of new plates and registration decals; the transfer of registration plates between vehicles; the collection of vehicle title information; processing of certain types of registration renewals; and updating customer addresses, if necessary. All third-party vendors that collect Registry Fees are required to keep that revenue segregated from their other sources of business revenue.

In November 2019, the RMV's Automated Licensing and Registration System (ATLAS) was fully implemented. ATLAS has improved both the customer service experience of residents and businesses across the Commonwealth, as well as the recording and reporting of the RMV licensing and registration transactions and revenue collections. ATLAS gave the RMV the ability to make rapid system adjustments during the pandemic and continue services by directing customers to online transactions. The RMV was able: to change the flow of License and Mass ID renewals to allow customers to upload specific documentation obviating the need for a visit to a RMV service center; to move learners' permits to online exams; and to move suspension hearings to being conducted by telephone. The RMV currently has more than 40 transactions that can be completed using its online service center.

Starting July 1, 2023, eligible residents in Massachusetts can obtain a Standard (Class D or M) driver's license, regardless of immigration status, under WFMA, which removed the requirement that customers provide proof of lawful presence for a Standard driver's license. In preparation of the WFMA, the RMV increased staffing, extended operational hours and added Saturday hours at major Service Centers across the Commonwealth. The RMV also opened additional road test only sites.

Crediting of Receipts

Fees from RMV depository accounts are swept daily by the State Treasury, credited to the RMV appropriate fee accounts and recorded by the Office of the State Comptroller ("OSC") into the Commonwealth accounting system. An electronic file is transmitted to the OSC daily for entry in the Commonwealth accounting system. These records allocate funds from the sweep account to various revenue sources including the Commonwealth Transportation Fund. Refunds are issued through the State Treasury. Refunds are deducted from total Commonwealth Transportation Fund revenue.

Projected Collection of Registry Fees

The Commonwealth does not currently have an official forecast of Registry Fee receipts beyond the current fiscal year. For fiscal year 2025, MassDOT projects that Registry Fee receipts will equal approximately \$630.1 million or 1.3% less than Registry Fee receipts for fiscal year 2024. The actual revenue that will be collected by the Commonwealth may vary from the forecast because of fluctuating economic conditions, technological advances,

changes in law and other variables affecting revenue. Registration and license renewal fees also peak approximately every two to five years. The increase in the registration fee cycle may be attributed to a large conversion of registrations from a perpetually renewed status (i.e. lifetime registrations) to a 2-year renewal status. License renewal fees also fluctuate due to the conversion from a 4-year renewal cycle to a 5-year renewal cycle. Additionally, fluctuations in commercial registration renewal fees may occur due to the conversion of light commercial vehicle registrations (5,000 lbs. and under) from 1-year to 2-year renewal cycles.

FEDERAL HIGHWAY GRANT ANTICIPATION NOTES

Under certain circumstances described below, amounts from the Commonwealth Transportation Fund may be made available for payment of debt service on GANs. However, any such payment is subordinate to the payment of the Bonds. See *Security and Sources of Payment for the Bonds – Flow of Pledged Funds – Flow of Funds under the Trust Agreement* above.

GAN Trust Agreement. The GAN Trust Agreement provides that the Commonwealth may incur obligations payable from and secured by a pledge of federal highway reimbursements and a lien on all funds and accounts created under the GAN Trust Agreement. Further, bonds issued under the GAN Trust Agreement have a subordinate lien on Pledged Funds, following payment of obligations under the Trust Agreement (i.e., “Net CTF Pledged Funds” as defined in the GAN Trust Agreement). Payment of the 2024 Bonds and any Additional Bonds is senior to payment of any obligations under the GAN Trust Agreement. See *Security and Source of Payment of Bonds – Flow of Pledged Funds*.

COMMONWEALTH TRANSPORTATION SYSTEM

MassDOT

MassDOT was created in 2009 pursuant to the Transportation Reform Act. While it has an appointed board and is independent of the Commonwealth as a separate body politic, MassDOT is governed by certain state laws, rules and policies applicable to other executive departments of the Commonwealth, including the use of the Commonwealth’s central accounting system known as MMARS, payroll system and adherence to state finance law. MassDOT is administered by the Secretary of Transportation, appointed by the Governor to serve as the Chief Executive Officer. MassDOT’s Office of the Secretary houses the central administrative functions of the organization, including the General Counsel, Office of Chief Financial Officer, Information and Technology, Human Resources, Communications, Performance Management and Innovation, Diversity and Civil Rights and Transportation Planning and Enterprise Services.

MassDOT comprises the following four divisions:

- The *Highway Division* includes the roadways, bridges, and tunnels of the former Massachusetts Highway Department and the former Massachusetts Turnpike Authority, the Tobin Bridge and certain assets of the Massachusetts Department of Conservation and Recreation. The Highway Division is responsible for the design, construction and maintenance of the Commonwealth’s state highways and bridges. The Highway Division also is responsible for overseeing traffic safety, engineering activities and snow and ice removal to ensure safe road and travel conditions. The Highway Division has six regional districts.
- The *Rail & Transit Division* is responsible for all transit, freight and intercity rail initiatives and oversees the Regional Transit Authorities (“RTA”) of the Commonwealth.
- The *Aeronautics Division* has jurisdiction over the Commonwealth’s public use airports, private use landing areas, and seaplane bases, but does not operate such facilities. It is responsible for aircraft registration, airport development and improvements, aviation safety, aircraft accident investigation, navigational aids, and statewide aviation planning. The Division certifies airports and heliports, licenses airport managers, conducts annual airport inspections, and enforces safety and security regulations.
- The *RMV* is responsible for vehicle operator licensing and vehicle and aircraft registration available both online and at service centers across the Commonwealth. The RMV oversees commercial and non-commercial vehicle inspection stations.

Pursuant to Chapter 6C of the Massachusetts General Laws (the “Enabling Act”), MassDOT is governed by a Board of Directors (“Board of Directors” or “MassDOT Board”) that consists of 11 members, and there currently

are two vacancies. The Secretary of Transportation shall serve ex-officio as Chair and the ten other members are appointed by the Governor, one of whom shall be a rider, as defined in the Enabling Act; one of whom shall have experience in the field of public or private finance; one of whom shall have experience in transportation planning and policy; one of whom shall have experience in civil engineering; one of whom shall have experience in the field of public or private finance or transportation planning and policy; one of whom shall have municipal government experience in one of the fourteen cities and towns, as defined in the Enabling Act; one of whom shall have municipal government experience in one of the fifty-one cities and towns, as defined in the Enabling Act; one of whom shall have municipal government experience in one of the other served communities, as defined in the Enabling Act; one of whom shall have municipal government experience in a city or town not part of the area constituting the authority, as defined in the Enabling Act; and one of whom shall be a representative of a labor organization selected from a list of three nominees provided by the Massachusetts State Labor Council, AFL-CIO. Four of the members, other than the Chair, shall serve for terms that are coterminous with the Governor; provided, however, that at least three of the coterminous members shall have experience in transportation policy, public finance or civil engineering and at least one of the coterminous members shall be a rider. The six remaining members appointed by the Governor shall serve for terms of four years. No more than six of the eleven directors, except the ex-officio director, shall be members of the same political party. Members with expired terms continue to serve until reappointed or a successor is appointed and qualified.

The current members of the MassDOT Board are as follows:

<u>Name</u>	<u>Professional Affiliation</u>	<u>Term expires</u>
Monica Tibbits-Nutt, <i>Chair</i>	Secretary of Transportation	<i>Ex Officio</i>
Joseph Beggan	Former City of Boston Transportation Department	July 1, 2026
Ilyas Bhatti	Associate Professor and Acting Dean of the School of Management at Wentworth Institute of Technology	Coterminous with Governor
Richard A. Dimino	President Emeritus of A Better City	Coterminous with Governor
Dr. Lisa I. Iezzoni	Professor of medicine at Harvard Medical School	July 1, 2026
Timothy King	Detective Sergeant, Waltham Police Department	July 1, 2025
Thomas Koch	Mayor of Quincy	July 1, 2025
Dean Mazzarella	Mayor of Leominster	July 1, 2025
Thomas McGee	Former Mayor of Lynn	Coterminous with Governor

The Enabling Act does not currently provide for MassDOT to be a debtor under the federal bankruptcy code.

MBTA

Under the MBTA’s enabling act, Chapter 161A of the Massachusetts General Laws (the “MBTA Enabling Act”), as amended in August 2023, the MBTA is governed, and its corporate powers exercised by a nine-member board of directors (the “MBTA Board”). The MBTA Enabling Act provides that the MBTA Board shall consist of: the Secretary of Transportation, who shall serve ex officio; 1 person to be appointed by the mayor of the city of Boston; 1 person to be appointed by the advisory board who shall have municipal government experience in the service area constituting the authority and experience in transportation operations, transportation planning, housing policy, urban planning or public or private finance; provided, however, that said person shall not represent the city of Boston; and 6 persons to be appointed by the governor, 1 of whom shall have experience in safety, 1 of whom shall have experience in transportation operations, 1 of whom shall have experience in public or private finance, 1 of whom shall be a rider as defined in section 1 and a resident of an environmental justice population as defined in section 62 of chapter 30 of the Massachusetts General Laws, 1 of whom shall be a municipal official representing a city or town located in the area constituting the authority representing the service area of the 51 cities and towns or the other served communities and 1 of whom shall be selected from a list of 3 persons recommended by the president of the Massachusetts State Labor Council, AFL-CIO. Not less than 2 of the appointed members shall also be members of the board of directors of the Massachusetts Department of Transportation established under section 2 of chapter 6C of the Massachusetts General Laws. In making selections to the board of directors, the appointing

authority shall strive to ensure a board whose diversity and inclusion are reflective of the population served by the authority.

The term of each MBTA Board member, except for the Secretary, shall be four years; provided, however, that three of the members appointed by the Governor, not including the secretary, shall serve for terms that are coterminous with the Governor and provided further that with respect to the two members appointed by the Governor whose terms are not coterminous with the term of the Governor, their initial terms shall be one year and three years, respectively. Members with expired terms continue to serve until reappointed or a successor is appointed and qualified. MBTA Board members are eligible for reappointment, provided, that no member serves more than two terms. A member appointed to fill a vacancy in the MBTA Board shall serve only for the unexpired portion of the term of the former member but may be appointed to serve two full terms thereafter. Not more than four MBTA Board members shall be enrolled in the same political party. The Governor shall designate one member to serve as chair and the MBTA Board shall elect one member to serve as vice-chair; provided, however, that the Secretary shall not serve as chair or vice-chair.

<u>Name</u>	<u>Appointment</u>	<u>Term expires</u>
Thomas P. Glynn, <i>Chair</i>	Appointed by Governor	Coterminous with Governor
Monica Tibbits-Nutt	Secretary of Transportation	Coterminous with Governor
Thomas Koch	Appointed by Advisory Board	October 7, 2025
Robert Butler	Appointed by Governor upon recommendation of Massachusetts State Labor Council, AFL-CIO	Coterminous with Governor
Eric L. Goodwine	Appointed by Governor	October 7, 2024
Thomas M. McGee	Appointed by Governor	Coterminous with Governor
Charlie Sisitsky	Appointed by Governor	September 27, 2027
Mary Skelton Roberts	Appointed by Mayor of Boston	September 26, 2027
Chanda Smart	Appointed by Governor	October 7, 2025

Prior to the establishment of the current MBTA Board, the MBTA was governed by, and its corporate powers exercised by, the MassDOT Board since the enactment of certain transportation reform in 2009 that also provided for the dissolution of the Massachusetts Turnpike Authority and transfer of its assets to MassDOT. A Fiscal Management and Control Board (the “FMCB”) provided additional governance of the MBTA during 2015 to June 30, 2021. The FMCB resulted from a special panel to review the management and financial condition of the MBTA established by the Governor in response to widespread system failures experienced by the MBTA during the unusually severe 2015 winter weather in Massachusetts.

Financing the Transportation System

Constitutional Limitations. Article 78 of the Articles of Amendment to the Massachusetts Constitution, as amended, requires that any fees, duties, excises or license taxes relating to the registration, operation or use of vehicles on public highways, or to fuels used for propelling such vehicles (as previously defined, “Article 78 Revenues”), be expended only for the following purposes: (1) the cost of administration of laws providing for such revenue, (2) the making of refunds and adjustments relating to such revenue; (3) the payment of highway obligations; (4) the cost of construction, reconstruction, maintenance and repair of public highways, bridges and mass transportation lines; (5) the cost of enforcing state traffic laws; and (6) the cost of other mass transportation purposes. Article 78 Revenues may be expended by the Commonwealth and its counties, cities and towns for these purposes only in such manner as the Legislature may direct.

The Motor Fuels Tax imposed under Chapters 64A, 64E and 64F and the Registry Fees are classified as Article 78 Revenues.

Funding Process. Prior to the Transportation Reform Act, transportation policy, planning and financing were segregated into separate silos of quasi-independent authorities and state agencies. One primary goal of the Transportation Reform Act was to better coordinate the Commonwealth’s transportation programs while finding economies of scale and best practices to reduce costs and manage a world class transportation network. Within the new streamlined MassDOT, jurisdiction over the operations and maintenance of the transportation system is shared among state, regional transit agencies and local governments.

The annual operating and capital budgets for transportation are developed through a collaborative process that encompasses many different organizations and individuals. These include:

- **Governor:** Establishes overall policies and spending priorities for MassDOT, including recommending the amount of funds that should be transferred to MassDOT within the annual operating budget. The Governor also determines the amount and timing of any authorized borrowing to fund capital investments. At the request of the Governor, the Treasurer issues bonds to borrow funds for authorized and budgeted capital projects at MassDOT.
- **Legislature:** Appropriates funds through the annual budget consistent with state law and the Massachusetts Constitution for transportation programs and projects. The Legislature also authorizes bond bills, or statutory authorizations to borrow money, to fund the capital budget.
- **MassDOT:** The Secretary of Transportation develops an annual operating budget and a five-year capital investment plan for the department. MassDOT forecasts, plans and monitors financing for capital improvement projects on the state highway system and publicly accessible airports, coordinates with the MBTA and RTAs on bus and rail funding and works with the Metropolitan Planning Organizations (“MPO”) to finance local road projects.
- **MassDOT Board of Directors:** The 11-member MassDOT board, appointed by the Governor, reviews and adopts the annual operating and capital budgets for the department. The Board further recommends policy and funding priorities to the Secretary, the Governor and Legislature.
- **MBTA Board:** The nine-member board establishes separate operating and capital budgets, including one and five-year operating budgets and one-year, five-year and 20-year capital plans.
- **Metropolitan Planning Organizations & Regional Transit Authorities:** MPOs and RTAs are responsible for planning, coordinating and, in the case of RTAs, operating regional transportation systems. In the Commonwealth, the thirteen MPOs develop transit and roadway reinvestment plans which identify projects for funding in the Statewide Transportation Improvement Program (“STIP”).

INVESTMENT CONSIDERATIONS

The Commonwealth’s ability to pay principal of and interest on the 2024 Bonds depends upon numerous factors, many of which are not subject to the control of the Commonwealth. Described below are certain factors that could materially adversely affect the ability of the Commonwealth to pay debt service on the 2024 Bonds. This description does not purport to be either comprehensive or definitive. The order in which factors are presented is not intended to reflect either the likelihood that a particular event will occur or the relative significance of such an event. Moreover, there may be other factors or considerations associated with an investment in the 2024 Bonds in addition to those set forth herein.

External Conditions Affecting Pledged Funds

Many factors beyond the control of the Commonwealth may adversely affect the amount of Pledged Funds, particularly Motor Fuels Tax receipts, in the future. Such factors include, but are not limited to: the possibility of reduction in supplies of gasoline or other special fuels subject to the Motor Fuels Tax; imposed or recommended governmental restrictions on the sale and use of such fuels; other governmental activity which indirectly or directly affects the consumption of fuels subject to the Motor Fuels Tax, including increased fuel efficiency standards; voluntary conservation; increases in the cost of gasoline and/or other special fuels which may result in less usage; reduced fuel consumption by more modern, fuel-efficient vehicles, including hybrid vehicles; increased usage of vehicles employing alternate technologies (such as electric vehicles) that do not consume fuels subject to the Motor Fuels Tax; changing patterns of telecommuting or increased “work from home” opportunities or any other activities or innovations that result in less use of motor fuels in the future. Investors should note that a component of the Commonwealth’s energy policy is to promote the use of motor vehicles that utilize alternate fuels. Additionally, some consumers may be inclined to purchase motor vehicle fuel in locations outside the Commonwealth if the

relative price is perceived as being significantly higher in the Commonwealth. See also *Commonwealth Motor Fuels Tax – Projected Collection of Motor Fuels Tax*.

Legislative Changes

As gasoline prices have risen, some legislators made specific proposals for a temporary suspension of the Gasoline Tax. The Legislature, to date, has rejected these proposals. The Commonwealth cannot predict whether any such proposal might become law in the future. The Commonwealth has also in the past and may in the future pass legislation restricting the sale of motor vehicles to zero-emissions vehicles. See *Commonwealth Motor Fuels Tax – Projected Collection of Motor Fuels Tax*. The Trust Agreement permits changing the rate of any of the Motor Fuels Taxes or Registry Fees, including lowering or eliminating, but only if certain coverage is maintained. See *Security and Sources of Payment for the Bonds – Special Obligations* and *– Commonwealth Covenants*.

The Commonwealth's fiscal year 2025 operating budget includes a provision that amends Section 2BBBBBB of Chapter 29 of the General Laws to dedicate \$250 million annually from income tax surtax revenues to the Commonwealth Transportation Fund. The revenues will not constitute Pledged Funds unless and until the Commonwealth elects to pledge these amounts under the Trust Agreement.

Cybersecurity

The Commonwealth, like many other large public and private entities, relies on a large and complex information technology (IT) environment to conduct its operations. While the Commonwealth has made significant progress in the past few years in standardizing and centralizing policies and procedures, several state agencies, departments, and branches continue to maintain their own distinct IT infrastructure.

In August 2017, the Executive Office of Technology Services and Security (EOTSS) was established as the cabinet-level lead IT organization for the Executive Branch under Chapter 64 of the Acts of 2017, as memorialized and articulated in General Laws Chapter 6A, § 7A and Chapter 7D. EOTSS maintains much of the Executive Branch's enterprise infrastructure in the form of multiple on-premises data centers and cloud hosted services that host agency and statewide business applications, the Commonwealth-wide area network, and internet service. Since its formation, EOTSS has been working to standardize the Commonwealth's IT infrastructure by adopting and implementing a standard operating environment and strengthening the Commonwealth's cybersecurity posture. While several Executive Branch entities still operate distinct data centers and networks, EOTSS is working with these entities to transfer their enterprise infrastructure services to EOTSS. Enterprise Information Security Policies and Standards have been published for all Executive Offices and their agencies and other agencies that rely on EOTSS services, and the Executive Offices that maintain separate environments are obligated to adhere to these security policies and standards. EOTSS also has worked closely with each Executive Office to make critical improvements in the areas of IT policies, procedures, infrastructure, and services. EOTSS provides annual cybersecurity awareness training for Commonwealth employees. Additionally, many independent and constitutional offices utilize the services provided by EOTSS, including its operating environment and cybersecurity policies and practices, while some separately maintaining certain aspects of their IT infrastructure.

EOTSS also provides a set of enterprise-wide cybersecurity services, including operating a unified Security Operations Center (SOC) that coordinates all incident reporting and responses for the executive branch agencies. The SOC monitors, alerts, responds to and mitigates security threats to all stakeholders and partners. Additional security services include vulnerability management and mitigation scanning services, threat analysis, threat management and information sharing programs. EOTSS maintains an integrated security technology framework that includes multi-factor authentication for applications and users, enhanced cloud and mail security tools, network monitoring and analytical tools, and a suite of specialized enterprise security technologies and services to protect the Commonwealth's assets. EOTSS' Enterprise Privacy Office promotes privacy and security in the use and dissemination of personally identifiable information (PII), including development of standards for the collection, use, retention, and sharing of PII and sensitive data.

Aligned with the SOC, the Massachusetts Cyber Incident Response Team (MA-CIRT) enhances the Commonwealth's ability to prepare for, respond to, mitigate against, and recover from significant cybersecurity threats. Under the direction of the EOTSS Secretary, the MA-CIRT is comprised of public safety and information

technology subject matter experts from across state government to strengthen the Commonwealth's ability to prevent attacks increase cybersecurity resiliency.

In addition to EOTSS, the Office of the Comptroller's (CTR) Statewide Risk Management Team maintains a Cyber Center which works to identify key cybersecurity internal control elements, to create best practices protocols and procedures for all Commonwealth agencies to include in their internal controls, and to promote cybersecurity awareness. CTR's Risk Management Team works closely with EOTSS to assist agencies with remediation and corrective measures in the event of reported security incidents.

To ensure that the Commonwealth's IT investments are guided by a strategic planning process, EOTSS created an IT Investment Advisory Board, comprising security, IT, and business operation executives from across state government to review IT capital proposals and projections. Additionally, the Commonwealth CIO maintains authority and oversight over all Executive Branch IT planning, procurement, and projects. Agencies are obligated to report on these matters to the Commonwealth CIO on a regular basis.

As a recipient and provider of personal, private, and sensitive information, the Commonwealth is subject to multiple cyber threats, including but not limited to hacking, viruses, malware, phishing, and other attacks on IT networks and systems.

The RMV also relies on various third-party vendors to support its operations and connections to automobile dealerships and other entities that conduct RMV transactions on its behalf. The RMV has in the past experienced limited disruptions of its operations due to incidents affecting third parties. Appropriate remedial action was taken and to date none of these incidents has resulted in any material loss of revenue or significant impact on operations of the RMV.

While the Commonwealth continues to enhance its IT infrastructure and security systems to address these issues, no assurances can be given that the Commonwealth's efforts to mitigate cyber threats will be 100% successful or that such attacks will not materially or partially impact the Commonwealth or RMV operations or collection of Registry Fees or other Pledged Funds.

LITIGATION

No litigation is pending or, to the knowledge of the Attorney General, threatened against or affecting the Commonwealth seeking to restrain or enjoin the issuance, sale, or delivery of the 2024 Bonds, or in any way contesting or affecting the validity of the 2024 Bonds or the Trust Agreement, including the pledge of Pledged Funds.

RATINGS

The 2024 Bonds have been assigned ratings of "AAA" (outlook: Stable), "Aa1" (outlook: Stable) and "AAA" (outlook: Stable) by Kroll Bond Rating Agency ("KBRA"), Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("Standard & Poor's"), respectively.

Such ratings reflect only the respective views of KBRA, Moody's and Standard & Poor's, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that a rating will continue for any given period or that a rating will not be revised or withdrawn entirely by any or all of such rating agencies, if, in its or their judgment, circumstances so warrant. Any downward revision or withdrawal of a rating could have an adverse effect on the market prices of the 2024 Bonds.

UNDERWRITING

The 2024 Bonds are being purchased by the Underwriters, for whom BofA Securities, Inc., is acting as Representative. The Underwriters have agreed, subject to certain conditions, to purchase all of the 2024 Bonds from the Commonwealth at a discount from the initial offering prices of the 2024 Bonds equal to _____% (\$ _____) of the aggregate principal amount of the 2024 Bonds. The Underwriters may offer and sell the 2024 Bonds to certain dealers and others (including dealers depositing 2024 Bonds into investment trusts) at prices lower than the public offering prices (or yields higher than the offering yields) stated on the inside cover pages

hereof. The principal offering prices (or yields) set forth on the inside cover pages hereof may be changed from time to time after the initial offering by the Underwriters. The obligation of the Underwriters to accept delivery of the 2024 Bonds is subject to the terms and conditions set forth in the bond purchase agreement, the approval of legal matters by counsel and other conditions.

Certain of the Underwriters may have entered into distribution agreements or other agreements with other broker-dealers (that have not been designated by the Commonwealth as Underwriters) for the distribution of the 2024 Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Commonwealth, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Commonwealth.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or public or express independent research views in respect to such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities, and instruments.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

On the date of delivery of the 2024 Bonds, a portion of the proceeds of the Refunding Bonds will be used to purchase Defeasance Obligations to be held in trust by the Escrow Agent to provide for the payment of principal of and interest on the Refunded Bonds through their respective redemption dates. Robert Thomas CPA, LLC, a firm of independent certified public accountants, will verify, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants, the arithmetical accuracy of certain computations included in the schedules provided by or on behalf of the Commonwealth relating to (a) computation of anticipated receipts of principal and interest on the Defeasance Obligations to pay the regularly scheduled debt service on the Refunded Bonds until the respective call dates and to redeem the Refunded Bonds on those respective call dates and (b) computation of yields on the 2024 Bonds and the Defeasance Obligations.

The verification performed by Robert Thomas CPA, LLC will be solely based upon data, information and documents provided to it by the Commonwealth and its representatives. Robert Thomas CPA, LLC has relied on the accuracy, completeness, and reliability of all such information provided to it and has restricted its procedures to recalculating the computations provided by the Commonwealth and its representatives and has not evaluated or examined the assumptions or information used in the computations. Robert Thomas CPA, LLC was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement.

TAX EXEMPTION

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the 2024 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the 2024 Bonds will not be included in computing the alternative minimum taxable income of Bondowners who are individuals. However, interest on the 2024 Bonds will be included in the "adjusted financial statement income" of certain

corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the 2024 Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2024 Bonds. Failure to comply with these requirements may result in interest on the 2024 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2024 Bonds. The Commonwealth has covenanted to comply with such requirements to ensure that interest on the 2024 Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel is also of the opinion that, under existing law, interest on the 2024 Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the 2024 Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences arising with respect to the 2024 Bonds. Prospective purchasers of the 2024 Bonds should be aware, however, that the 2024 Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the 2024 Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the 2024 Bonds or the income therefrom under the laws of any state other than Massachusetts. A copy of the proposed form of opinion of Bond Counsel is set forth in *Appendix C* hereto.

To the extent the issue price of any maturity of the 2024 Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the 2024 Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the 2024 Bonds is the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the 2024 Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the 2024 Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondowners should consult their own tax advisors with respect to the tax consequences of ownership of 2024 Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the reasonably expected initial offering price to the public, or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

2024 Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondowner’s basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondowner. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective Bondowners should be aware that certain requirements and procedures contained or referred to in the relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2024 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2024 Bonds may adversely affect the value of, or the tax status of interest on, the 2024 Bonds.

Although Bond Counsel is of the opinion that interest on the 2024 Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2024 Bonds may otherwise affect a Bondowner’s federal or state tax liability. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on,

the 2024 Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the 2024 Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bondowner or the Bondowner's other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondowners should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts Legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the 2024 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the 2024 Bonds will not have an adverse effect on the tax status of interest on the 2024 Bonds or the market value or marketability of the 2024 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the 2024 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, Bondowners should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the 2024 Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the 2024 Bonds may be affected and the ability of Bondowners to sell their 2024 Bonds in the secondary market may be reduced. The 2024 Bonds are not subject to special mandatory redemption, and the interest rate on the 2024 Bonds is not subject to adjustment, in the event of any such change in the tax treatment of interest on the 2024 Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

OPINIONS OF COUNSEL

The unqualified approving opinion as to the legality of the 2024 Bonds will be rendered by Locke Lord LLP, Boston, Massachusetts, Bond Counsel to the Treasurer. The proposed form of the opinion of Bond Counsel is attached as *Appendix C*. Certain legal matters will be passed upon for the Underwriters by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts.

CONTINUING DISCLOSURE

To assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission, the Commonwealth will undertake in the 2024 Bonds to provide annual reports and notices of certain events. A description of this undertaking is set forth in *Appendix D* attached hereto. Except as noted below, the Commonwealth has not failed in the last five years to comply with its continuing disclosure undertakings with respect to any of its debt.

Certain annual financial information and audited financial statements of the Commonwealth were not properly linked to certain Commonwealth contract assistance bonds and certain CTF Bonds. Corrective filings have since been posted to EMMA.

In the course of substituting liquidity facilities in connection with certain Commonwealth general obligation variable rate demand bonds, supplements to the respective official statements for such bonds were posted in a timely manner to EMMA setting forth detailed information regarding the substituted liquidity facilities; however, separate event notices were not posted at the time. Event notices of the liquidity substitutions have since been posted.

In the course of reviewing its event notice filings, the Commonwealth discovered that bond call notices were not posted in a timely manner to EMMA in connection with certain advance refunding transactions and that a notice of defeasance was not timely posted to EMMA until approximately three and a half months after the defeasance occurred. The Commonwealth has posted such notices with respect to all Commonwealth bonds that

have been advance refunded, where the funds to redeem or pay the bonds remain held in escrow. Finally, a rating upgrade notice related to the Commonwealth's special obligation bonds issued in 2004 and 2005 for the Boston convention center was posted to EMMA but not properly linked to all the related CUSIPs. A corrective filing has been made.

The State Treasurer also regularly files information with EMMA beyond the documents required by the Commonwealth's continuing disclosure undertakings, including updated Information Statements. In addition, information of interest to investors may be posted on the Commonwealth's investor website at www.massbondholder.com and at x.com/BuyMassBonds.

MUNICIPAL ADVISOR

The Commonwealth has retained Omnicap Group LLC ("Omnicap") to act as municipal advisor with respect to the issuance of the 2024 Bonds. Omnicap is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices hereto. Omnicap is an independent municipal advisory firm and is not engaged in the business of underwriting, trading, or distributing securities.

MISCELLANEOUS

Any provisions of the constitution of the Commonwealth, of all general and special laws and of other documents set forth or referred to in this Official Statement are only summarized, and such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

This Official Statement contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the Commonwealth and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the Commonwealth and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events, or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as "may," "will," "should," "intends," "expects," "believes," "anticipates," "estimates" and others.

All estimates and assumptions in this Official Statement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in this Official Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

The information, estimates and assumptions and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made pursuant to this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Commonwealth or its agencies, authorities, or political subdivisions since the date of this Official Statement, except as expressly stated.

Neither the Commonwealth's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to any prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, any prospective financial information.

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AVAILABILITY OF OTHER INFORMATION

Questions regarding this Official Statement or requests for additional financial information concerning the Commonwealth should be directed to Susan E. Perez, Deputy Treasurer, Office of the Treasurer and Receiver-General, 1 Center Plaza, Suite 430, Boston, Massachusetts 02108, telephone (617) 367-3900, x. 816, or Kaitlyn Connors, Assistant Secretary, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (857) 338-0234. Questions regarding legal matters relating to this Official Statement and the Bonds should be directed to Walter J. St. Onge, III, Locke Lord LLP, 111 Huntington Avenue, Boston, Massachusetts 02199, telephone (617) 239-0389.

Information regarding the Commonwealth’s capital spending plan is contained in the Information Statement. A copy of the Information Statement has been filed with the MSRB through EMMA. The Commonwealth’s Information Statement is not incorporated herein by reference.

THE COMMONWEALTH OF MASSACHUSETTS

By: _____
Deborah B. Goldberg
Treasurer and Receiver-General

By: _____
Matthew Gorzkowicz
Secretary of Administration and Finance

October __, 2024

SUMMARY OF CERTAIN PROVISIONS OF THE COMMONWEALTH TRANSPORTATION FUND ACT AND THE SPECIAL OBLIGATION ACT

The following is a summary of certain provisions of the Special Obligation Act (the “Special Obligation Act”), pursuant to which the 2024 Bonds are being issued, and the Commonwealth Transportation Fund Act (the “Commonwealth Transportation Fund Act” and together with the Special Obligation Act, the “Acts”), pursuant to which the Commonwealth Transportation Fund is established. The Special Obligation Act is codified as Section 2O of Chapter 29 of the General Laws and the Commonwealth Transportation Fund Act is codified as Section 2ZZZ of said Chapter 29. The Acts may be amended after the issuance of the 2024 Bonds, but any such amendment must comply with the covenants of the Commonwealth contained in the Trust Agreement, as described in this Official Statement. Although the Acts contain certain covenants of the Commonwealth, the Trust Agreement provides that any provision of the Acts creating a covenant with the owners of Bonds shall be deemed a covenant under the Trust Agreement only to the extent expressly provided for in, and as limited by, the Trust Agreement. See *Appendix B - Form of Trust Agreement*. This summary of the Acts does not purport to be complete, and reference is made to the Acts for a full and complete statement of its terms and provisions.

Commonwealth Transportation Fund Act

The Commonwealth Transportation Fund Act establishes the Commonwealth Transportation Fund, which is to be used exclusively for financing transportation-related purposes.

Amounts credited to the Commonwealth Transportation Fund include: all fees received by the registrar of motor vehicles to be deposited in the Commonwealth Transportation Fund pursuant to Section 34(iii) of Chapter 90, all receipts paid to the Commonwealth and directed to be credited to the Commonwealth Transportation Fund pursuant to Chapters 64A, 64E, 64F and any other amounts appropriated into the Commonwealth Transportation Fund. The Commonwealth Transportation Fund is subject to appropriation and shall be used for transportation related expenses of the Massachusetts Department of Transportation or any successor agency or authority, including to pay or reimburse the General Fund for payment of debt service on bonds issued by, or otherwise payable pursuant to a lease or other contract assistance agreement by, the Commonwealth for transportation purposes.

In addition to the revenues listed above, there are credited to the Commonwealth Transportation Fund all monies received by the Commonwealth from (i) the receipts from sales, as defined by Chapter 64H, of motor vehicles imposed under Section 3, 25 and 26 of Chapter 64H, (ii) from the purchase, as defined by Chapter 64H, of motor vehicles imposed under Section 4, 26 and 27 of Chapter 64 I, (iii) beginning in fiscal year 2015, from certain delivery fees with respect to underground storage tanks imposed under Section 2 of Chapter 21J and (iv) in fiscal 2015-2020, transfers made from the General Fund pursuant to the Transportation Finance Act. The amounts collected in (i) and (ii) above are net of amounts dedicated to the Massachusetts School Building Authority and the Massachusetts Bay Transportation Authority.

Pursuant to the Commonwealth Transportation Fund Act, not less than the following amounts shall annually be distributed from the Commonwealth Transportation Fund to the Massachusetts Bay Transportation Authority and regional transit authorities:

- (1) \$160 million to the Massachusetts Bay Transportation Authority or any fund controlled by the authority in each fiscal year; and
- (2) \$15 million to regional transit authorities organized under Chapter 161B or predecessor statutes in each fiscal year.

Special Obligation Act

Bonds issued in accordance with the provisions of the Special Obligation Act are special obligations of the Commonwealth payable solely from moneys credited to the Commonwealth Transportation Fund. Notwithstanding the provisions of any general or special law to the contrary, such special obligation bonds are not general obligations of the Commonwealth. Special obligation bonds may be secured by a trust agreement entered into by the Treasurer, with the concurrence of the Secretary of Administration and Finance and the Secretary of Transportation, on behalf

of the Commonwealth, which trust agreement may pledge or assign all or any part of moneys credited to the Commonwealth Transportation Fund and rights to receive the same, whether existing or coming into existence and whether held or thereafter acquired, and the proceeds thereof. The Treasurer is also authorized, with the concurrence of the Secretary of Administration and Finance and the Secretary of Transportation, to enter into additional security, insurance or other forms of credit enhancement which may be secured on a parity or subordinate basis with the special obligation bonds. The Special Obligation Act provides that a pledge in any such trust agreement or credit enhancement agreement is valid and binding from the time such pledge is made without any physical delivery or further act, and the lien of such pledge is valid and binding as against all parties having claims of any kind in tort, contract or otherwise, irrespective of whether such parties have notice thereof. Any such pledge may be perfected by filing the trust agreement or credit enhancement agreement in the records of the Treasurer, and no filing need be made under the Massachusetts Uniform Commercial Code.

The Special Obligation Act provides that any such trust agreement or credit enhancement agreement may establish provisions defining defaults and establishing remedies and other matters relating to the rights and security of the holders of the special obligation bonds or other secured parties as determined by the Treasurer, including provisions relating to the establishment of reserves, the issuance of additional or refunding bonds, whether or not secured on a parity basis, the application of receipts, moneys or funds pledged pursuant to such agreement, and other matters deemed necessary or desirable by the Treasurer for the security of such special obligation bonds, and may also regulate the custody, investment and application of monies. Any such special obligation bonds are deemed to be investment securities under the Massachusetts Uniform Commercial Code and are made securities in which any public officer, fiduciary, insurance company, financial institution or investment company may properly invest funds and which may be deposited with any public custodian for any purpose for which the deposit of bonds is authorized by law. The Special Obligation Act provides that any such special obligation bonds, their transfer and the income therefrom, including profit on the sale thereof, shall at all times be exempt from taxation by and within the Commonwealth.

In order to increase the marketability of any such special obligation bonds issued by the Commonwealth, and in consideration of the acceptance of payment for any such special obligation bonds, the Commonwealth covenants in the Special Obligation Act with the purchasers and all subsequent holders and transferees of any such special obligation bonds that while any such special obligation bond shall remain outstanding, and so long as the principal or interest on any such special obligation bond shall remain unpaid: (i) no pledged funds shall be diverted from the Commonwealth Transportation Fund, (ii) in any fiscal year of the Commonwealth, unless and until an appropriation has been made which is sufficient to pay the principal, including sinking fund payments, of and interest on all such special obligation bonds of the Commonwealth and to provide for or maintain any reserves, additional security, insurance or other form of credit enhancement required or provided for in any trust agreement securing any such special obligation bonds, no pledged funds shall be applied to any other use and (iii) so long as such revenues are necessary, as determined by the Treasurer in accordance with any applicable trust agreement or credit enhancement agreement, for the purposes for which they have been pledged, the rates of the fees collected pursuant to Sections 33 and 34 of Chapter 90 of the General Laws and the excises imposed in Chapters 64A, 64E and 64F of the General Laws shall not be reduced below the amount in effect at the time of issuance of any such special obligation bond.

The Trust Agreement provides that any provision of the Special Obligation Act creating a covenant with the owners of the Bonds shall be deemed a covenant under the Trust Agreement only to the extent expressly provided for in and as limited by the Trust Agreement.

FORM OF TRUST AGREEMENT, AS AMENDED

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TRUST AGREEMENT

By and Between

THE COMMONWEALTH OF MASSACHUSETTS

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

Dated as of December 1, 2010,

as amended by the following:

Second Supplemental Trust Agreement dated as of May 1, 2012;
Third Supplemental Trust Agreement dated as of November 1, 2013;
Fifth Supplemental Trust Agreement dated as of November 1, 2015;
Fourteenth Supplemental Trust Agreement dated as of October 1, 2024

Relating to
Commonwealth Transportation Fund Revenue Bonds
Issued Pursuant to the Provisions
of Section 2O and 2ZZZ of Chapter 29 of the Massachusetts
General Laws, As Amended

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TRUST AGREEMENT

This TRUST AGREEMENT dated as of the first day of December, 2010, is by and between THE COMMONWEALTH OF MASSACHUSETTS (the "Commonwealth"), The Bank of New York Mellon Trust Company, N.A., as trustee (together with any successors or assigns, the "Trustee"), a national banking association duly organized and existing under the laws of the United States of America and duly authorized to accept and execute trusts of the kind hereby established, having its principal office at Boston, Massachusetts. All capitalized words and terms herein shall have the meaning given such terms in Article I hereof.

WITNESSES THAT:

In consideration of the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the registered owners thereof, and in order to secure the payment of the principal of, premium, if any, and interest on the Bonds and the payment, performance and observance by the Commonwealth of all agreements, covenants and conditions expressed or implied herein and in the Bonds to be paid, performed and observed by any one or more of them, the Commonwealth has executed and delivered this Trust Agreement;

PLEDGE

The Commonwealth hereby grants, pledges and assigns unto the Trustee, and to its successors in said trusts, and to its assigns, all its right, title and interest in and to, and grants a security interest in (a) the Pledged Funds and all rights to receive the same, whether now existing or coming into existence and whether now held or hereafter acquired and including any proceeds thereof, (b) amounts, securities and any investment earnings with respect thereto in all Funds and Accounts held hereunder other than the Rebate Fund, and (c) any amounts payable to the Commonwealth by a Hedge Provider pursuant to a Qualified Hedge Agreement;

TO HAVE AND TO HOLD all property, interests, rights and remedies described in the foregoing Pledge unto the Trustee and its successors in said trust and its assigns forever IN TRUST upon the terms and trusts herein set forth for the equal and ratable benefit, security and protection of all present and future Holders of all Bonds from time to time issued under and secured by this Trust Agreement; PROVIDED, NEVERTHELESS, that the pledge hereby made is upon the further condition that if the Commonwealth shall pay, or cause to be paid, as provided in Article XI hereof the principal of the Bonds and the premium, if any, and interest due or to become due thereon, at the times and in the manner set forth herein and in the Bonds and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, and if the Commonwealth shall perform and observe all of the agreements, covenants and conditions to be performed and observed by it hereunder and under the Bonds, upon such final payments, performance and observance, this Trust Agreement shall cease;

THIS TRUST AGREEMENT FURTHER WITNESSES, THAT THE BONDS AND OBLIGATIONS OF THE COMMONWEALTH HEREUNDER SHALL CONSTITUTE SPECIAL OBLIGATIONS OF THE COMMONWEALTH FOR WHICH THE FULL FAITH AND CREDIT OF THE COMMONWEALTH HAVE NOT BEEN PLEDGED BUT SHALL

BE PAYABLE SOLELY FROM THE PLEDGED FUNDS AND AMOUNTS ON DEPOSIT IN THE VARIOUS FUNDS AND ACCOUNTS PROVIDED HEREUNDER OTHER THAN THE REBATE FUND.

THIS TRUST AGREEMENT FURTHER WITNESSES that the Commonwealth and the Trustee have further agreed as follows:

ARTICLE I.

Definitions

In this Trust Agreement, unless a different meaning clearly appears from the context, the following terms shall have the meaning set forth below.

“1994 Trust Agreement” shall mean the Trust Agreement between the Commonwealth and the 1994 Trustee, dated as of June 1, 1994, as amended and restated as of January 1, 2005, and as further amended and supplemented to the date hereof relating to certain Special Obligation Revenue Bonds issued pursuant to the Act.

“1994 Trust Agreement Bonds” shall mean any outstanding bonds issued pursuant to the 1994 Trust Agreement.

“1994 Trustee” shall mean U.S. Bank National Association, as successor trustee under the 1994 Trust Agreement.

“Act” shall mean, collectively, the provisions of Sections 2O and 2ZZZ of Chapter 29 of the Massachusetts General Laws, as amended from time to time.

“Accreted Value” shall mean with respect to any Bonds that are Capital Appreciation Bonds, an amount equal to the principal amount of such Capital Appreciation Bonds (determined on the basis of the initial principal amount per \$5,000 at maturity thereof) plus the amount assuming compounding (as set forth in the Applicable Supplemental Trust Agreement) of earnings which would be produced on the investment of such initial amount, beginning on the dated date of such Capital Appreciation Bonds and ending at the maturity date thereof, at a yield which, if produced until maturity, will produce \$5,000 at maturity. As of a Valuation Date, the Accreted Value of any Capital Appreciation Bonds shall mean the amount set forth for such date in the Applicable Supplemental Trust Agreement and as of any date other than a Valuation Date, the sum of (i) the Accreted Value on the preceding Valuation Date and (ii) the product of (1) a fraction, the numerator of which is the number of days having elapsed from and including the preceding Valuation Date and the denominator of which is the number of days from and including such preceding Valuation Date to the next succeeding Valuation Date, and (2) the difference between the Accreted Values for such Valuation Dates.

“Additional Bonds” shall mean Bonds of the Commonwealth issued pursuant to Section 206.

“Additional Pledged Funds” shall mean any fees, duties, excises or license taxes which the Commonwealth may impose and collect relating to registration, operation or use of vehicles

on public highways, or to fuels used for propelling such vehicles and subject to the restrictions of Article LXXVIII of the Articles of Amendment of the Constitution of the Commonwealth or any Federal Highway Reimbursements.

“Adjusted Bond Debt Service Requirement” shall mean, for any period of calculation, the aggregate Bond Debt Service Requirement on Bonds (not including Subordinated Bonds) Outstanding during such period, taking into account the following adjustments:

- (i) with respect to Variable Rate Bonds, the aggregate Bond Debt Service Requirement thereon shall be determined based upon an interest rate equal to the average interest rate of the SIFMA Index over the five (5) years immediately prior to the date of calculation, as determined by the Commonwealth; provided, however, if the Commonwealth (1) enters into a Qualified Hedge Agreement with a Hedge Provider pursuant to Section 211 hereof requiring the Commonwealth to pay a fixed interest rate or providing for a maximum interest rate on a notional amount, and (2) has made a determination that such Qualified Hedge Agreement was entered into for the purpose of providing substitute interest payments or limiting the potential increase in the interest rate for a particular maturity of Bonds in a principal amount equal to the notional amount of the Qualified Hedge Agreement, then during the term of such Qualified Hedge Agreement and so long as the Hedge Provider under such Qualified Hedge Agreement is not in default under such Qualified Hedge Agreement, the interest rate on such Bonds shall be determined as if such Bonds bore interest at the fixed interest rate or maximum interest rate, as the case may be, payable by the Commonwealth under such Qualified Hedge Agreement;
- (ii) with respect to Fixed Rate Bonds, if the Commonwealth (1) enters into a Qualified Hedge Agreement with a Hedge Provider pursuant to Section 211 hereof requiring the Commonwealth to pay a variable interest rate on a notional amount and (2) has made a determination that such Qualified Hedge Agreement was entered into for the purpose of providing substitute interest payments for a particular maturity of Bonds in a principal amount equal to the notional amount of the Qualified Hedge Agreement, then during the term of such Qualified Hedge Agreement and so long as the Hedge Provider under such Qualified Hedge Agreement is not in default under such Qualified Hedge Agreement, the interest rate on such Bonds shall be determined as if such Bonds bore interest at the Assumed Hedge Rate;
- (iii) with respect to Tender Bonds, the aggregate Bond Debt Service Requirements thereon shall not include amounts payable upon mandatory or optional tender; as long as such Tender Bonds are secured by a Liquidity Facility, the aggregate Bond Debt Service Requirement shall be deemed to include all periodic Bond Related Costs payable to the provider of any Liquidity Facility but shall not be deemed to include any

Reimbursement Obligation to such provider except to the extent provided in the Applicable Supplemental Trust Agreement;

- (iv) with respect to Bonds that have Credit Enhancement, the aggregate Bond Debt Service Requirements thereon shall be deemed to include all periodic Bond Related Costs and other payments to the provider of the Credit Enhancement, but shall not be based upon the terms of any Reimbursement Obligation to such provider except to the extent and for periods during which Bond Related Costs and other payments are required to be made pursuant to such Reimbursement Obligation due to such provider advancing funds;
- (v) the amount of any principal of any of the Refunded Bonds paid or to be paid from an Escrow Account pursuant to the any Supplemental Agreement shall be deducted from the Adjusted Bond Debt Service Requirements for the applicable period; and
- (vi) with respect to Balloon Indebtedness, the aggregate Bond Debt Service Requirement shall be calculated as if the Principal Installments with respect to such Bonds amortized over a period of up to 25 years after the date such Balloon Indebtedness would otherwise be due (but not later than the final maturity date of such Balloon Indebtedness) at an interest rate equal to The *Bond Buyer's* Revenue Bond Index (or, if such index is no longer published, such other substantially comparable index as may be selected by the Commonwealth) as of the most recent date for which such index was published prior to the date of such calculation.

“Advance Refunded Municipal Bonds” shall mean any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (ii) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations which fund may be applied only to the payment of interest when due, principal of and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable notice, as appropriate, and (iii) as to which the principal of and interest on the Government Obligations which have been deposited in such fund along with any cash on deposit in such fund is sufficient to pay interest when due, principal of and redemption premium, if any, on the bonds or other obligations described in this definition on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable notice referred to in subclause (i) above, as appropriate.

“Agency Obligations” shall mean obligations issued or guaranteed by the Federal National Mortgage Association, Government National Mortgage Association, Federal Financing Bank, Federal Intermediate Credit Banks, Federal Farm Credit Bank, Banks for Cooperatives, Federal Land Banks, Federal Farm Credit Banks Funding Corporation, Farm Credit System Financial Assistance Corporation, Federal Home Loan Banks, Farmers Home Administration,

Export-Import Bank of the United States, Resolution Funding Corporation, Student Loan Marketing Association, United States Postal Service, Tennessee Valley Authority, Federal Home Loan Mortgage Corporation or any other agency or corporation which has been or may hereafter be created pursuant to an act of Congress as an agency or instrumentality of the United States of America.

“Applicable Supplemental Trust Agreement” shall mean with respect to any Series of Bonds, the Supplemental Trust Agreement authorizing such Series of Bonds.

“Appreciated Value” shall mean with respect to Bonds that are Deferred Income Bonds until the Interest Commencement Date thereon, an amount equal to the principal amount of such Deferred Income Bond (determined on the basis of the initial principal amount per \$5,000 at the Interest Commencement Date thereof) plus the amount, assuming compounding (as set forth in the Applicable Supplemental Trust Agreement) of earnings which would be produced on the investment of such initial amount, beginning on the dated date of such Deferred Income Bond and ending on the Interest Commencement Date, at a yield which, if produced until the Interest Commencement Date, will produce \$5,000 at the Interest Commencement Date. As of any Valuation Date, the Appreciated Value of any Bonds that are Deferred Income Bonds shall mean the amount set forth for such date in the Applicable Supplemental Trust Agreement and as of any date other than a Valuation Date, the sum of (i) the Appreciated Value on the preceding Valuation Date and (ii) the product of (1) a fraction, the numerator of which is the number of days having elapsed from and including the preceding Valuation Date to the Valuation Date and the denominator of which is the number of days from and including such preceding Valuation Date to and including the next succeeding Valuation Date, and (2) the difference between the Appreciated Values for such Valuation Dates.

“Appropriated Amount” shall have the meaning given such term in Section 504(2).

“Assumed Hedge Rate” shall have the meaning given such term under Section 211(3).

“Authorized Newspapers” shall mean no fewer than two newspapers or financial journals of general circulation (or substantial circulation in the financial community), one in the City of Boston, Massachusetts, and one in the Borough of Manhattan, City and State of New York, each customarily published at least once a day for at least five days (other than legal holidays) in each calendar week and printed in the English language.

“Authorized Officer” shall mean the Treasurer or any designee thereof, the Secretary or Chief Financial Officer of MassDOT or any designee thereof and, when used in reference to an act or document, shall also mean any other person authorized by law to perform such act or sign such document.

“Balloon Indebtedness” shall mean (i) a Series of Bonds with respect to which, upon the issuance thereof, 25% or more of the Principal Installments are due, whether by maturity, mandatory redemption or optional or mandatory tender (and in the case of any Tender Bonds, such Bonds are not secured by a Liquidity Facility) in the same Fiscal Year or (ii) any portion of a Series of Bonds which is so designated by the Commonwealth in the Applicable Supplemental

Trust Agreement by providing that such portion shall be deemed to constitute a separate issue of Balloon Indebtedness.

“Bond Authorizations” shall mean such provisions of the laws of the Commonwealth enacted in accordance with the applicable provisions of the Constitution of the Commonwealth authorizing bonds for transportation-related purposes or to refund any Bonds or Transportation Bonds and that may be issued as special obligation bonds under the provisions of the Act.

“Bonds” shall mean any of the Bonds of the Commonwealth authenticated and delivered under this Trust Agreement, including Subordinated Bonds unless expressly stated otherwise.

“Bondholder” or “Holder,” when used with reference to Bonds, shall mean the Registered Owner of the Bonds from time to time as shown on the register for a particular Series of Bonds held by the Paying Agent for such Series of Bonds.

“Bond Debt Service Requirement” shall mean, for any period of calculation, the aggregate of the interest, principal amount, and Sinking Fund Payments due or to become due other than by reason of redemption at the option of the Commonwealth or the registered owner of any Bonds on all Bonds Outstanding during such period; provided, however, for purposes of this definition, the scheduled principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of Deferred Income Bonds becoming due at maturity or by virtue of Sinking Fund Payments shall be included in the calculations in such manner and during such period of time as is specified in the Applicable Supplemental Trust Agreement authorizing such Capital Appreciation Bonds or Deferred Income Bonds.

“Bond Counsel” shall mean any lawyer or firm of lawyers nationally recognized in the field of municipal finance and selected by the Treasurer.

“Bond Related Costs” shall mean all costs, fees and expenses of the Commonwealth incurred or related to any Liquidity Facility, Credit Enhancement, any remarketing or other secondary market transactions, any fees of Bond Counsel, attorneys, financial advisors, Fiduciaries, remarketing agents, rebate consultants, accountants and other advisors retained by the Commonwealth in connection with a Series, and any other fees, charges and expenses that may be lawfully incurred by the Commonwealth to a provider of any Credit Enhancement or Liquidity Facility, other than amounts paid as the Costs of Issuance for a Series, to repay or reimburse any amounts paid by such provider due to a payment under such Credit Enhancement or Liquidity Facility and any interest on such repayment obligation unless any such amount constitutes a Bond Debt Service Requirement for such Series.

“Bond Related Costs Fund” shall mean the fund so designated and created by Section 502.

“Build America Bonds” shall have the meaning set forth in Section 54AA of the Code.

“Capital Appreciation Bonds” shall mean any Bonds as to which interest is payable only at the maturity or prior redemption thereof. For the purposes of (i) receiving payment of the redemption price, if any, of a Capital Appreciation Bond that is redeemed prior to maturity, and (ii) computing the principal amount of Capital Appreciation Bonds held by the Holder thereof in

giving any notice consent, request, or demand pursuant to the Applicable Supplemental Trust Agreement for any purpose whatsoever, the principal amount of a Capital Appreciation Bond as of a specific date shall be deemed to be its Accreted Value as of such date.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Comptroller” shall mean the Comptroller of the Commonwealth or any deputy or designee acting in his stead.

“Commissioner of Revenue” shall mean the Commissioner of Revenue of the Commonwealth or a Deputy Commissioner or designee acting in her stead.

“Commonwealth” shall mean The Commonwealth of Massachusetts.

“Commonwealth Transportation Fund” shall mean the Commonwealth Transportation Fund so designated and established pursuant to the provisions of the Act or any other fund or account of the Commonwealth or any agency thereof created in replacement thereof.

“Costs of Issuance” shall mean all items of expense directly or indirectly payable or reimbursable by or to the Commonwealth and related to the authorization, sale and issuance of Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Fiduciaries, legal fees and charges, fees and disbursements of consultants and professionals, costs and expenses of refunding, fees, expenses and other amounts payable to any underwriters of the Bonds, accrued interest payable upon the initial investment of the proceeds of Bonds, fees and expenses payable in connection with any Credit Enhancement or Liquidity Facility, fees and expenses payable in connection with any remarketing agreements or interest rate indexing agreements payable in connection with the original issuance of the Bonds and any other cost, charge or fee payable in connection with the original issuance of Bonds.

“Credit Enhancement” shall mean any agreement, including, but not limited to a policy of bond insurance, surety bond, irrevocable letter of credit, credit agreement, credit facility or guaranty arrangement with a bank, trust company, insurance company, surety bonding company, pension fund or other financial institution that provides increased credit on or security for any Series (or portion thereof) of Bonds.

“Debt Service Fund” shall mean the fund so designated and created by Section 502.

“Debt Service Fund Requirement” shall mean, as of any particular date of computation, the amount of money obtained by aggregating the several sums, computed with respect to the Bonds of each Series Outstanding other than Subordinated Bonds of (i) any unpaid interest due on such Bonds at or before said date and all unpaid interest on such Bonds accrued but not due at said date, (ii) the principal amount of any such Bonds matured and unpaid at or before said date, and (iii) with respect to any Principal Installment of any Bonds not included in (ii) above, but payable on the next succeeding Principal Installment payment date other than by reason of redemption at the option of the Commonwealth or the Holder of any Bonds, that portion of such Principal Installment determined by multiplying such Principal Installment by a fraction, the numerator of which shall be the number of days elapsed from and including the immediately

preceding Principal Installment payment date, or if (a) there be no such date with respect to such Bonds or (b) such preceding Principal Installment payment date is more than one year prior to the due date of such Principal Installment, then from a date one year preceding the due date of such Principal Installment or from the date of issuance thereof, whichever date is later, to the date of such calculation and the denominator of which shall be the number of days from and including the immediately preceding Principal Installment payment date, or if (c) there be no such date with respect to such Bonds, or (d) such preceding Principal Installment payment date is more than one year prior to the due date of such Principal Installment, then from a date one year preceding the due date of such Principal Installment or from the date of issuance thereof, whichever date is later, to such Principal Installment payment date.

“Defeasance Obligations” shall mean Government Obligations, Agency Obligations and Advance Refunded Municipal Bonds.

“Deferred Income Bonds” shall have the meaning given such term in Section 203(8) hereof.

“Direct Payment” means the refundable tax credit paid to the Commonwealth by the federal government equal to a percentage of the taxable interest the Commonwealth pays on any Build America Bonds in accordance with Code § 54AA or any Recovery Zone Economic Development Bonds in accordance with Code § 1400U-2. The actual percentage of the interest expected to be received by the Commonwealth shall be set forth in the Applicable Supplemental Trust Agreement.

“Discount Bonds” shall have the meaning given such term in Section 203(7) hereof.

“Federal Highway Construction Program” shall mean all federally-aided highway construction projects undertaken by the Commonwealth as part of the Commonwealth’s program of transportation development and improvements at any time prior to or after the date of execution of any Supplemental Trust Agreement pledging Federal Highway Reimbursements as Additional Pledged Funds.

“Federal Highway Grant Anticipation Notes” shall mean the Federal Highway Grant Anticipation Notes (Accelerated Bridge Program), 2010 Series A issued and delivered on December 23, 2010, and any other Federal Highway Grant Anticipation Notes hereafter issued and delivered, in each case, pursuant to the Federal Highway Grant Anticipation Note Trust Agreement.

“Federal Highway Grant Anticipation Note Trust Agreement” shall mean the Trust Agreement dated as of December 1, 2010, as hereafter amended and supplemented from time to time, between the Commonwealth and the Federal Highway Grant Anticipation Note Trustee, relating to the Commonwealth’s Federal Highway Grant Anticipation Notes.

“Federal Highway Grant Anticipation Note Trustee” shall mean Deutsche Bank Trust Company Americas, as trustee under the Federal Highway Grant Anticipation Note Trust Agreement, or any successor.

“Federal Highway Reimbursements” shall mean all federal highway construction reimbursements and any other federal highway assistance received from time to time by the Commonwealth with respect to the Federal Highway Construction Program under or in accordance with Title 23 of the United States Code or any successor program established under federal law.

“Fiduciary” shall mean the Trustee or any Paying Agent.

“Fiscal Year” shall mean the period beginning on July 1 of any calendar year and ending on June 30 of the succeeding calendar year or such other period of twelve consecutive calendar months as may be provided by law as the fiscal year of the Commonwealth.

“Fixed Rate Bonds” shall have the meaning given such term in Section 203(2) hereof.

“Governor” shall mean the Governor of the Commonwealth or the Lieutenant Governor of the Commonwealth at any time under the laws of Commonwealth the Lieutenant Governor is permitted to act in his stead.

“Government Obligations” shall mean direct general obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Hedge Provider” shall mean the counterparty with whom the Commonwealth enters into a Qualified Hedge Agreement.

“Initial Bonds” shall mean the Bonds authorized by Section 205.

“Interest Commencement Date” shall mean with respect to any Deferred Income Bonds, the date specified in the Applicable Supplemental Trust Agreement (which date must be prior to the maturity date for such Deferred Income Bonds), after which interest accruing on such Deferred Income Bonds shall be payable with the first such payment date being the applicable interest payment date immediately succeeding such Interest Commencement Date.

“Liquidity Facility” shall mean any agreement with a bank, trust company, insurance company, surety bonding company, pension fund or financial institution under which it agrees to purchase Tender Bonds.

“MassDOT” shall mean the Massachusetts Department of Transportation established pursuant to Chapter 6C of the Massachusetts General Laws, and any successors or assigns thereto.

“Motor Fuels Tax” shall mean the excise imposed on fuel (other than aviation fuel) by the provisions of Chapter 64A, 64E, and 64F of the Massachusetts General Laws in effect as of the date of issuance of the Initial Bonds.

“Outstanding,” when used with reference to Bonds, shall mean as of a particular date, all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond cancelled by the Commonwealth or a Fiduciary at or before said date, (ii) any Bond in lieu of or

in substitution for which another Bond shall have been authenticated and delivered pursuant to Article III or Section 406 or Section 1006 and (iii) Bonds deemed to have been paid as provided in Section 1101.

“Paying Agent” shall mean any paying agent or co-paying agent for Bonds of any Series appointed pursuant to the Trust Agreement or an Applicable Supplemental Trust Agreement and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to this Trust Agreement.

“Permitted Investments” shall mean and include any of the following, if and to the extent the same are at the time legal for investment of Commonwealth funds:

- (i) Government Obligations;
- (ii) Agency Obligations;
- (iii) Certificates or receipts representing direct ownership of future interest or principal payments on Government Obligations or any obligations of agencies or instrumentalities of the United States of America which are backed by the full faith and credit of the United States, which obligations are held by a custodian in safekeeping on behalf of the holders of such receipts;
- (iv) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; senior debt obligations of the Federal Home Loan Banks; debentures of the Federal Housing Administration; guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association; guaranteed Title XI financing of the U.S. Maritime Administration; mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association; obligations of the Student Loan Marketing Association; obligations of the Federal Farm Credit Systems; obligations of the Resolution Trust Corporation and participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation or any successor agency to each of the foregoing;
- (v) All other obligations issued or unconditionally guaranteed as to the timely payment of principal and interest by an agency or person controlled or supervised by and acting as an instrumentality of the United States of America pursuant to authority granted by Congress;
- (vi) (a) Interest-bearing time or demand deposits, certificates of deposit, or other similar banking arrangements with any government securities dealer, bank, trust company, savings and loan association, national banking association or other savings institution (including the Trustee), provided that such deposits, certificates, and other arrangements are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or (b) interest-bearing time or demand

deposits or certificates of deposit with any bank, trust company, national banking association or other savings institution (including the Trustee), provided such deposits and certificates are in or with a bank, trust company, national banking association or other savings institution whose long-term unsecured debt is rated in one of the three highest long-term Rating Categories by each Rating Agency then maintaining a rating on any Bonds, and provided further that with respect to (a) and (b), any such obligations are held by the Trustee or a bank, trust company or national banking association other than the issuer of such obligations, unless the issuer is the Trustee;

- (vii) Repurchase agreements collateralized by securities described in subparagraphs (i), (ii), (iii) or (iv) above with any registered broker/dealer or with any commercial bank, provided that (a) a specific written repurchase agreement governs the transaction, (b) the securities are held, free and clear of any lien, by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (1) a Federal Reserve Bank, or (2) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee, (c) the repurchase agreement has a term of thirty days or less, or the Trustee or the third-party custodian will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within five business days of such valuation, and (d) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least one hundred and two percent (102%);
- (viii) Money market funds rated in the highest short-term Rating Category by each Rating Agency then maintaining a rating on any Bonds;
- (ix) Commercial paper rated in the highest short-term Rating Category by each Rating Agency then maintaining a rating on any Bonds;
- (x) Advanced-Refunded Municipal Bonds;
- (xi) Short-term or long-term obligations of any state of the United States of America that are rated in the three highest rating categories by each Rating Agency then maintaining a rating on any Bonds Outstanding;
- (xii) investment contracts with banks or other financial institutions whose long-term unsecured debt or claims-paying ability is rated in one of the three highest Rating Categories by each Rating Agency then maintaining a

rating on any of the Bonds Outstanding, but in no event lower than the Rating Category designated by such Rating Agency for the Bonds.

“Pledged Funds” shall mean and include the following:

- (i) all moneys received or to be received by the Commonwealth from the portion of the Motor Fuels Tax equal to fourteen and one thousand and eighty-five ten-thousandths cents (\$0.17104) per gallon with respect to the excise tax imposed on fuel (other than aviation fuel) by the provisions of Chapter 64A*, equal to twenty-one cents (\$0.24) per gallon with respect to the excise tax imposed on fuel (other than liquefied gas) by the provisions of Chapters 64E and 64F, and equal to 19.1 percent of the average price per gallon (computed to the nearest tenth of one percent) with respect to the excise tax imposed on liquefied gas;
- (ii) all Registry Fees;
- (iii) all moneys received or to be received by the Trustee from the 1994 Trustee pursuant to the 1994 Trust Agreement;
- (iv) subject in all respects to the prior lien of the 1994 Trust Agreement, all moneys received or to be received by the Commonwealth from that portion of the Motor Fuels Tax imposed pursuant to Chapter 64A (other than aviation fuel) equal to six and eighty-six hundredths cents (\$0.0686) per gallon, together with any other amounts now constituting “Pledged Funds” within the meaning of the 1994 Trust Agreement;
- (v) to the extent permitted by law, Direct Payments received by the Commonwealth with respect to Build America Bonds and Recovery Zone Economic Development Bonds; and
- (vi) to the extent permitted herein such Additional Pledged Funds as the Commonwealth may by a subsequent Supplemental Trust Agreement pledge to the Trustee as security for the Bonds.

“Principal Installment” shall mean, as of any particular date of computation and with respect to Bonds of a particular Series, an amount of money equal to the aggregate of (i) the principal amount of Outstanding Bonds of said Series which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds which would at or before said future date be retired by reason of the payment when due and application in accordance with the Trust Agreement of Sinking Fund Payments payable at or before said future date for the retirement of such Outstanding Bonds, plus (ii) the amount of any Sinking Fund Payment payable on said future date for the retirement of any Outstanding Bonds of said Series.

* Fuel subject to the provisions of Chapter 64A consisting of cellulosic biofuel or a blend of gasoline and cellulosic biofuel is taxable in proportion to the percentage of the fuel content consisting of gasoline, as determined by the Commonwealth’s Department of Energy Resources.

“Prior Federal Highway Grant Anticipation Notes” shall mean the Special Obligation Refunding Notes (Federal Highway Grant Anticipation Note Program) 2003 Series A issued and delivered on July 16, 2003 and the Special Obligation Refunding Notes (Senior Federal Highway Grant Anticipation Note Program), 2010 Series A issued and delivered on December 23, 2010, in each case, pursuant to the Prior Federal Highway Grant Anticipation Note Trust Agreement.

“Prior Federal Highway Grant Anticipation Note Trust Agreement” shall mean the Amended and Restated Trust Agreement dated as of December 1, 2010 between the Commonwealth and the Prior Federal Highway Grant Anticipation Note Trustee, relating to the Commonwealth’s Prior Federal Highway Grant Anticipation Notes.

“Prior Federal Highway Grant Anticipation Note Trustee” shall mean U.S. Bank National Association, as trustee under the Prior Federal Highway Grant Anticipation Note Trust Agreement, or any successor.

“Project” shall mean any purpose authorized by a Bond Authorization for which Bonds may be issued under the provisions of the Act.

“Qualified Hedge Agreement” shall mean an interest rate exchange, cap, floor or collar agreement between the Commonwealth and a Hedge Provider based upon a notional amount, where (a) the Hedge Provider, or the person who guarantees the obligation of the Hedge Provider to make any payments due to the Commonwealth, has unsecured long-term obligations rated, or (b) the hedge agreement itself is rated, in each case as of the date the hedge agreement is entered into, by each Rating Agency then maintaining a rating on the Bonds Outstanding in either (i) a Rating Category, with respect to each such Rating Agency, at least equal to “A,” but in no event lower than the Rating Category designated by such Rating Agency for the Bonds Outstanding subject to such hedge agreement or (ii) a lower Rating Category which any such Rating Agency indicates in writing to the Commonwealth and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on Commonwealth general obligation bonds or will not, by itself, result in a reduction or withdrawal of its rating on the Bonds Outstanding (without regard to Credit Enhancement) subject to such hedge agreement that is in effect prior to entering into such hedge agreement.

“Rating Agency” shall mean Moody’s Investors Service, Inc. and Standard & Poor’s Ratings Group, Inc., and their respective successors or assigns.

“Rating Categories” shall mean rating categories as published by a Rating Agency in its written compilations of ratings and any written supplement or amendment thereto and any such Rating Category shall be determined on the generic rating without regard to any modifiers and, unless otherwise specified herein or in an Applicable Supplemental Trust Agreement, shall be long term ratings.

“Rebate Fund” shall mean the fund so designated and created by Section 502.

“Rebate Fund Requirement” shall mean, as of any date of calculation, an amount equal to the aggregate of the amounts, if any, calculated in accordance with each Applicable Supplemental Trust Agreement authorizing the issuance of a Series of Tax Exempt Bonds as the amount required to be maintained in the Rebate Fund with respect to such Bonds.

“Recovery Zone Economic Development Bonds” shall have the meaning set forth in Section 1400U-2 of the Code and Section 203(9) hereof.

“Redemption Fund” shall mean the fund so designated and created by Section 502.

“Redemption Price” shall mean, with respect to any Bond, the principal amount thereof plus the premium, if any, payable upon redemption thereof

“Refunding Bonds” shall mean any of the Bonds authorized by Section 207.

“Registered Owner” or “owner” shall mean the registered owner of a Bond of a particular Series of Bonds as shown on the register for such Series of Bonds.

“Registry Fees” shall mean the moneys deposited in the Commonwealth Transportation Fund pursuant to Section 34(iii) of Chapter 90.

“Reimbursement Obligation” shall have the meaning given such term under Section 210 hereof.

“Revenue Account” shall mean the account so designated and created as part of the Commonwealth Transportation Fund by Section 502.

“Secretary of Administration and Finance” shall mean the Secretary of the Executive Office for Administration and Finance of the Commonwealth or any designee acting in his stead.

“Secretary of Transportation” shall mean the Secretary of the Massachusetts Department of Transportation or any designee acting in his stead.

“Series” when used with respect to less than all of the Bonds, shall mean such Bonds designated as a Series of Bonds pursuant to a Supplemental Trust Agreement.

“SIFMA Index” shall mean, on any day, the index currently known as the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index as of the most recent date for which such index was published by Municipal Market Data, Inc., any successor to such index, or, if such index is no longer published by Municipal Market Data, Inc. or its successor, any other reasonably comparable index selected by the Commonwealth.

“Sinking Fund Payment” shall mean, as of any particular date of computation and with respect to Bonds of a particular Series, the amount of money required by any Supplemental Trust Agreement to be paid by the Commonwealth on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Commonwealth by reason of the redemption of Bonds at the election of the Commonwealth.

“Subordinated Bonds” shall mean any bonds, notes or other evidences of indebtedness issued pursuant to Section 209(3).

“Subordinated Debt Service Fund Requirement” shall mean, as of any particular date of computation, the amount of money obtained by aggregating the several sums, computed with respect to Subordinated Bonds Outstanding, of (i) any unpaid interest due on such Subordinated Bonds at or before said date and all unpaid interest on such Subordinated Bonds accrued but not due at said date, (ii) the principal amount of any such Subordinated Bonds matured and unpaid at or before said date, and (iii) with respect to any Principal Installment of any Subordinated Bonds not included in (ii) above, but payable on the next succeeding Principal Installment payment date other than by reason of redemption at the option of the Commonwealth or the Holder of any Subordinated Bonds, that portion of such Principal Installment determined by multiplying such Principal Installment by a fraction, the numerator of which shall be the number of days elapsed from and including the immediately preceding Principal Installment payment date, or if (a) there be no such date with respect to such Subordinated Bonds or (b) such preceding Principal Installment payment date is more than one year prior to the due date of such Principal Installment, then from a date one year preceding the due date of such Principal Installment or from the date of issuance thereof, whichever date is later, to the date of such calculation and the denominator of which shall be the number of days from and including the immediately preceding Principal Installment payment date, or if (c) there be no such date with respect to such Subordinated Bonds or (d) such preceding Principal Installment payment date is more than one year prior to the due date of such Principal Installment, then from a date one year preceding the due date of such Principal Installment or from the date of issuance thereof, whichever date is later, to such Principal Installment payment date.

“Supplemental Trust Agreement” shall mean any Trust Agreement of the Commonwealth amending or supplementing this Trust Agreement adopted and becoming effective in accordance with the terms of Article IX.

“Tax Exempt Bonds” shall mean any Bonds accompanied by a Bond Counsel’s opinion upon the original issuance thereof that the interest on such Bonds is not includable in the gross income of the holder thereof for Federal income tax purposes.

“Tender Bonds” shall have the meaning given such term in Section 203(4) hereof.

“Transportation Bonds” shall mean bonds issued from time to time by the Commonwealth pursuant to the Act, other than Bonds issued hereunder.

“Treasurer” shall mean the Treasurer and Receiver-General of the Commonwealth or any Deputy Treasurer and Receiver-General of the Commonwealth acting on his behalf.

“Trustee” shall mean the trustee appointed in accordance with Section 801, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to this Trust Agreement.

“Valuation Date” shall mean (i) with respect to any Bonds that are Capital Appreciation Bonds, the date or dates set forth in the Applicable Supplemental Trust Agreement on which specific Accreted Values are assigned to such Bonds and (ii) with respect to any Bonds that are Deferred Income Bonds, the date or dates prior to the Interest Commencement Date set forth in

the Applicable Supplemental Trust Agreement on which specific Appreciated Values are assigned to such Bonds.

“Variable Rate Bonds” shall have the meaning given such term in Section 203(3) hereof.

“Variable Rate Ceiling” shall have the meaning given such term in Section 203(3) hereof.

The terms “herein,” “hereunder,” “hereby,” “hereof” and any similar terms refer to this Trust Agreement as a whole, the term “heretofore” shall mean before the effective date of this Trust Agreement, and the term “hereafter” shall mean after the effective date of this Trust Agreement. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, words importing persons shall include firms, associations and corporations, and words of the masculine or feminine gender shall include correlative words of the opposite and neuter genders.

ARTICLE II.

Authorization and Issuance of Bonds

SECTION 201. Authority for Trust Agreement. This Trust Agreement has been executed and delivered pursuant to the Act.

SECTION 202. Trust Agreement to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall own the same from time to time, this Trust Agreement shall constitute a contract between the Commonwealth and the registered owners from time to time of the Bonds, and the pledge made in this Trust Agreement and the covenants and agreements therein set forth to be performed by or on behalf of the Commonwealth shall be for the equal benefit, protection and security of the registered owners of any and all of the Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as otherwise expressly provided in or permitted by this Trust Agreement.

SECTION 203. Authorization of Bonds.

(1) The Commonwealth is hereby authorized to issue one or more series of Bonds hereunder to be designated “Special Obligation Revenue Bonds” and shall bear such further designation as required by law, which Bonds may be issued as hereinafter provided from time to time, without limitation as to amount except as provided in this Trust Agreement or as limited by law. The Bonds may, if and when authorized by the Commonwealth pursuant to one or more Bond Authorizations and one or more Supplemental Trust Agreements, be issued in one or more Series, and the designation thereof, may include such further appropriate designations added to or incorporated in such title for the Bonds of any particular Series as the Commonwealth may determine. The Bonds may be issued as Fixed Rate Bonds, Variable Rate Bonds, Tender Bonds, Capital Appreciation Bonds, Deferred Income Bonds, Discount Bonds, Build America Bonds or Recovery Zone Economic Development Bonds, or any combination thereof in accordance with applicable provisions set forth below and the Applicable Supplemental Trust Agreement.

(2) The Commonwealth may issue Bonds (“Fixed Rate Bonds”) hereunder which bear a fixed rate or rates of interest during the term thereof. The Applicable Supplemental Trust Agreement shall specify the rate or rates of interest borne by such Bonds and the interest payment dates thereof.

(3) The Commonwealth may issue Bonds (“Variable Rate Bonds”) hereunder which provide for a variable, adjustable, convertible or other similar rates of interest, not fixed as to percentage at the date of issue for the term thereof. The Applicable Supplemental Trust Agreement shall specify:

- (i) the method or methods for determining the interest rate borne by such Bonds and the frequency of change thereof;
- (ii) the maximum interest rate (the “Variable Rate Ceiling”) payable on such Bonds during the term thereof; and
- (iii) if deemed desirable by the Commonwealth provisions with respect to the conversion of such Bonds to Fixed Rate Bonds and the further conversion of such Fixed Rate Bonds to Variable Rate Bonds.

The method or methods for determining the interest rate on Variable Rate Bonds pursuant to (i) above may include the selection of such rate by an indexing agent as provided in an agreement between the Commonwealth and such agent, the utilization of an index or indices as described in the Applicable Supplemental Trust Agreement, or such other standard or standards set forth by the Commonwealth in the Applicable Supplemental Trust Agreement or any combination of the foregoing.

(4) The Commonwealth may provide that any Series of Bonds may include an option exercisable by the registered owners thereof to have such Bonds (“Tender Bonds”) either repurchased or redeemed prior to the maturity thereof. The Treasurer shall provide the Trustee and each Rating Agency then maintaining a rating on any Bonds Outstanding with at least thirty (30) days’ prior written notice of the Commonwealth’s intention to issue any Tender Bonds hereunder. The Applicable Supplemental Trust Agreement shall specify:

- (i) the period or periods during which and the circumstances under which such option may be exercised, including provisions for the variation of such periods;
- (ii) provisions, as the Commonwealth shall deem desirable, with respect to the repurchase of such Bonds and the remarketing thereof, including provisions with respect to the appointment of the remarketing agent therefor; and
- (iii) provisions, as the Commonwealth shall deem desirable, for the adjustment of the interest rate or maturity of such Bonds upon the exercise of any such option.

Any Tender Bonds which shall have been repurchased pursuant to any remarketing agreement and not otherwise redeemed by the Commonwealth shall continue to be Outstanding Bonds hereunder.

Any Tender Bonds issued hereunder may be secured by a Liquidity Facility providing for the repurchase or payment of any tender price of Tender Bonds which have not been remarketed upon tender of such Bonds and any accrued and unpaid interest due on such Bonds upon the tender date thereof. The provider of any such Liquidity Facility shall have a rating on its short term obligations within the highest Rating Category from each Rating Agency then maintaining a rating on the Bonds Outstanding.

(5) Any Variable Rate Bonds which contain an option to convert such Bonds to Fixed Rate Bonds shall be deemed Variable Rate Bonds hereunder until the date of such conversion and on and after such date, such Bonds shall be deemed Fixed Rate Bonds.

(6) The Commonwealth may issue Bonds (“Capital Appreciation Bonds”) which provide for the addition of accrued and unpaid interest to the principal due thereon upon such terms with respect thereto determined by an Applicable Supplemental Trust Agreement. The Applicable Supplemental Trust Agreement shall specify interest rate or rates for such Bonds and the Accreted Values of any such Bonds.

(7) The Commonwealth may issue Bonds (“Discount Bonds”) which either bear a zero stated rate of interest or bear a stated rate of interest such that such Bonds are sold at a price less than the aggregate principal amount thereof in order to provide such yield thereon as deemed appropriate and desirable thereon by the Commonwealth. In the Applicable Supplemental Trust Agreement for any Discount Bonds, the Commonwealth may provide for the determination of the “principal amount” and “interest” payable on such Bonds and, if so provided in the Applicable Supplemental Trust Agreement, for the purposes hereof such terms with respect to such Bonds shall have the meaning given in such Applicable Supplemental Trust Agreement.

(8) The Commonwealth may issue Bonds (“Deferred Income Bonds”) which provide for the deferral of interest on such Bonds until the Interest Commencement Date. The Applicable Supplemental Trust Agreement shall specify the interest rate or rates for such Bonds and Interest Commencement Date for such Bonds.

(9) The Commonwealth may issue Bonds (“Build America Bonds” or “Recovery Zone Economic Development Bonds,” as specified by the Commonwealth at the time of issuance thereof) that provide for a Direct Payment to be received by the Commonwealth from the federal government with respect to a portion of the interest payable on such Bonds. The Applicable Supplemental Trust Agreement shall authorize the Treasurer to make any elections, certifications, representations, agreements, modifications or amendments required with respect to any such Bonds, including, without limitation, to the extent permitted or authorized by law, the allocation to the Revenue Account of any Direct Payment received by the Commonwealth from the federal government with respect to a portion of the interest payable on such Bonds.

SECTION 204. General Provisions for Issuance of Bonds.

(1) Bonds of any Series shall be authorized by a Supplemental Trust Agreement which shall specify:

- (i) The authorized principal amount, designation, manner of numbering and lettering and Series of such Bonds;
- (ii) the provisions of Section 203(2), (3), (4), (6), (7), (8) or (9) applicable to such Series of Bonds, and if applicable, whether any such Bonds shall be deemed to be Balloon Indebtedness;
- (iii) the purpose for which such Bonds are being issued, which shall be one or more of the purposes specified in Sections 205, 206 or Section 207;
- (iv) the date of such Bonds and the date or dates of maturity thereof;
- (v) the Redemption Price or Prices and the time or times and other terms of redemption, if any, of any of such Bonds;
- (vi) the amount and date of each Sinking Fund Payment, if any, required to be paid for the retirement of any of such Bonds of like maturity, expressed as an amount payable on an interest payment date of such Bonds sufficient to redeem or pay at the applicable Redemption Price thereof on said date a specified principal amount of the Bonds of said maturity;
- (vii) the manner in which the proceeds of such Bonds are to be applied;
- (viii) the Bond Authorizations under which proceeds may be allocated by the Treasurer;
- (ix) if so determined by the Treasurer, provisions for sale of such Bonds;
- (x) the additions and variations, if any, to the form of the Bonds as set forth in Article XII applicable to the amortization and redemption provisions of such Bonds;
- (xi) any provisions required or, if so determined by the Treasurer, permitted by Section 203;
- (xii) specification of record dates or provisions with respect thereto for purposes of determining the registered owners to whom interest shall be paid; and
- (xiii) any other provisions deemed advisable by the Treasurer not in conflict with this Trust Agreement

(2) Each Applicable Supplemental Trust Agreement shall provide for Principal Installments sufficient to retire all Bonds of the Series authorized not later than the last maturity date of such Series and shall otherwise mature in amounts and at such dates consistent with the related Bond Authorizations and other provisions of law establishing the term for bonds issued under the related Bond Authorizations.

(3) The Bonds of each Series shall be executed by the Treasurer and the Governor and delivered to the Paying Agent for such Series of Bonds and by it authenticated and delivered to or upon the order of the Commonwealth, but only upon notification by the Trustee that it has received:

- (i) A Bond Counsel's opinion to the effect that (a) the Commonwealth has the right and power under the Act to enter into this Trust Agreement and the Applicable Supplemental Trust Agreement and each has been duly and lawfully executed on behalf of the Commonwealth by the Treasurer with the concurrence of the Secretary of Administration and Finance and the Secretary of Transportation, this Trust Agreement and the Applicable Supplemental Trust Agreement are in full force and effect and are valid and binding upon the Commonwealth and enforceable in accordance with their terms, and no other authorization for this Trust Agreement and the Applicable Supplemental Trust Agreement is required, (b) this Trust Agreement creates the valid pledge which it purports to create of the Pledged Funds, rights, moneys, securities, credit facilities (if any) and funds held under this Trust Agreement in the manner and to the extent provided herein and the Applicable Supplemental Trust Agreement, and (c) the Bonds of such Series are valid and binding special obligations of the Commonwealth, enforceable in accordance with their terms and the terms of this Trust Agreement and entitled to the benefits of the Act, as provided under this Trust Agreement, and this Trust Agreement.
- (ii) A written order of an Authorized Officer as to the authentication and delivery of such Bonds;
- (iii) This Trust Agreement and the Applicable Supplemental Trust Agreement executed by the Treasurer, with the concurrence of the Secretary of Administration and Finance and the Secretary of Transportation, and the Trustee;
- (iv) The instruments or agreements evidencing or representing any Credit Enhancement or Liquidity Facility required by the Applicable Supplemental Trust Agreement; and
- (v) Such further documents and moneys as are required by Sections 205, 206, 207 or Article IX or by the Applicable Supplemental Trust Agreement.

SECTION 205. Authorization and Conditions Precedent to Delivery of the Initial Bonds.

(1) Bonds of a Series (the “Initial Bonds”) are hereby authorized and for such purposes, consistent with this Trust Agreement, as are specified in the Applicable Supplemental Trust Agreement. The Initial Bonds shall be in all respects as described in said Supplemental Trust Agreement.

(2) The Initial Bonds shall be executed by the Treasurer and Governor and delivered to the Paying Agent for such Series of Bonds and by it authenticated and delivered to or upon the order of an Authorized Officer, but only upon notification by the Trustee that it has received:

- (i) The documents, moneys and opinions required by Section 204(3);
- (ii) The documents and moneys, if any, required by the Applicable Supplemental Trust Agreement; and
- (iii) A certificate of the Treasurer stating that a fully executed copy of this Trust Agreement shall have been filed with the Treasurer as required by the Act.

SECTION 206. Conditions Precedent to the Delivery of Additional Bonds.

(1) One or more Series of Additional Bonds may be issued in accordance with this Section for the purpose of (i) paying all or a portion of the cost of any Project including the refunding of any Transportation Bonds, 1994 Trust Agreement Bonds or any Bonds, (ii) the making of deposits in the Debt Service Fund or Subordinated Debt Service Fund, as applicable, (iii) the payment of the Costs of Issuance of such Bonds, (iv) the payment of the principal of and interest and premium, if any, on notes issued in anticipation of such Bonds in accordance with Section 208 or (v) any combination of the foregoing.

(2) A Series of Additional Bonds shall be executed by the Treasurer and Governor and delivered to the Paying Agent for such Series of Bonds and by it authenticated and delivered to or upon the order of an Authorized Officer, but only upon notification by the Trustee that it has received:

- (i) The documents, moneys and opinions required by Section 204(3);
- (ii) The documents and moneys, if any, required by the Applicable Supplemental Trust Agreement.
- (iii) A certificate of an Authorized Officer stating that, as of the delivery of such Additional Bonds and application of their proceeds, no Event of Default, as described in Section 701, will have happened and will then be continuing;
- (iv) A certificate or certificates of the Commissioner of Revenue or the Comptroller setting forth the amount of Pledged Funds received by the Commonwealth for each month for the eighteen (18) month period ending

with the last full month immediately preceding the issuance of the Additional Bonds;

(v) One of the following certificates as determined by the Treasurer:

(A) A certificate of an Authorized Officer showing that the amount of Pledged Funds as certified pursuant to subparagraph (iv) above received by the Treasurer during any twelve (12) consecutive months out of such eighteen (18) month period referred to in subparagraph (iv) above was not less than four hundred percent (400%) of the maximum aggregate Adjusted Bond Debt Service Requirement due in the then current or any future Fiscal Year on Bonds Outstanding including the proposed Additional Bonds, or

(B) if the Commonwealth shall pledge an additional portion of the Motor Fuels Tax, Registry Fees, or any other Additional Pledged Funds pursuant to Section 501(2), which amounts shall have been collected by the Commonwealth for at least twelve (12) consecutive months of the eighteen (18) month period described in subparagraph (iv) above, (x) a certificate of the Comptroller and/or the Commissioner of Revenue showing Pledged Funds for eighteen (18) consecutive months immediately preceding the month in which the Additional Bonds are issued, calculated on the basis that Pledged Funds shall include such Additional Pledged Funds for such period, and (y) a certificate of an Authorized Officer showing that the Pledged Funds calculated as provided in subparagraph (iv) above for any twelve (12) consecutive months during the eighteen (18) month period described in (x) above shall be not less than four hundred percent (400%) of the maximum aggregate Adjusted Bond Debt Service Requirement during the then current Fiscal Year or any future Fiscal Year on all Bonds Outstanding including the proposed Additional Bonds, or

(C) if the Commonwealth shall pledge an additional portion of the Motor Fuels Tax, Registry Fees, or any other Additional Pledged Funds pursuant to Section 501(2), which Additional Pledged Amounts have not been collected by the Commonwealth during at least twelve (12) consecutive months of the eighteen (18) month period described in subparagraph (iv) above, a certificate of an Authorized Officer showing that the amount of any Pledged Funds projected to be received by the Commonwealth after giving effect to any such Additional Pledged Funds pursuant to Section 501(2) during the first full Fiscal Year immediately succeeding the issuance of the proposed Additional Bonds will not be less than four hundred percent (400%) of the maximum aggregate Adjusted Bond Debt Service Requirement due in the then current or in any future Fiscal Year on Bonds Outstanding including the proposed Additional Bonds;

- (vi) If the Commonwealth shall deliver a certificate pursuant to subparagraph (v)(B) above, which shall include as a basis for calculation of Pledged Funds any Additional Pledged Funds other than an additional portion of the Motor Fuels Tax, Registry Fees or a certificate pursuant to subparagraph (v)(C) above, confirmation from each Rating Agency maintaining a rating on Bonds Outstanding that the issuance of such Additional Bonds shall not adversely affect their rating in effect on Bonds Outstanding (without regard to Credit Enhancement);
- (vii) If any such Additional Bonds are to be issued as Tender Bonds, a fully executed copy of the Liquidity Facility for such Bonds, if any; and
- (viii) If applicable, the certificate of an Authorized Officer required by Section 211(3).

SECTION 207. Special Conditions Precedent to the Delivery of Refunding Bonds.

(1) One or more Series of Refunding Bonds may be issued in accordance with this Section for the purpose of refunding all or any part of the Bonds of one or more Series Outstanding.

(2) A Series of Refunding Bonds shall be executed by the Treasurer and Governor of the Commonwealth and delivered to the Paying Agent for such Series of Bonds and by it authenticated and delivered to or upon the order of an Authorized Officer, but only upon receipt by the Trustee:

- (i) The documents, moneys and opinions required by Section 204(3);
- (ii) The documents and moneys, if any, required by the Supplemental Trust Agreement authorizing such Refunding Bonds;
- (iii) A certificate of an Authorized Officer stating that, as of the delivery of such Refunding Bonds and application of their proceeds, no Event of Default as described in Section 701 will have happened and will then be continuing;
- (iv) A certificate of an Authorized Officer setting forth the Adjusted Bond Debt Service Requirement for each Fiscal Year in which Bonds are or will be Outstanding (a) computed immediately prior to the delivery of such Refunding Bonds and (b) computed immediately after the delivery of such Refunding Bonds, and showing either that (x) the Adjusted Bond Debt Service Requirement in each Fiscal Year in which Bonds will be Outstanding as computed in (b) of this paragraph will not be greater than the Adjusted Bond Debt Service Requirement in each such Fiscal Year as computed in (a) of this paragraph or (y) the net present value of the Adjusted Bond Debt Service Requirement as computed in paragraph (b) of this paragraph is less than the net present value of the Adjusted Bond Debt Service Requirement as computed in paragraph (a) of this paragraph;

provided that, in lieu of such certificate, the Comptroller or Commissioner of Revenue and an Authorized Officer may deliver to the Trustee certificates satisfying the conditions of Sections 206(2)(iv), (v) and (vi) and in each case treating the Refunding Bonds to be issued as Additional Bonds thereunder;

- (v) A certificate of an Authorized Officer specifying the Bonds to be refunded;
- (vi) If any Bonds are to be redeemed prior to maturity, irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of the Bonds to be redeemed on a redemption date specified in the instructions;
- (vii) If the Bonds to be refunded are not by their terms due to mature or subject to redemption within the next succeeding sixty (60) days, irrevocable instructions to the Trustee, satisfactory to it, to give due notice as provided in Section 1101 to the registered owners of the Bonds to be refunded;
- (viii) An amount of money or Defeasance Obligations sufficient pursuant to Section 1101 to effect payment at maturity or redemption, pursuant to Article IV, of the Bonds to be refunded; and
- (ix) If applicable, the certificate of an Authorized Officer required by Section 211(3).

SECTION 208. Bond Anticipation Notes. Whenever the Commonwealth shall authorize the issuance of a Series of Bonds, the Commonwealth may by this Trust Agreement, to the extent authorized by law, issue notes (and renewals thereof) in anticipation of such Series. The principal of and interest on such notes and renewals thereof shall be payable from any moneys of the Commonwealth lawfully available therefor, from the proceeds of such notes or from the proceeds of the sale of the Series of Bonds in anticipation of which such notes are issued. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such notes. Subject to Section 209 and to the extent permitted by law, the Commonwealth may also pledge the Pledged Funds to the payment of such notes. Prior to the issuance of any such notes, the Treasurer shall certify to the Trustee that he reasonably expects that all applicable requirements of this Article II pertaining to the issuance of the Series of Bonds in anticipation of which such notes are to be issued can be satisfied.

SECTION 209. Creation of Liens; Other Indebtedness.

(1) Except as otherwise expressly provided herein, the Commonwealth shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, secured by a pledge of or other lien on the Pledged Funds or any other moneys, securities and funds held or set aside by the Commonwealth or by the Fiduciaries under this Trust Agreement, and shall not otherwise create or cause to be created any lien or charge on such Pledged Funds, moneys, securities and funds.

(2) Notwithstanding anything herein to the contrary the Commonwealth may at any time or from time to time issue notes or other evidences of indebtedness (and renewals thereof) in anticipation of Bonds to the extent and in the manner provided in Section 208, which notes, if so determined by the Commonwealth and to the extent permitted by law, may be secured by a pledge of Pledged Funds, provided that such pledge shall in all respects be subordinate to the provisions of this Trust Agreement and the pledge created by this Trust Agreement.

(3) The Commonwealth may issue bonds (other than Additional Bonds or Refunding Bonds), notes or other evidences of indebtedness which are payable out of, or secured by a pledge of, the Pledged Funds so long as such bonds, notes or evidences of indebtedness are expressly subordinate to the obligations created hereunder and the security granted hereby and to the obligations and security created by the 1994 Trust Agreement.

(4) Nothing in this Section or this Trust Agreement shall prevent the Commonwealth from issuing bonds, notes or other evidences of indebtedness which are payable out of, or secured by a pledge of, Pledged Funds to be derived on and after such date as the pledge of the Pledged Funds created by this Trust Agreement has been discharged as provided in Section 1101. Nothing in this Section or this Trust Agreement shall prevent the Commonwealth from issuing bonds, notes or other evidences of indebtedness which are payable out of, or secured by a pledge of, a portion of the Motor Fuels Tax, Registry Fees, any other Additional Pledged Funds or any other amounts to be credited to the Commonwealth Transportation Fund to the extent such portions of the Motor Fuels Tax, Registry Fees, Additional Pledged Funds or such other amounts do not constitute Pledged Funds.

SECTION 210. Credit Enhancement/Liquidity Facilities.

(1) In connection with any Series of Bonds issued or to be issued hereunder, the Commonwealth may obtain or cause to be obtained Credit Enhancement or a Liquidity Facility providing for payment of all or a portion of the principal, premium, or interest due or to become due on such Bonds or providing for the purchase of such Bonds or a portion thereof by the issuer of any such Credit Enhancement or Liquidity Facility. In connection therewith the Commonwealth may enter into such agreements with the issuer of such Credit Enhancement or Liquidity Facility providing for, inter alia:

- (i) the payment of fees and expenses to such issuer for the issuance of such Credit Enhancement or Liquidity Facility; and
- (ii) the terms and conditions of such Credit Enhancement or Liquidity Facility and the Series of Bonds affected thereby.

The Commonwealth may secure such Credit Enhancement or Liquidity Facility by an agreement providing for the purchase of the Series of Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified in a Supplemental Trust Agreement. The Commonwealth may also agree with the issuer of such Credit Enhancement or Liquidity Facility to reimburse such issuer directly for amounts paid under the terms of such Credit Enhancement or Liquidity Facility, together with interest thereon ("Reimbursement Obligation"). Such Reimbursement Obligation

may be subject to a lien on Pledged Funds on a parity with the lien created hereby for the related Series of Bonds, provided, however, that the Reimbursement Obligation relating to any Liquidity Facility relating to Variable Rate Bonds may be secured only by a lien on Pledged Funds expressly subordinate to the lien created hereby. Upon the payment of amounts under the Credit Enhancement which results in the Reimbursement Obligations becoming due and payable, such Reimbursement Obligation shall be deemed a Bond Outstanding hereunder.

(2) Any such Credit Enhancement or Liquidity Facility shall be for the benefit of and secure such Series of Bonds as specified in a Supplemental Trust Agreement.

SECTION 211. Qualified Hedge Agreements.

(1) The Commonwealth may from time to time enter into Qualified Hedge Agreements with a Hedge Provider with respect to all or a portion of the Bonds of any Series Outstanding hereunder. The obligations of the Commonwealth thereunder may be secured by a pledge of the Pledged Funds; provided, however, that such security shall be expressly subordinate to the security for the Bonds Outstanding granted hereunder. The Treasurer shall provide the Trustee and each Rating Agency then maintaining a rating on any Bonds Outstanding with at least thirty (30) days prior written notice of its intention to enter into a Qualified Hedge Agreement unless such Qualified Hedge Agreement is being entered into in conjunction with the issuance of Additional Bonds. Prior to the effective date of any Qualified Hedge Agreement, the Commonwealth shall deliver to the Trustee the following:

- (i) A fully executed copy of the Qualified Hedge Agreement, together with a certificate of an Authorized Officer stating that such Agreement and the Hedge Provider meet the requirements of a Qualified Hedge Agreement and Hedge Provider hereunder; and
- (ii) A certificate of an Authorized Officer designating the Series of Bonds or portions thereof subject to the Qualified Hedge Agreement.

(2) Any amounts paid to the Commonwealth pursuant to a Qualified Hedge Agreement shall be deposited by the Treasurer in the Revenue Account. Any amounts payable by the Commonwealth to a Hedge Provider under a Qualified Hedge Agreement may be payable from amounts payable to the Treasurer pursuant to the last paragraph of Section 504 hereof or from any other amounts lawfully available to the Treasurer for such purpose.

(3) Upon the issuance of any Additional Bonds or Refunding Bonds, an Authorized Officer shall deliver to the Trustee a certificate setting forth the interest rate (the "Assumed Hedge Rate") which such Authorized Officer reasonably determines will be the average interest rate which will be payable for the next succeeding twelve consecutive months on the notional amount under any Qualified Hedge Agreement relating to any Fixed Rate Bonds which will remain Outstanding under which the Commonwealth is required to pay a variable interest rate on such notional amount.

ARTICLE III.

General Terms and Provisions of Bonds

SECTION 301. Place and Medium of Payment; Form and Date.

(1) The Bonds of each Series shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts at the office of such Paying Agent as is specified in the Applicable Supplemental Trust Agreement. The interest on any Bonds may be paid by check, draft or wire transfer as specified in the Applicable Supplemental Trust Agreement. The Commonwealth may make provisions in the Applicable Supplemental Trust Agreement with respect to record dates for purposes of determining registered owners for purposes of paying interest on any Bond.

(2) The Bonds of each Series shall be issued in the form of fully registered bonds without coupons payable to a named person or registered assigns; all registered Bonds shall each be in the denomination of \$5,000 or any whole multiple thereof and shall be in substantially the form set forth in Article XII. If at any time Tax Exempt Bonds in bearer form with coupons may be issued under the provisions of the Code, the Commonwealth may by Supplemental Trust Agreement amend this Trust Agreement to permit the issuance of such form of bonds and to provide for such additional notice and other provisions necessary therefor. Such Supplemental Trust Agreement shall not be effective unless delivered to the Trustee together with a Bond Counsel's opinion to the effect that such Supplemental Trust Agreement shall not result in the loss of tax-exemption under the Code of interest on any Tax Exempt Bonds then Outstanding. The Commonwealth may provide in an Applicable Supplemental Trust Agreement for the issuance of the Bonds so authorized in book-entry form or in denominations less than \$5,000 upon the terms and conditions as set forth therein together with such modifications to this Trust Agreement as are necessary and appropriate for such Series of Bonds.

(3) Bonds of each Series shall be dated as of the interest payment date for the Bonds of such Series next preceding the date of authentication thereof by the Paying Agent, unless such date of authentication shall be an interest payment date, in which case they shall be dated as of such date of authentication; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds of any Series shall be in default, the Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered; provided, further, that if the date of authentication shall be prior to the first interest payment date for the Bonds of such Series, Bonds shall be dated as provided in the Applicable Supplemental Trust Agreement. Bonds of each Series shall bear interest from the date specified in the Applicable Supplemental Trust Agreement.

SECTION 302. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Trust Agreement as may be necessary or desirable to comply with custom, the rules of any securities exchange, commission or board or brokerage board, or otherwise, as may be determined by the Commonwealth prior to the authentication and delivery thereof.

SECTION 303. Execution and Authentication.

(1) The Bonds shall be executed in the name of the Commonwealth by the manual or facsimile signatures of the Treasurer and Governor and its official seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced. In case any one or more of the officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been actually authenticated and delivered by the Paying Agent, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the Commonwealth by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in the Commonwealth, although at the date of the Bonds of such Series such persons may not have been so authorized or have held such office.

(2) The Bonds of each Series shall bear thereon a certificate of authentication, in substantially the form set forth in Section 1201, executed manually by the Paying Agent for such Series. Only such Bonds as bear such certificate of authentication shall be entitled to any right or benefit under this Trust Agreement and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Paying Agent. Such certificate of the Paying Agent upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Trust Agreement and the registered owner thereof is entitled to the benefits of this Trust Agreement.

SECTION 304. Interchangeability of Bonds. Bonds, upon surrender thereof at the office of the Paying Agent with a written instrument of transfer satisfactory to the Paying Agent, duly executed by the registered owner or its duly authorized attorney, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and tenor of any other authorized denomination.

SECTION 305. Negotiability, Transfer, and Registry. All the Bonds issued under this Trust Agreement shall be negotiable, subject to the provisions for registration and transfer contained in this Trust Agreement and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Commonwealth shall maintain and keep, at the office of the Paying Agent for each Series of Bonds, who shall be registrar for the related Series of Bonds, books for the registration and transfer of each Series of Bonds; and upon presentation thereof for such purpose at said office, the Commonwealth shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Paying Agent may prescribe, any Bond entitled to registration or transfer.

SECTION 306. Transfer of Bonds.

(1) Each Bond shall be transferable only upon the register for the Series of which such Bond is a part, by the registered owner thereof in person or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Paying Agent duly executed by the registered owner or its duly authorized attorney. Upon the transfer of any such Bond the Commonwealth shall issue in the name of the transferee a new

Bond or Bonds of the same aggregate principal amount and Series and maturity and tenor as the surrendered Bond.

(2) The Commonwealth and each Fiduciary may deem and treat the person in whose name any Outstanding Bond shall be registered upon the register for Bonds of such Series as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for all other purposes, and neither the Commonwealth nor any Fiduciary shall be affected by any notice to the contrary. To the extent permitted by law, the Commonwealth agrees to indemnify and save each Fiduciary harmless from and against any and all loss, expense, judgment or liability incurred by it, provided such Fiduciary acts in good faith and without negligence hereunder in so treating such registered owner.

SECTION 307. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Commonwealth shall execute and the Paying Agent for such Series of Bonds shall authenticate and deliver Bonds in accordance with the provisions of this Trust Agreement. All Bonds surrendered in any such exchange or transfer shall forthwith be cancelled by the Paying Agent. For every such exchange or transfer of Bonds, whether temporary or definitive, the Commonwealth or the Paying Agent may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Commonwealth nor the Paying Agent shall be obligated to make any such exchange or transfer (a) of Bonds of any Series during the twenty (20) days next preceding an interest or principal payment date of the Bonds of such Series or (b) in the case of any proposed redemption of Bonds under this Trust Agreement, of Bonds of any Series selected, called or being called for redemption under this Trust Agreement in whole or in part.

SECTION 308. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Commonwealth shall execute, and thereupon the Paying Agent shall authenticate and deliver, a new Bond of like Series, maturity, principal amount and tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of an substitution for the Bond destroyed, stolen or lost, upon filing with the Paying Agent evidence satisfactory to the Commonwealth and the Paying Agent that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Commonwealth and the Paying Agent with indemnity satisfactory to them and complying with such other reasonable regulations as the Commonwealth and the Paying Agent may prescribe and paying such expenses as the Commonwealth and Paying Agent may incur including the expenses, if any, of printing and delivering such new Bond. All Bonds so surrendered to the Paying Agent shall be cancelled by it.

SECTION 309. Preparation of Definitive Bonds; Interim Receipts and Temporary Bonds. Until the definitive Bonds of any Series are prepared, the Commonwealth may execute and, upon the request of the Commonwealth the Paying Agent shall authenticate and deliver, in lieu of definitive Bonds, one or more interim receipts, or one or more temporary Bonds, substantially of the tenor of such definitive Bonds (but with such registration provisions as the Commonwealth may provide) and with such omissions, insertions and variations as may be appropriate for temporary Bonds. The Commonwealth at its own expense, shall prepare and

execute and, upon the surrender at the office of the Paying Agent of such interim receipts and of such temporary Bonds, for exchange and cancellation, the Paying Agent shall authenticate and, without charge to the registered owner thereof, deliver in exchange therefor, definitive Bonds, of the same aggregate principal amount and Series, maturity and tenor as the interim receipts or temporary Bonds surrendered. Until so exchanged, the interim receipts and temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Trust Agreement. All interim receipts and all temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Paying Agent.

SECTION 310. Cancellation of Bonds. All Bonds redeemed or paid by the Commonwealth or any Fiduciary shall be cancelled by it and delivered to the Paying Agent for such Series of Bonds. All Bonds purchased, redeemed or paid by the Paying Agent shall be cancelled by it. No such Bonds shall be deemed Outstanding under this Trust Agreement and no Bonds shall be issued in lieu thereof. All such Bonds and all other Bonds cancelled by the Paying Agent pursuant to this Trust Agreement shall upon order of the Commonwealth be destroyed by the Paying Agent and a certificate thereof delivered to the Commonwealth.

ARTICLE IV.

Redemption of Bonds

SECTION 401. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to a Supplemental Trust Agreement shall be redeemable, upon notice as provided in this Article IV, at such time, at such Redemption Prices and upon such terms (in addition to and consistent with the terms contained in this Article IV) as may be specified in the Applicable Supplemental Trust Agreement.

SECTION 402. Redemption at the Election of the Commonwealth. In the case of any redemption of Bonds otherwise than as provided in Section 403, an Authorized Officer shall give forty-five (45) days' prior written notice to the Trustee and the Paying Agent for the Series of Bonds to be redeemed of the Commonwealth's election so to redeem, the redemption date, the Series and of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts shall be determined by the Treasurer in his or her sole discretion, subject to any limitations with respect thereto contained in any Supplemental Trust Agreement). Such notice shall be given as provided in this Article IV or as provided in any Applicable Supplemental Trust Agreement. In the event notice of redemption shall have been given as provided in Section 405, the Trustee shall, on or before the redemption date pay out of the moneys available therefor to the appropriate Paying Agent or Agents an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agent or Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, all of the Bonds to be redeemed.

SECTION 403. Redemption Otherwise Than at Commonwealth's Election. Whenever by the terms of this Trust Agreement and the Applicable Supplemental Trust Agreement Bonds of a Series are required to be redeemed otherwise than at the election of the Commonwealth, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay out of the

moneys available therefor the Redemption Price to the appropriate Paying Agents in accordance with the terms of this Article IV and, to the extent applicable, subsection (2) of Section 505.

SECTION 404. Selection of Bonds to be Redeemed by Lot. In the event of redemption of less than all the Outstanding Bonds of like Series and maturity, the Trustee shall, unless otherwise provided in an Applicable Supplemental Trust Agreement, select by lot, in such manner as in its discretion it shall deem appropriate and fair, the numbers of the Bonds to be redeemed and the portions of any thereof to be redeemed in part. Bonds of denominations or more than \$5,000 may be redeemed either as a whole or in part (which part must be \$5,000 or an integral multiple thereof). For the purposes of this Section 404, Bonds, or portions thereof, which have theretofore been selected for redemption shall not be deemed Outstanding.

SECTION 405. Notice of Redemption. When the Trustee shall receive notice from the Commonwealth of its election to redeem Bonds pursuant to Section 402, and when redemption of Bonds is required by this Trust Agreement and the Applicable Supplemental Trust Agreement pursuant to Section 403, the Trustee shall give notice, in the name of the Commonwealth, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of registered Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Except in the case where a securities depository is the sole registered holder, in which case notice may be by electronic means, the Trustee shall mail a copy of such notice, postage prepaid not less than thirty (30) days before the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed at their last address, if any, appearing upon the register for such Series of Bonds as of the record date for such Series as provided in the Applicable Supplemental Trust Agreement, but failure so to mail any such notice to any one Bondholder shall not affect the validity of the proceedings for the redemption of Bonds owned by any other Bondholder to whom such notice has been mailed. A notice of redemption given under this Section may state (i) that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption not later than the redemption date, or (ii) that the Commonwealth may rescind such notice at any time prior to the scheduled redemption date if the Commonwealth delivers a notice thereof to the Bondholders. The redemption notice shall be of no effect if such moneys are not so deposited or if the notice is rescinded, and the failure of the Commonwealth to make funds available in whole or in part on or before the redemption date shall not then constitute a default hereunder.

SECTION 406. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 405, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of a Bond, the Commonwealth shall execute and the Paying Agent shall authenticate and deliver, upon the surrender of such Bond, without charge to the registered owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, at the option of the

registered owner thereof, Bonds of like Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable. If said moneys shall not be available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE V.

Establishment of Funds and Application Thereof

SECTION 501. The Pledge Effected by this Trust Agreement.

(1) There are hereby pledged for the payment of principal and Redemption Price of and interest on the Bonds other than Subordinated Bonds, subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in this Trust Agreement, (i) the Pledged Funds and all rights to receive the same, whether existing or coming into existence and whether held or thereafter acquired and including any proceeds thereof, (ii) all moneys, securities and any investment earnings with respect thereto, in all Funds and Accounts established by or pursuant to this Trust Agreement, other than the Rebate Fund and the Subordinated Debt Service Fund, and (iii) any amounts payable to the Commonwealth by a Hedge Provider pursuant to a Qualified Hedge Agreement. The Bonds shall be special obligations of the Commonwealth payable solely from the sources described above and the full faith and credit of the Commonwealth have not been pledged hereunder.

(2) The Commonwealth may in any Supplemental Trust Agreement pledge additional portions of the Motor Fuels Tax, Registry Fees or any other Additional Pledged Funds or portions thereof which the Commonwealth may lawfully pledge to the payment of amounts due hereunder. From and after the date of such Supplemental Trust Agreement such amounts shall be deemed part of the Pledged Funds hereunder. No amounts may be pledged under this Section 501(2) which are subject to any other lien or pledge unless such lien or pledge is made expressly subordinate to the pledge created hereunder.

(3) Pursuant to Section 209(3) of the Trust Agreement, there are hereby pledged for the payment of principal and Redemption Price of and interest on the Subordinated Bonds, subject to the prior pledge thereof for the Bonds (other than Subordinated Bonds), and subject further to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in this Trust Agreement, (i) the Pledged Funds and all rights to receive the same, whether existing or coming into existence and whether held or thereafter acquired and including any proceeds thereof, (ii) all moneys, securities and any investment earnings with respect thereto, in all Funds and Accounts established by or pursuant to this Trust Agreement, other than the Rebate Fund and the Debt Service Fund, and (iii) any amounts payable to the Commonwealth by a Hedge Provider pursuant to a Qualified Hedge

Agreement. Subordinated Bonds shall be special obligations of the Commonwealth payable solely from the sources described above and the full faith and credit of the Commonwealth have not been pledged hereunder.

SECTION 502. Establishment of Funds and Accounts.

(1) On or prior to the date of delivery of the Initial Bonds, the following funds and accounts shall be established and shall be held by the Trustee:

- (i) Redemption Fund;
- (ii) Debt Service Fund;
- (iii) Bond Related Costs Fund; and
- (iv) Rebate Fund.

Such Funds, except the Rebate Fund, are subject to the pledge created hereby.

(2) On or prior to the date of delivery of the Initial Bonds, the Treasurer shall establish the Revenue Account to be maintained as part of the Commonwealth Transportation Fund which is to be held by the Treasurer so long as Bonds shall remain Outstanding hereunder. On or prior to the date of delivery of the Initial Bonds, the Treasurer shall establish the following subaccounts within the Revenue Account:

- (i) Motor Fuels Tax Subaccount; and
- (ii) Non-Motor Fuels Tax Subaccount.

All Pledged Funds constituting Motor Fuels Tax receipts shall be deposited in the Motor Fuels Tax Subaccount. All other Pledged Funds shall be deposited in the Non-Motor Fuels Tax Subaccount. The Revenue Account shall be deposited with the Trustee and the Trustee is hereby directed to establish the Revenue Account as an account held by it as depository thereof. So long as the Trustee holds the Revenue Account as depository, it shall have the same rights with respect thereto as the Trustee under this Agreement. The Revenue Account, while held by the Trustee as depository, shall be subject to the pledge created hereby. On or prior to the delivery of any Subordinated Bonds hereunder, the Trustee shall establish the Subordinated Debt Service Fund, to be held by the Trustee, and subject to the pledge of Section 501(3) hereof.

SECTION 503. Bond Proceeds.

(1) The Treasurer shall hold the following amounts: (i) the amount, if any, provided in the Applicable Supplemental Trust Agreement as necessary to pay the Costs of Issuance of such Series, to pay the cost of the Projects financed by such Series and to pay any outstanding notes issued in anticipation of the Bonds of such Series and (ii) that portion, if any, of the balance then remaining of the proceeds of any notes (or renewals thereof) issued in anticipation of the Bonds of such Series which were issued to pay the cost of any Project financed in whole or in part by such Bonds.

(2) Such amounts shall be applied by the Treasurer to the payment of the Costs of Issuance of the related Series of Bonds, to the extent authorized by an Applicable Supplemental Trust Agreement and otherwise authorized by law, to pay the cost of Projects for which such Bonds have been issued or to pay notes issued in anticipation of such Bonds. The Treasurer may apply such amounts held to pay the Costs of Projects to the Projects authorized by the Applicable Supplemental Trust Agreement in accordance with the provisions thereof and the provisions of applicable law. Any balance remaining after payment of such amounts shall be paid by the Treasurer to the Trustee and deposited in the Redemption Fund and applied to the redemption of Bonds of the related Series.

SECTION 504. Revenue Account.

(1) The Commissioner of Revenue and an Authorized Officer of MassDOT shall deliver to the Trustee within eight (8) business days after the end of each month, commencing with the end of the month in which the Initial Bonds are issued, a certificate stating the amount of Pledged Funds collected by the Commonwealth during such month and, so long as any 1994 Trust Agreement Bonds or Prior Federal Highway Grant Anticipation Notes remain outstanding, indicating the amount of Motor Fuels Tax receipts collected by the Commonwealth as part of such amount of Pledged Funds representing (i) with respect to the 1994 Trust Agreement Bonds, that portion of the Motor Fuels Tax comprised of six and eighty-six hundredths cents (\$0.0686) of the excise on gasoline imposed by the provisions of Chapter 64A (other than aviation fuel) and (ii) with respect to the Prior Federal Highway Anticipation Notes, that portion of the Motor Fuels Tax comprised of ten cents (\$0.10) of the excise on gasoline imposed by the provisions of Chapter 64A (other than aviation fuel). All Pledged Funds (other than any portion thereof required to be deposited with the 1994 Trustee pursuant to the 1994 Trust Agreement) shall be paid by the Treasurer to the Trustee within two (2) business days thereafter from amounts credited to the Commonwealth Transportation Fund and deposited by the Trustee in the applicable subaccounts of the Revenue Account and applied as set forth in subparagraph (3) below.

Immediately upon receipt thereof, the Trustee shall deposit in the Motor Fuels Tax Subaccount of the Revenue Account any Pledged Funds received from the 1994 Trustee pursuant to the 1994 Trust Agreement, to be applied as set forth in subparagraph (3) below. The Trustee shall further deposit in the Revenue Account any funds transferred to the Revenue Account pursuant to a Supplemental Trust Agreement, including without limitation, any Direct Payment.

(2) So long as the Act shall require that the expenditure of amounts in the Commonwealth Transportation Fund are subject to appropriation for the purposes described below, at the beginning of each Fiscal Year after the adoption of the operating budget for the Commonwealth for such Fiscal Year, the Secretary of Administration and Finance and the Treasurer shall certify to the Trustee the amount appropriated for such Fiscal Year for payment of the following amounts:

- (i) the Bond Debt Service Requirement for such Fiscal Year;
- (ii) the Bond Related Costs, if any, for such Fiscal Year;

- (iii) the Rebate Fund Requirement, if any, for such Fiscal Year; and
- (iv) if the Secretary of Administration and Finance and the Treasurer have received a certificate from the Prior Federal Highway Grant Anticipation Note Trustee under the Prior Federal Highway Grant Anticipation Note Trust Agreement, in accordance with Section 507(a) thereof, that the True-up Condition (as defined in the Prior Federal Highway Grant Anticipation Note Trust Agreement) shall have occurred and is continuing, the amount set forth in such certificate.
- (v) if the Secretary of Administration and Finance and the Treasurer have received a certificate from the Federal Highway Grant Anticipation Note Trustee under the Federal Highway Grant Anticipation Note Trust Agreement, in accordance with Section 508(b) thereof, the amount set forth in such certificate. So long as the account held by the Federal Highway Grant Anticipation Note Trustee under the Federal Highway Grant Anticipation Note Trust Agreement is deemed to be part of the Commonwealth Transportation Fund, as set forth in Section 507(c) of the Federal Highway Grant Anticipation Note Trust Agreement, then no appropriation shall be required to transfer any requested amount from the Revenue Account established under this Trust Agreement to said account held by the Federal Highway Grant Anticipation Note Trustee.

If amounts are appropriated for such purposes as an aggregate sum, such sum shall be allocated in the order set forth above for the amounts set forth above and such certificate shall set forth such allocation. To the extent additional amounts are appropriated during a Fiscal Year for any such purpose, the Secretary of Administration and Finance and the Treasurer shall also certify to the Trustee the amount of any such supplemental appropriation. The aggregate amounts appropriated for each such purpose as provided herein shall be referred to as an “Appropriated Amount” for such purpose.

(3) Immediately following the deposit by the Treasurer with the Trustee pursuant to subparagraph (1) above, but, in any case, no later than the second business day following such deposit with the Trustee, the Trustee shall transfer from amounts available in the Revenue Account to the following Funds and in the following order:

- (i) To the Debt Service Fund, an amount equal to the sum of (a) one-fifth (1/5th) of the interest coming due on the Bonds, other than Subordinated Bonds, on the next interest payment date and (b) one-tenth (1/10th) of the Principal Installment coming due on the next Principal Installment payment date (which is not later than one year from the date of deposit); provided that the aggregate amount on deposit in the Debt Service Fund on any date shall be at least equal to the Debt Service Fund Requirement calculated as of such date; provided further that as long as the aggregate amount on deposit in the Debt Service Fund as of any date is at least equal to the aggregate Debt Service Fund Requirement calculated as of each remaining interest payment date and Principal Installment payment date,

as the case may be, in the then current Fiscal Year, no additional monthly deposits are required to be made during the remainder of such Fiscal Year; and provided, further, that the aggregate amount deposited therein during a Fiscal Year shall not exceed the Appropriated Amount during such Fiscal Year for such purpose unless the Treasurer shall certify to the Trustee that deposits of such amounts shall not then be subject to appropriation;

- (ii) To the Bond Related Costs Fund, at such times and in such amounts, if any, as determined by the Treasurer or otherwise set forth in an Applicable Supplemental Trust Agreement as necessary to pay Bond Related Costs relating to the Bonds other than the Subordinated Bonds; provided, however, that the aggregate amount deposited therein during a Fiscal Year shall not exceed the Appropriated Amount during such Fiscal Year unless the Treasurer shall certify to the Trustee that deposits of such amounts shall not then be subject to appropriation;
- (iii) To the Rebate Fund, the amount of the Rebate Fund Requirement relating to the Bonds other than the Subordinated Bonds, if any, determined in accordance with an Applicable Supplemental Trust Agreement; provided, however, that the aggregate amount deposited therein during a Fiscal Year shall not exceed the Appropriated Amount during such Fiscal Year unless the Treasurer shall certify to the Trustee that deposits of such amounts shall not then be subject to appropriation;
- (iv) To the Subordinated Debt Service Fund, an amount equal to the sum of (a) one-fifth ($1/5^{\text{th}}$) of the interest coming due on the Subordinated Bonds on the next interest payment date and (b) one-tenth ($1/10^{\text{th}}$) of the Principal Installment coming due on the next Principal Installment payment date (which is not later than one year from the date of deposit); provided that the aggregate amount on deposit in the Subordinated Debt Service Fund on any date shall be at least equal to the Subordinated Debt Service Fund Requirement calculated as of such date; provided further that as long as the aggregate amount on deposit in the Subordinated Debt Service Fund as of any date is at least equal to the aggregate Subordinated Debt Service Fund Requirement calculated as of each remaining interest payment date and Principal Installment payment date, as the case may be, in the then current Fiscal Year, no additional monthly deposits are required to be made during the remainder of such Fiscal Year; and provided, further, that the aggregate amount deposited therein during a Fiscal Year shall not exceed the Appropriated Amount during such Fiscal Year for such purpose unless the Treasurer shall certify to the Trustee that deposits of such amounts shall not then be subject to appropriation;
- (v) To the Bond Related Costs Fund, at such times and in such amounts, if any, as determined by the Treasurer or otherwise set forth in an Applicable Supplemental Trust Agreement as necessary to pay Bond Related Costs relating to the Bonds; provided, however, that the aggregate amount

deposited therein during a Fiscal Year shall not exceed the Appropriated Amount during such Fiscal Year unless the Treasurer shall certify to the Trustee that deposits of such amounts shall not then be subject to appropriation;

- (vi) To the Rebate Fund, the amount of the Rebate Fund Requirement relating to the Bonds, if any, determined in accordance with an Applicable Supplemental Trust Agreement; provided, however, that the aggregate amount deposited therein during a Fiscal Year shall not exceed the Appropriated Amount during such Fiscal Year unless the Treasurer shall certify to the Trustee that deposits of such amounts shall not then be subject to appropriation;
- (vii) To the Prior Federal Grant Anticipation Note Trustee from the Motor Fuels Tax Subaccount an amount equal to the monthly amount set forth in the certificate received by the Secretary of Administration and Finance and the Treasurer in accordance with subparagraph (2)(iv) hereof; provided, however, that the aggregate amount transferred to the Prior Federal Grant Anticipation Note Trustee during a Fiscal Year shall not exceed the Appropriated Amount during such Fiscal Year and shall not exceed the amount received by the Commonwealth from the portion of the Motor Fuels Tax equal to ten cents (\$0.10) per gallon with respect to the excise on gasoline (other than aviation fuel) imposed by the provisions of Chapter 64A; and
- (viii) To the Federal Grant Anticipation Note Trustee an amount equal to the monthly amount set forth in the certificate received by the Secretary of Administration and Finance and the Treasurer in accordance with subparagraph (2)(v) hereof; provided, however, that unless the amount to be transferred to the Federal Grant Anticipation Note Trustee is to be deposited into an account that is deemed to be part of the Commonwealth Transportation Fund, as set forth in Section 507(c) of the Federal Grant Anticipation Note Trust Agreement, the aggregate amount transferred to the Federal Grant Anticipation Note Trustee during a Fiscal Year shall not exceed the Appropriated Amount during such Fiscal Year.

Upon deposit of the amounts described above and so long as there shall be Appropriated Amounts sufficient to pay the amounts required to be deposited as set forth in subparagraphs (i), (iv),(vii) and (viii) above for the remainder of the then current Fiscal Year (if such appropriations shall be required by the Act or other provisions of law), the balance on deposit in the Revenue Account (less any amounts required to be deposited under subparagraphs (ii), (iii), (v) and (vi) above for which there are not sufficient Appropriated Amounts) shall be immediately transferred by the Trustee, but no later than the next business day following such deposit, to the Treasurer free and clear of the lien hereof and may be thereupon applied to any purpose permitted by law.

The Trustee is hereby authorized to accept at any time from the Treasurer, in addition to Pledged Funds, any other moneys certified by the Treasurer to be lawfully available for carrying

out or satisfying any purpose under this Trust Agreement. The Trustee shall deposit such moneys in such Fund or Account, as the Treasurer may direct, and, provided no Event of Default shall then be occurring under this Trust Agreement and the amounts then held in the Debt Service Fund, the Rebate Fund and the Bond Related Costs Fund are at least equal to the applicable amounts then specified in this Trust Agreement, the Trustee shall transfer such amount as the Treasurer may direct, but not in excess of the amount received from the Treasurer, to the Treasurer, for application as permitted by law, free and clear of the lien of this Trust Agreement.

SECTION 505. Debt Service Fund.

(1) The Trustee shall pay out of the Debt Service Fund to the respective Paying Agents for any Bonds other than Subordinated Bonds (i) on or before each interest payment date of Bonds other than Subordinated Bonds the amount required for the interest and Principal Installments payable on such date and (ii) on or before each redemption date for the Bonds other than Subordinated Bonds, other than a redemption date on account of Sinking Fund Payments, the amount required for the payment of interest and Redemption Price on the Bonds other than Subordinated Bonds then to be redeemed; provided that in each case the Treasurer may direct the Trustee to make such payments to the Paying Agents on such date prior to the due date as the Treasurer determines to the extent amounts are available therefor in such Fund. The Paying Agents shall apply such amounts to the payment of interest and principal on and after the due dates thereof. If on any interest payment date of the Bonds other than Subordinated Bonds the amount accumulated in the Debt Service Fund for either of the purposes specified above exceeds the amount required therefor, the amount of such excess shall thereupon be transferred to the Treasurer free and clear of the lien hereof and may be thereupon applied to any purpose permitted by law. The Trustee shall also pay out of the Debt Service Fund accrued interest included in the purchase price of Bonds other than Subordinated Bonds purchased under any provision of this Trust Agreement or an Applicable Supplemental Trust Agreement.

(2) Amounts accumulated in the Debt Service Fund with respect to any Sinking Fund Payment for Bonds other than Subordinated Bonds (together with amounts accumulated therein with respect to interest on the Bonds for which such Sinking Fund Payment was established) may, and if so directed by an Authorized Officer shall, be applied by the Trustee prior to the forty-fifth (45th) day preceding the due date of such Sinking Fund Payment, to (i) the purchase of Bonds of the Series and maturity for which such Sinking Fund Payment was established, at prices not exceeding the applicable sinking fund Redemption Price plus interest on such Bonds to the first date on which such Bonds could be redeemed (or in the case of a Sinking Fund Payment due on the maturity date, the principal amount thereof plus interest to such date), such purchases to be made in such manner as the Treasurer shall arrange, or (ii) the redemption, pursuant to Section 402, of such Bonds then redeemable by their terms. The applicable Redemption Price or principal amount (in the case of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Fund until such Sinking Fund Payment date for the purpose of calculating the amount of such Fund. As soon as practicable after the forty-fifth (45th) day preceding the due date of any such Sinking Fund Payment, the Trustee shall proceed (by giving notice as provided in Section 405) to call for redemption on such due date Bonds of the Series and maturity for which such Sinking Fund Payment was established (except in the case of Bonds maturing on a Sinking Fund Payment

date) in such amount as shall be necessary to complete the retirement of the principal amount of the Bonds of such Series and maturity as specified for such Sinking Fund Payment in the Applicable Supplemental Trust Agreement and whether or not the balance in the Debt Service Fund is sufficient to pay all such Bonds. The Trustee shall pay out of the Debt Service Fund to the appropriate Paying Agents, on or before such redemption date or maturity date, the amount required for the redemption of the Bonds so called for redemption or for the payment of such Bonds then maturing, and such amount shall be applied by such Paying Agents to such redemption or payment.

(3) In satisfaction, in whole or in part, of any amount required to be paid into the Debt Service Fund pursuant to Section 504(3)(i) which is attributable to a Sinking Fund Payment for Bonds other than Subordinated Bonds, there may be delivered on behalf of the Commonwealth to the Trustee Bonds of the Series and maturity entitled to such payment. All Bonds so delivered to the Trustee in satisfaction of a Sinking Fund Payment shall reduce the amount thereof by the amount of the aggregate of the sinking fund Redemption Prices of such Bonds.

(4) Notwithstanding anything to the contrary contained in this Section, the Trustee shall not purchase or accept Bonds in lieu of any Sinking Fund Payment during the period of sixty (60) days prior to the due date of any Sinking Fund Payment.

SECTION 505A. Subordinated Debt Service Fund.

(1) The Trustee shall pay out of the Subordinated Debt Service Fund to the respective Paying Agents for any Subordinated Bonds (i) on or before each interest payment date of Subordinated Bonds the amount required for the interest and Principal Installments payable on such date and (ii) on or before each redemption date for the Subordinated Bonds, other than a redemption date on account of Sinking Fund Payments, the amount required for the payment of interest and Redemption Price on the Subordinated Bonds then to be redeemed; provided that in each case the Treasurer may direct the Trustee to make such payments to the Paying Agents on such date prior to the due date as the Treasurer determines to the extent amounts are available therefor in such Fund. The Paying Agents shall apply such amounts to the payment of interest and principal on and after the due dates thereof. If on any interest payment date of Subordinated Bonds the amount accumulated in the Subordinated Debt Service Fund for either of the purposes specified above exceeds the amount required therefor, the amount of such excess shall thereupon be transferred to the Treasurer free and clear of the lien hereof and may be thereupon applied to any purpose permitted by law. The Trustee shall also pay out of the Subordinated Debt Service Fund accrued interest included in the purchase price of Subordinated Bonds purchased under any provision of the Trust Agreement or the Fourth Supplemental Trust Agreement.

(2) Amounts accumulated in the Subordinated Debt Service Fund with respect to any Sinking Fund Payment (together with amounts accumulated therein with respect to interest on Subordinated Bonds for which such Sinking Fund Payment was established) may, and if so directed by an Authorized Officer shall, be applied by the Trustee prior to the 45th day preceding the due date of such Sinking Fund Payment, to (i) the purchase of the Subordinated Bonds of the maturity for which such Sinking Fund Payment was established, at prices not exceeding the applicable sinking fund Redemption Price plus interest on such Subordinated Bonds to the first

date on which such Subordinated Bonds could be redeemed (or in the case of a Sinking Fund Payment due on the maturity date, the principal amount thereof plus interest to such date), such purchases to be made in such manner as the Treasurer shall arrange, or (ii) the redemption, pursuant to Section 402, of such Subordinated Bonds then redeemable by their terms. The applicable Redemption Price or principal amount (in the case of maturing Subordinated Bonds) of any Subordinated Bonds so purchased or redeemed shall be deemed to constitute part of the Subordinated Debt Service Fund until such Sinking Fund Payment date for the purpose of calculating the amount of such Fund. As soon as practicable after the 45th day preceding the due date of any such Sinking Fund Payment, the Trustee shall proceed (by giving notice as provided in Section 405) to call for redemption on such due date Subordinated Bonds of the maturity for which such Sinking Fund Payment was established (except in the case of Subordinated Bonds maturing on a Sinking Fund Payment date) in such amount as shall be necessary to complete the retirement of the principal amount of the Subordinated Bonds of such maturity as specified for such Sinking Fund Payment in this Supplemental Trust Agreement and whether or not the balance in the Subordinated Debt Service Fund is sufficient to pay all such Subordinated Bonds. The Trustee shall pay out of the Subordinated Debt Service Fund to the appropriate Paying Agents, on or before such redemption date or maturity date, the amount required for the redemption of Subordinated Bonds so called for redemption or for the payment of such Subordinated Bonds then maturing, and such amount shall be applied by such Paying Agents to such redemption or payment.

(3) In satisfaction, in whole or in part, of any amount required to be paid into the Subordinated Debt Service Fund pursuant to Section 504(3)(vi) which is attributable to a Sinking Fund payment, there may be delivered on behalf of the Commonwealth to the Trustee Subordinated Bonds of the maturity entitled to such payment. All Subordinated Bonds so delivered to the Trustee in satisfaction of a Sinking Fund Payment shall reduce the amount thereof by the amount of the aggregate of the sinking fund Redemption Prices of such Subordinated Bonds.

(4) Notwithstanding anything to the contrary contained in this Section, the Trustee shall not purchase or accept Subordinated Bonds in lieu of any Sinking Fund Payment during the period of 60 days prior to the due date of any Sinking Fund Payment.

SECTION 506. Redemption Fund.

(1) The Commonwealth may deposit in the Redemption Fund any moneys, including Pledged Funds, not otherwise required by this Trust Agreement to be deposited or applied.

(2) If at any time the amount on deposit and available therefor in the Debt Service Fund or the Subordinated Debt Service Fund, as applicable, is insufficient to pay the principal and Redemption Price of and interest on the Bonds or the Subordinated Bonds, as applicable, then due, the Trustee shall withdraw from the Redemption Fund and deposit in the Debt Service Fund or the Subordinated Debt Service Fund, as applicable, the amount necessary to meet the deficiency (other than amounts held therein for the redemption of Bonds or the Subordinated Bonds, as applicable, for which a notice of redemption shall have been given). Subject to the foregoing, amounts in each account in the Redemption Fund may be applied by the Commonwealth to the redemption of Bonds or the Subordinated Bonds, as applicable, in

accordance with Section 402 and the Applicable Supplemental Trust Agreement at prices not exceeding the applicable Redemption Prices (plus accrued interest) had such Bonds or the Subordinated Bonds, as applicable, been redeemed (or, if not then subject to redemption, at the applicable Redemption Prices when next subject to redemption), such purchases to be paid for by the Trustee at such times and in such manner as arranged and directed by an Authorized Officer.

SECTION 507. Bond Related Costs Fund.

(1) The amount on deposit and available in the Bond Related Costs Fund shall be applied by the Trustee to the payment of Bond Related Costs at the times and in the amounts as directed from time to time by an Authorized Officer.

(2) If at any time the amount on deposit and available therefor in the Debt Service Fund or the Subordinated Debt Service Fund, as applicable, is insufficient to pay the principal and Redemption Price of and interest on the Bonds or the Subordinated Bonds, as applicable, then due, the Trustee shall withdraw from the Bond Related Costs Fund, after withdrawal of amounts pursuant to Section 506(2) above, and deposit in the Debt Service Fund or the Subordinated Debt Service Fund, as applicable, the amount necessary to meet such deficiency; provided, however, that the aggregate of such amount deposited therein shall not in any Fiscal Year, together with all other amounts deposited therein during such Fiscal Year, exceed the Appropriated Amount for the purpose of paying the principal and Redemption Price of and interest due on the Bonds Outstanding or the Subordinated Bonds, as applicable, during such Fiscal Year.

(3) Upon the certification of an Authorized Officer and all Fiduciaries that all Bond Related Costs have been paid, any balance in the Bond Related Costs Fund shall be paid by the Trustee to the Treasurer free and clear of the lien hereof and such amounts shall be applied to any purposes permitted by law.

Subject to the foregoing provisions, if there is a deficiency in both the Debt Service Fund and the Subordinated Debt Service Fund as described in this subsection, amounts withdrawn from the Bond Related Costs Fund shall be applied first to the deficiency in the Debt Service Fund, and once the deficiency in the Debt Service Fund is satisfied, second to the deficiency in the Subordinated Debt Service Fund.

SECTION 508. Investments. Except as otherwise provided in Section 1101 or subsection 2 of this Section, money held for the credit of any Fund or Account under this Trust Agreement shall, to the fullest extent practicable, be invested, either alone or jointly with moneys in any other Fund or Account, by or at the written direction of an Authorized Officer in Permitted Investments which shall mature or be redeemable at the option of the holder thereof, on such dates and in such amounts as may be necessary to provide moneys to meet the payments required to be made from such Funds and Accounts; provided that if moneys in two or more funds or accounts are commingled for purposes of investments, the Trustee shall maintain appropriate records of the Permitted Investments or portions thereof which it makes and which are held for the credit of such Fund or Account. Except as otherwise provided in a Supplemental Trust Agreement, amounts on deposit in the Debt Service Fund or the Subordinated Debt Service Fund, may be invested only in Permitted Investments of the type described in subparagraphs (i),

(ii), (iii), (iv), (vi), (vii), (viii), (ix) or (xi) of the definition of Permitted Investments. Except as otherwise provided in a Supplemental Trust Agreement, Permitted Investments purchased as an investment of moneys in any Fund or Account shall be deemed at all times to be a part of such Fund or Account and all income thereon shall accrue to and be deposited in such Fund or Account and all losses from investment shall be charged against such Fund or Account. Any income from Permitted Investments may be transferred to the Rebate Fund to the extent required by an Applicable Supplemental Trust Agreement.

In computing the amount in any Fund or Account hereunder for any purpose, Permitted Investments shall be valued at market value. Unless otherwise provided in this Trust Agreement, Permitted Investments in any fund or account hereunder shall be valued at least once in each Fiscal Year on the last day thereof.

ARTICLE VI.

Particular Covenants of The Commonwealth

The Commonwealth covenants and agrees as follows:

SECTION 601. Powers as to Bonds and Pledge. The Commonwealth is duly authorized under the Act and all applicable laws to create and issue Bonds hereunder and to adopt this Trust Agreement and to pledge the Pledged Funds and other moneys, securities and funds purported to be pledged by this Trust Agreement in the manner and to the extent provided in this Trust Agreement. The Pledged Funds and other moneys, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon with respect thereto prior to, or of equal rank with, the pledge created by this Trust Agreement except to the extent expressly permitted hereby. The Commonwealth shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Funds and other moneys, securities and funds pledged under this Trust Agreement and all the rights of the Bondholders under this Trust Agreement against all claims and demands of all persons whomsoever.

SECTION 602. Extension of Payment of Bonds. The Commonwealth shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of claims for interest by the purchaser or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of claims for interest shall be extended, such Bonds or claims for interest shall not be entitled in case of any default under this Trust Agreement to the benefit of this Trust Agreement or to any payment out of any assets of the Commonwealth or the funds (except funds held in trust for the payment of particular Bonds or claims for interest pursuant to this Trust Agreement) held by the Fiduciaries, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing in this Section shall be deemed to limit the right of the Commonwealth to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

SECTION 603. Covenant as to Pledged Funds and Commonwealth Transportation Fund.

(1) So long as any Bonds are Outstanding, the Commonwealth may change the rate of the Registry Fees or the Motor Fuels Tax credited to the Commonwealth Transportation Fund, or both, in any respect, provided that prior to the effective date of any such change, the Treasurer shall deliver a certificate to the Trustee demonstrating the amount of Pledged Funds received by the Treasurer during any twelve (12) consecutive months of the eighteen (18) month period ending with the last full month immediately preceding the effective date of any such change, as adjusted, as set forth in such certificate, to reflect the proposed change in rates, to be at least equal to four hundred percent (400%) of the maximum aggregate Adjusted Bond Debt Service Requirement due in the then current or any future Fiscal Year on the Bonds Outstanding (other than Subordinated Bonds). In addition, the Commonwealth shall not limit or alter the rights vested in the Commonwealth to collect the Pledged Funds and to deposit such amounts as provided herein and shall not impair the rights and remedies of the Trustee and Bondholders hereunder and under the Act with respect to the Pledged Funds hereunder. Without limiting the generality of the foregoing, the Commonwealth agrees not to issue any additional bonds under the 1994 Trust Agreement except refunding bonds with debt service requirements less than or equal to the debt service requirements on the refunded bonds in each Fiscal Year. In any Fiscal Year and until an appropriation has been made which is sufficient for payment of the amount of the Bond Debt Service Requirement for such Fiscal Year and the amount of costs, if any, due in such Fiscal Year for any Credit Enhancement or Liquidity Facility, no Pledged Fund shall be applied to any other use. Any provisions of the Act creating covenants with Bondholders shall be deemed a covenant with the Bondholders hereunder only to the extent expressly provided herein and as limited hereby.

(2) As soon as practicable after the end of each Fiscal Year, but not later than the last business day of August following the end of such Fiscal Year, an Authorized Officer shall deliver to the Trustee a certificate, based upon an accounting by the Comptroller or the Commissioner of Revenue setting forth the amount of Pledged Funds (by category) for such Fiscal Year, the Adjusted Bond Debt Service Requirement for all Bonds Outstanding, other than Subordinated Bonds, during such Fiscal Year and the Adjusted Bond Debt Service Requirement for all Subordinated Bonds Outstanding during such Fiscal Year.

(3) No provisions of this Trust Agreement shall prohibit the Commonwealth from applying amounts credited to the Commonwealth Transportation Fund, other than any Pledged Funds, calculated as of any date after the date hereof, for any purposes permitted by law.

SECTION 604. Accounts and Report. As soon as it shall become available, the Treasurer shall file for each Fiscal Year during which Bonds shall be Outstanding with the Trustee the Comprehensive Annual Financial Report of the Commonwealth prepared by the Comptroller, including a report on the financial statements contained therein by an independent public accountant or firm of accountants. The Trustee shall have no duty to review such Annual Financial Report or financial statements, is not deemed to have notice of the content of such or a default based on such content and does not have a duty to verify the accuracy of such Annual Financial Report or financial statements.

SECTION 605. Tax Covenants; Rebate Fund.

(1) The Commonwealth shall take, or require to be taken, such action as may from time to time be required to assure the continued exclusion from the federal gross income of Holders of any Series of Tax Exempt Bonds.

(2) The Commonwealth shall not permit the investment or application of the proceeds of any Series of Tax Exempt Bonds, including any funds considered proceeds within the meaning of Section 148 of the Code, to be used to acquire any investment property the acquisition of which, would cause such Indebtedness to be “arbitrage bonds” within the meaning of said Section 148.

(3) Upon the initial issuance, sale and delivery of any Series of Tax Exempt Bonds, the Commonwealth shall establish within the Rebate Fund a separate account within the Rebate Fund for such Series and may provide in the Applicable Supplemental Trust Agreement for the deposits of amounts therein to pay “rebate” on the investment of amounts hereunder in accordance with Section 148(f) of the Code. Funds on deposit in the Rebate Fund shall be applied as set forth in the Applicable Supplemental Trust Agreement. Unless otherwise specified in the Applicable Supplemental Trust Agreement, interest or other income derived from the investment or deposit of moneys in the Rebate Fund shall be held therein. The Rebate Fund and the amounts on deposit therein shall not be deemed Pledged Funds hereunder.

SECTION 606. Further Assurances. At any and all times the Commonwealth shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further Supplemental Trust Agreement, acts, deeds, conveyances, assignments, transfers and assurances as may be reasonably necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, Pledged Funds and other moneys, securities and funds hereby pledged or assigned, or intended so to be, or which the Commonwealth may hereafter become bound to pledge or assign.

ARTICLE VII.

Defaults and Remedies

SECTION 701. Events of Default. One or more of the following events shall constitute an Event of Default hereunder:

- (i) If default shall be made in the payment of the principal or Redemption Price of any Bond when due, whether at maturity or by call for mandatory redemption or redemption at the option of the Commonwealth or any registered owner, or otherwise, or in the payment of any Sinking fund Payment when due; or
- (ii) If default shall be made in the payment of any installment of interest on any Bond when due; or

- (iii) if default shall be made by the Commonwealth in the performance or observance of the covenants, agreements and conditions on its part provided in subsection (1) of Section 603; or
- (iv) if default shall be made by the Commonwealth in the performance or observance of any other of the covenants, agreements or conditions on its part provided in this Trust Agreement or in the Bonds and such default shall continue for a period of thirty (30) days after written notice thereof shall be given to the Commonwealth by the Trustee or to the Commonwealth and the Trustee by the registered owners of a majority in principal amount of the Bonds Outstanding; provided that if such default cannot be remedied within such thirty-day period, it shall not constitute an Event of Default hereunder if corrective action is instituted by the Commonwealth within such period and diligently pursued until the default is remedied.

SECTION 702. Application of Revenues and Other Moneys after Default.

(1) The Commonwealth covenants that if an Event of Default shall happen and shall not have been remedied, the Commonwealth, upon demand of the Trustee, shall pay over to the Trustee to the extent permitted by law forthwith, all Pledged Funds upon receipt and not otherwise held by the Trustee hereunder.

(2) During the continuance of an Event of Default, the Trustee shall apply the moneys, securities and funds held by the Trustee and such Pledged Funds and the income therefrom as follows and in the following order:

- (i) to the payment of the reasonable and proper charges and expenses of the Fiduciaries and of any counsel selected by a Fiduciary pursuant to this Article;
- (ii) to the payment of the interest and principal amount or Redemption Price then due on the Bonds other than the Subordinated Bonds, subject to the provisions of Section 602, as follows:
 - (a) unless the principal amount of all of the Bonds other than the Subordinated Bonds shall have become due and payable,

First: To the payment to the persons entitled thereto to all installments of interest then due in the order of the maturity of such installments maturity, and, if the amount available shall not be sufficient to pay in full all 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 amount or Redemption Price of any Bonds other than the Subordinated Bonds which shall become due, whether at maturity or by

call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds other than the Subordinated Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

(b) if the principal of all of the Bonds other than the Subordinated Bonds shall have become due and payable, to the payment of the principal amount and interest then due and unpaid upon the Bonds other than the Subordinated 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 Bond other than the Subordinated Bonds over any other Bond other than the Subordinated Bonds, ratably, according to the amounts due respectively for principal amount and interest, to the persons entitled thereto, without any discrimination or preference;

(iii) to the payment of the interest and principal amount or Redemption Price then due on Subordinated Bonds, subject to the provisions of Section 602, as follows:

(a) unless the principal amount of all Subordinated Bonds shall have become due and payable,

First: To the payment to the persons entitled thereto to all installments of interest then due in the order of the maturity of such installments maturity, and, if the amount available shall not be sufficient to pay in full all 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 amount or Redemption Price of any Subordinated Bonds which shall become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all Subordinated Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference; and

(b) if the principal of all Subordinated Bonds shall have become due and payable, to the payment of the principal amount and interest then due and unpaid upon Subordinated 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 Subordinated Bond over any other Subordinated Bond, ratably, according to the

amounts due respectively for principal amount and interest, to the persons entitled thereto, without any discrimination or preference; and

- (iv) to the payment of any person entitled to the payment of any Bond Related Cost ratably in accordance with the amount of such Bond Related Costs.

(3) If and whenever all overdue installments of interest on all Bonds together with the reasonable and proper charges and expenses of the Fiduciaries, and all other sums payable by the Commonwealth under this Trust Agreement, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be due and payable, shall either be paid by or for the account of the Commonwealth, or provision satisfactory to the Trustee shall be made for such payment and all defaults under this Trust Agreement or the Bonds shall have been cured, the Trustee shall pay over to the Commonwealth all moneys, securities and funds remaining unexpended in all fund and accounts provided by this Trust Agreement to be held by the Commonwealth, and thereupon the Commonwealth and the Trustee shall be restored, respectively, to their former positions and rights under this Trust Agreement and all Pledged Funds shall thereafter be applied as provided in Article V. No such payment over to the Commonwealth by the Trustee or resumption of the application of Pledged Funds as provided in Article V shall extend to or affect any subsequent default under this Trust Agreement or impair any right consequent thereon.

(4) The proceeds of any Credit Enhancement or Liquidity Facility shall be applied by the Trustee in the manner provided in the Supplemental Trust Agreement authorizing such Credit Enhancement or Liquidity Facility.

SECTION 703. Proceedings Brought by Trustee.

(1) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee may proceed to protect and enforce its rights and the rights of the registered owners of the Bonds under this Trust Agreement by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Commonwealth as if the Commonwealth were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Trust Agreement.

(2) All rights of action under this Trust Agreement may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on the trial or other proceedings.

(3) The registered owners of a majority in principal amount of the Bonds Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

(4) Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the registered owners of a majority in principal amount of the Bonds then Outstanding and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may deem necessary or expedient to prevent any impairment of the security under this Trust Agreement by any acts which may be unlawful or in violation of this Trust Agreement, or necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

(5) Nothing contained herein is intended to preclude the Trustee upon the occurrence of an Event of Default hereunder from asserting any and all remedies it may have at law or equity with respect to the Pledged Funds and other amounts held as security hereunder, including asserting any rights it may have as Trustee hereunder as a secured party with respect to all security granted hereunder notwithstanding any requirements contained herein with respect to Appropriated Amounts.

SECTION 704. Restriction on Bondholders' Action.

(1) No registered owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Trust Agreement or for any remedy under the Trust Agreement, unless such registered owner shall have previously given to the Trustee written notice of the happening of any Event of Default and the registered owners of at least twenty-five percent (25%) in principal amount of Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, to exercise the powers granted in this Article in its own name, and unless such registered owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred thereby, and the Trustee shall have refused to comply with such request within a reasonable time.

(2) Nothing in this Trust Agreement shall affect or impair the obligation of the Commonwealth to pay on the respective dates of maturity thereof the principal amount of and interest on the Bonds, or affect or impair the right of action of any registered owner to enforce the payment of his Bonds.

SECTION 705. Remedies not Exclusive. No remedy by the terms of this Trust Agreement conferred upon or reserved to the Trustee or the Bondholders 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 this Trust Agreement or provided at law or in equity or by statute.

SECTION 706. Effect of Waiver and Other Circumstances.

(1) No delay or omission of the Trustee or of any Bondholder to exercise any right or power arising upon the appending of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or to be an acquiescent therein.

(2) The registered owners of a majority in principal amount of the Bonds at the time Outstanding may on behalf of the registered owners of all of the Bonds waive any past default under the Trust Agreement and its consequences, except a default in the payment of interest on

or principal or Redemption Price of any of the Bonds. No such waiver shall extend to any subsequent or other default.

SECTION 707. No Right of Acceleration. Neither the Bondholders nor the Trustee shall have any right to accelerate the payment of principal or interest due on any Bonds Outstanding upon the occurrence of any Event of Default hereunder.

ARTICLE VIII.

The Fiduciaries

SECTION 801. Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Trust Agreement by its execution hereof and, by executing this Trust Agreement, the Trustee shall be deemed to have accepted such duties and obligations under this Trust Agreement not only with respect to the Initial Bonds but also with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in this Trust Agreement.

SECTION 802. Paying Agents.

(1) The Commonwealth shall appoint a Paying Agent for the Bonds of any Series in the Applicable Supplemental Trust Agreement. Each Paying Agent shall be a bank or trust company or national banking association having a capital and surplus aggregating at least fifty million dollars (\$50,000,000), if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Trust Agreement. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Trust Agreement by executing and delivering to the Commonwealth and to the Trustee a written acceptance thereof. The Trustee may be appointed to act as a Paying Agent for any Series of Bonds.

(2) In addition to the other obligations imposed on the Paying Agent hereunder, or under the Applicable Supplemental Trust Agreement, the Paying Agent shall agree with respect to its related Series of Bonds to:

- (i) hold all Bonds delivered to it for purchase in trust for the benefit of the registered owners thereof until moneys representing the purchase price of such Bonds shall have been delivered to or for the account of or the order of such Bondholders;
- (ii) hold all moneys representing the purchase price of Bonds in trust for the benefit of the persons entitled to receive the payment of such purchase price;
- (iii) keep such books and records as shall be consistent with prudent industry practice and make such books and records available for inspection by the Commonwealth and the Trustee at all reasonable times;

- (iv) maintain the Register, and transfer and exchange Bonds; and
- (v) deliver to the Trustee and the Commonwealth upon request a list of the names and addresses of the registered owners of the Bonds.

(3) If at any time the Paying Agent is unable or unwilling to act as Paying Agent, the Paying Agent may resign, upon thirty (30) days' prior written notice to the Treasurer and the Trustee. Such resignation shall become effective upon the date specified in such notice, unless a successor Paying Agent have not been appointed, in which case such resignation shall become effective upon the appointment of such successor. If such successor has not been appointed within forty-five (45) days after the written notice of resignation is delivered to the Treasurer and the Trustee, the Paying Agent may petition a court of competent jurisdiction to appoint a successor paying agent. Said Court may thereupon, after such notice, if any, as it deems proper, appoint a successor paying agent. The Paying Agent may be removed at any time by written notice signed by an Authorized Officer delivered to the Trustee, each Bondholder and the Paying Agent. An Authorized Officer will promptly certify to the Trustee that it has mailed such notice and such certificate will be conclusive evidence that such notice was given in the manner required hereby. Upon resignation or removal of the Paying Agent, the Treasurer shall appoint a successor Paying Agent which is a bank or trust company which meeting the requirements of subsection (1) above. An Authorized Officer shall notify each Bondholder of the related Series of Bonds of the appointment of such successor. Upon the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys and Bonds held by it in trust pursuant to this Section 802 to its successor.

(4) The Commonwealth may appoint in the Applicable Supplemental Trust Agreement a Co-Paying Agent for the Bonds of any Series for purposes of paying the principal on such Bonds or effecting transfers and exchanges, subject to the provisions above and those set forth in the Applicable Supplemental Trust Agreement.

SECTION 803. Responsibility of Fiduciaries.

(1) The recitals of fact herein, in any Supplemental Trust Agreement, and in the Bonds contained shall be taken as the statements of the Commonwealth and no Fiduciary assumes any responsibility for the correctness of the same. The duties and obligations of the Fiduciaries shall be determined by the express provisions of this Trust Agreement and the Fiduciaries shall not be liable except for their performance of such duties and obligations as are specifically set forth herein. Permissive rights granted to the Fiduciaries hereunder shall not be construed as duties. No Fiduciary makes any representations as to the ability or sufficiency of this Trust-Agreement or of any Bonds issued thereunder or in respect of the security afforded by this Trust Agreement, and no Fiduciary shall incur any responsibility in respect thereof. Each Paying Agent shall, however, be responsible for its representation contained in its certificate of authentication on the Bonds to the extent provided in Section 8-208, as amended, of the Massachusetts Uniform Commercial Code or any other successor provision of law. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Commonwealth or any other Fiduciary. No Fiduciary shall bear any responsibility for the use of Bond proceeds (or other payments) paid out in accordance with this Trust Agreement. No

Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be under any obligation to advance, risk or expend its own funds or moneys. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or bad faith nor shall any Fiduciary be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Trust Agreement.

(2) All moneys held by any Fiduciary, as such, at any time pursuant to the terms of this Trust Agreement shall be and hereby are assigned, transferred and set over unto such Fiduciary in trust for the purposes and under the terms and conditions of this Trust Agreement.

SECTION 804. Evidence on Which Fiduciary May Act. Each Fiduciary shall be protected in acting upon any notice, Supplemental Trust Agreement, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Commonwealth, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith, Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate executed in the name of the Commonwealth by an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Trust Agreement upon the faith thereof, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

SECTION 805. Compensation. The Commonwealth shall pay to each Fiduciary from time to time reasonable compensation for all services rendered hereunder, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees incurred in and about the performance of their powers and duties hereunder and each Fiduciary shall have a lien therefor on any and all funds at any time held by it hereunder. Amounts unpaid more than thirty (30) days after they are billed to the Treasurer shall bear interest at the “base rate” of the Trustee in effect from time to time. The Commonwealth shall indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or bad faith.

SECTION 806. Permitted Acts.¹

(1) Any Fiduciary may become the owner of any Bonds and may otherwise deal with the Commonwealth, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its offices or

¹ This section will be amended upon adoption of the Fourteenth Supplemental Trust Agreement to amend and restate this section to add paragraph (2).

directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Trust Agreement, whether or not any such committee shall represent the registered owners of a majority in principal amount of the Bonds Outstanding.

(2) In the event that the Commonwealth deems it necessary or appropriate to appoint an additional institution as a separate trustee or co-trustee for the Bonds or any Series of Bonds or for any particular purpose with respect to the Bonds or any Series of Bonds, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Trust Agreement to be exercised by or vested in or conveyed to the Trustee shall be exercisable by and vest in such separate trustee or co-trustee but only to the extent necessary to enable such separate trustee or co-trustee to exercise the specific purpose or powers for which such separate trustee or co-trustee was appointed and the rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them. Such co-trustee may be removed by the Commonwealth at any time, with or without cause. Such co-trustee shall be a Fiduciary and shall be deemed a Trustee for the purpose of Section 1101(2) of the Trust Agreement

SECTION 807. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Trust Agreement by giving not less than sixty (60) days' written notice to the Treasurer and giving not less than thirty (30) days' written notice to each Bondholder and Paying Agent specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice provided a successor shall have been appointed, unless previously a successor shall have been appointed by the Treasurer or the Bondholders as hereinafter provided, in which event such resignation shall take effect immediately on the appointment of such successor,

SECTION 808. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the registered owners of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Commonwealth. Except during the existence of an Event of Default, the Treasurer may remove the Trustee at any time for cause or upon not less than ninety (90) days' prior written notice to the Trustee for such other reason as shall be determined in the sole discretion of the Treasurer.

SECTION 809. Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the registered owners of a majority in principal amount of the Bonds then excluding any Bonds held by or the account of the Commonwealth, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Treasurer and the predecessor Trustee. Pending such appointment, the Treasurer by a written instrument signed by an Authorized Officer and delivered to the predecessor Trustee shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders as herein authorized. An Authorized Officer shall

give written notice of any such appointment made by it to each Bondholder and Paying Agent at least thirty (30) days after the date of such appointment. Any successor Trustee appointed by the Treasurer shall, immediately and without further act, be superseded by a Trustee appointed by the Bondholders. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Treasurer written notice as provided in Section 807 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or the registered owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee. Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company organized under the laws of the Commonwealth, or a national banking association doing business and having its principal place of business in the Commonwealth, having a capital and surplus aggregating at least fifty million dollars (\$50,000,000), if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all duties imposed upon it by this Trust Agreement.

SECTION 810. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the predecessor Trustee, and also to the Treasurer, an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein, but the Trustee ceasing to act shall nevertheless, on the written request of the Treasurer, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurances and all such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it hereunder, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth.

SECTION 811. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business provided such company shall be a bank or trust company or national banking association which is qualified to be a successor to such Fiduciary under Section 809 or Section 802(1) and shall be authorized by law to perform all the duties imposed upon it by this Trust Agreement, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding.

ARTICLE IX.

Supplemental Trust Agreement

SECTION 901. Supplemental Trust Agreement Effective upon Filing. The Commonwealth and the Trustee may at any time and from time to time enter into supplements or amendments to this Trust Agreement for any one or more of the following purposes, which

Supplemental Trust Agreement upon the execution thereof by the Treasurer and Trustee and filing thereof in accordance with Section 903 shall be fully effective in accordance with its terms:

- (1) to cure any ambiguity, inconsistency or formal defect or omission in this Trust Agreement;
- (2) to close this Trust Agreement against, or provide limitations and restrictions contained in this Trust Agreement on, the original issuance of Bonds;
- (3) to add to the covenants and agreements of the Commonwealth contained in this Trust Agreement other covenants and agreements thereafter to be observed for the purpose of further securing the Bonds;
- (4) to surrender any right, power or privilege reserved to or conferred upon the Commonwealth by this Trust Agreement;
- (5) to authorize Bonds of a Series and, in connection therewith, specify and determine any matters and things relative to such Bonds not contrary to or inconsistent with this Trust Agreement;
- (6) to authorize any Credit Enhancement or Liquidity Facility;
- (7) to exercise any provision herein or to make such determinations hereunder as expressly provided herein to be exercised or determined in a Supplemental Trust Agreement;
- (8) to confirm, as further assurance, any pledge under and the subjection to any lien or pledge created or to be created by this Trust Agreement of the Pledged Funds; and
- (9) for any other purpose, provided that such Supplemental Trust Agreement does not prejudice in any material respect the right of the registered owner of any Bond Outstanding at the date such Supplemental Trust Agreement becomes effective.

SECTION 902. Supplemental Trust Agreements Amending Trust Agreement or Bonds. At any time or from time to time but subject to the conditions or restrictions in this Trust Agreement contained, the Commonwealth and Trustee may amend or supplement this Trust Agreement modifying any of the provisions of this Trust Agreement or Bonds or releasing the Commonwealth from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained, but, except as provided in Section 901, no such amendment or supplement shall be effective until after the execution of such amendment or supplement by the Commonwealth and Trustee and unless (a) no Bonds authorized by a Supplemental Trust Agreement adopted prior to the adoption of such Supplemental Trust Agreement remain Outstanding at the time it becomes effective, or (b) such Supplemental Trust Agreement is consented to by or on behalf of Bondholders in accordance with and subject to the provisions of Article X.

SECTION 903. Adoption and Filing of Supplemental Trust Agreement. Any supplement or amendment to this Trust Agreement referred to and permitted or authorized by

this Article IX may be executed by the Commonwealth and Trustee and, subject to the provisions of Section 902, become effective without the consent of any of the Bondholders, but shall become effective only on the conditions to the extent and at the time provided in this Article. Every such amendment or supplement so becoming effective shall thereupon form a part of this Trust Agreement. Any such amendment or supplement shall be accompanied by a Bond Counsel's opinion to the effect that such amendment or supplement has been duly and lawfully adopted by the Commonwealth in accordance with the provisions of this Trust Agreement, is authorized or permitted by this Trust Agreement, and constitutes the lawful and binding obligation of the Commonwealth in accordance with its terms. A fully executed copy of any such amendment or supplement shall be filed with the Treasurer in accordance with the Act.

ARTICLE X.

Amendments

SECTION 1001. Mailing. Any provision in this Article X for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid only (i) to each registered owner of the Bonds then Outstanding at its address, if any, appearing upon the applicable register and (ii) to the Trustee.

SECTION 1002. Powers of Amendment. Any modification or amendment of the Bonds or of this Trust Agreement may be made by a Supplemental Trust Agreement, with the written consent given as provided in Section 1003, (i) of the registered owners of at least a majority in the principal amount of all Bonds Outstanding at the time such consent is given, or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the registered owners of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the amount or date of any Sinking Fund Payment, of one hundred percent (100%) of the registered owners of the Bonds of the particular Series and maturity entitled to such Sinking Fund Payment Outstanding at the time such consent is given; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the vote or consent of the registered owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section; and provided, further, that no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal amount of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or the rate of interest thereon or the method for determining such rate or terms of any Credit Enhancement or Liquidity Facility relating to a Bond without the consent of the registered owner of such Bond, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto, or shall reduce the percentages of the principal amount of Bonds the consent of which is required to effect any such modification or amendment.

SECTION 1003. Consent of Bondholders. The Commonwealth and the Trustee may at any time execute a Supplemental Trust Agreement making a modification or amendment permitted by the provisions of Section 1002, to take effect when and as provided in this Section. Upon the execution of such Supplemental Trust Agreement, a copy thereof shall be filed with the

Trustee for inspection by the Bondholders. A copy of such Supplemental Trust Agreement (or summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee shall be mailed by the Commonwealth to Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Trust Agreement when consented to as in this Section provided). Such Supplemental Trust Agreement shall not be effective unless and until there shall have been filed with the Trustee the written consents of the percentages of the registered owners of Outstanding Bonds specified in Section 1002 and a notice shall have been given as hereinafter in this Section provided. Any such consent shall be binding upon the registered owner of the Bonds giving such consent and on any subsequent registered owner of such Bonds (whether or not such subsequent registered owner has notice thereof). At any time after the registered owners of the required percentages of Bonds shall have filed their consent to the Supplemental Trust Agreement, notice, stating in substance that the Supplemental Trust Agreement has been consented to by the registered owners of the required percentages of Bonds and will be effective as provided in this Section, may be given to the Bondholders by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Trust Agreement from becoming effective and binding as herein provided). An Authorized Officer shall file with the Trustee proof of giving such notice. Such Supplemental Trust Agreement shall be deemed conclusively binding upon the Commonwealth, the Fiduciaries and the registered owners of the all Bonds at the expiration of sixty (60) days after the filing with the Trustee of the proof of the mailing of such notice, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding commenced for such purpose within such sixty day period; provided, however, that any Fiduciary and the Commonwealth during such sixty day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Trust Agreement as they may deem expedient.

SECTION 1004. Modification by Unanimous Action. Notwithstanding anything contained in Article IX or in the foregoing provisions of this Article, the rights and obligations of the Commonwealth and of the registered owners of the Bonds and the terms and provisions of the Bonds or of this Trust Agreement may be modified or amended in any respect upon the execution of a Supplemental Trust Agreement by the Commonwealth and the Trustee and the consent of the registered owners of all of the Bonds then Outstanding, such consent to be given as provided in Section 1003 except that no notice to Bondholders shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

SECTION 1005. Exclusion of Bonds. Bonds owned or held by or for the account of the Commonwealth shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Article, and shall not be entitled to consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Commonwealth shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

SECTION 1006. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as hereinabove in this Article X provided may, and, if the

Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Commonwealth and the Trustee as to such action, and in that case upon demand of the registered owner of any Bond Outstanding at or after such effective date and presentation of its Bond for the purpose to the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the Commonwealth or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Commonwealth to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

ARTICLE XI.

Defeasance

SECTION 1101. Defeasance

(1) If the Commonwealth shall pay or cause to be paid, or there shall otherwise be paid, to the registered owners of the Bonds then Outstanding, the principal amount and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Trust Agreement then the pledge of any Pledged Funds or other moneys and securities pledged by this Trust Agreement and all other rights granted by this Trust Agreement shall be discharged and satisfied. In such event, the Trustee shall, upon request of the Commonwealth, execute and deliver to the Commonwealth all such instruments as may be desirable to evidence such release and discharge and the Fiduciaries shall Pay over or deliver to the Commonwealth all moneys or securities held by them pursuant to this Trust Agreement which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption. In connection with the execution of any instrument required by this Section 1101 to evidence any release and discharge, the Trustee shall be entitled to receive an opinion of counsel reasonably satisfactory to it and substantially to the effect that all conditions precedent to the defeasance have been complied with.

(2) Bonds or interest installments for the payment or redemption of which moneys shall be held by the Fiduciaries (through deposit by the Commonwealth of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (1) of this Section 1101. All Outstanding Bonds of any Series or any part of a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (1) of this Section 1101 if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, an Authorized Officer shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to provide, as provided in Article IV, notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations not subject to redemption at the option of the issuer thereof prior to the due date thereof, as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, or upon compliance with the provisions of subsection (5) of this Section 1101 which are subject to

redemption prior to maturity at the option of the issuer thereof on a specified date or dates, in each case the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the time of deposit of such Defeasance Obligations, shall be sufficient, as certified by a firm of independent public accountants, to pay when due the principal amount or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds do not mature and are not by their terms subject to redemption within the next succeeding sixty (60) days, an Authorized Officer shall have given the Trustee in form satisfactory to it irrevocable instructions to provide, as soon as practicable, written notice to the registered owners of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with paragraph (1) of this Section 1101 and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal amount or Redemption Price, if applicable, on said Bonds. Neither Defeasance Obligations nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and all of the same shall be held in trust for, the payment of the principal amount or Redemption Price, if applicable, and interest on said Bonds; provided, however, that any cash received from the principal or interest payments on such Defeasance Obligations deposited with the Trustee, if not then needed for such purpose, may, to the extent practicable, be reinvested in Defeasance Obligations as directed by an Authorized Officer or, in lieu of such direction at the time of receipt, an Authorized Officer may authorize and direct the Trustee to enter into one or more forward purchase agreements providing for the purchase of Defeasance Obligations at future dates; provided, further, that if such amounts shall have been derived from the proceeds of any Tax Exempt Bonds or bonds not issued hereunder which shall have been issued on the basis that the interest thereon is not includable in the gross income of the Holder thereof for federal Income tax purposes, any such amounts may be reinvested, or any such forward purchase agreement may be executed, only upon receipt by the Trustee of a Bond Counsel's opinion that such reinvestment or forward purchase agreement shall not adversely affect the tax exempt status of the interest on such Tax Exempt Bonds or other bonds. Prior to authorizing the execution of any such forward purchase agreement, the Commonwealth shall notify each Rating Agency then maintaining a rating on the Bonds or on any such other bonds of its intention to do so. After the making of the payments for which such Defeasance Obligations or moneys were held, any surplus shall be promptly paid over to the Commonwealth, as received by the Trustee, free and clear of any trust, lien or pledge or assignment securing the Bonds or otherwise existing under this Trust Agreement.

(3) For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Obligations and moneys, if any, in accordance with subsection (2)(ii) hereof, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Variable Rate Ceiling if in effect with respect to such Bonds; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such Variable Rate Ceiling for any period, the total amount of moneys and Defeasance Obligations on deposit with the Trustee for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Rate Bonds in order to satisfy the provisions of subsection (2)(ii) above, the Trustee

shall, if requested by the Commonwealth, pay promptly the amount of such excess to the Commonwealth free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under this Trust Agreement.

(4) Tender Bonds shall be deemed to have been paid in accordance with subsection (2)(ii) hereof only if, in addition to satisfying the requirements thereof, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the registered owners of such Bonds upon the exercise of any options provided to the registered owners of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to the provisions of subsection (2)(ii) above, the options originally exercisable by the registered owners of Tender Bonds are no longer exercisable, such Bonds shall not be considered Tender Bonds for purposes of this subsection (4). If any portion of the moneys deposited with the Trustee for the payment of the principal amount of and premium, if any, and interest on Tender Bonds is not required for such purpose the Trustee shall, if requested by the Commonwealth, pay promptly the amount of such excess to the Commonwealth free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Trust Agreement.

(5) Defeasance Obligations described in subsection (2)(ii) above may be included in the Defeasance Obligations deposited with the Trustee in order to satisfy the requirements of subsection (2)(ii) above only if the determination as to whether moneys and Defeasance Obligations to be deposited with the Trustee in order to satisfy the requirements of such subsection (2)(ii) above would be sufficient to pay when due either on the maturity date thereof or, in the case of any Bonds to be redeemed prior to the maturity date thereof, on the redemption date or dates specified in any notice of redemption to be made by the Trustee or in the instructions to give a notice of redemption provided to the Trustee in accordance with subsection (2)(ii) above, the principal of or Redemption Price, if applicable, and interest on the Bonds which will be deemed to have been paid as provided in subsection (2)(ii) above is made both (i) on the assumption that the Defeasance Obligations described in subsection (2)(ii) above were not redeemed at the option of the issuer prior to the maturity date thereof and (ii) on the assumption that such Defeasance Obligations would be redeemed by the issuer thereof at its option on each date on which such option could be exercised, that as of such date or dates interest ceased to accrue on such Defeasance Obligations and that the proceeds of such redemption would not be reinvested by the Trustee.

(6) Anything in this Trust Agreement to the contrary notwithstanding, any moneys held by the Fiduciary in trust for the payment and discharge of any Bonds which remain unclaimed for three (3) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for three (3) years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds become due and payable, shall be paid to the Commonwealth as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Commonwealth for the payment of such Bonds; provided, however, that before being required to make any such payment to the Commonwealth, the Fiduciary shall, at the expense of the Commonwealth, cause to be published at least twice, at an interval of not less than seven (7)

days between publications, in Authorized Newspapers, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned promptly to the Commonwealth.

ARTICLE XII.

Form of Bonds

SECTION 1201. General Form of Bond. Except as otherwise provided in the Applicable Supplemental Trust Agreement, the Bonds of each Series shall be in substantially the following form, with such insertions as to any redemption or amortization provisions and such other insertions, omission and variations as may be required or permitted by this Trust Agreement and the Applicable Supplemental Trust Agreement.

No. R-

\$

THE COMMONWEALTH OF MASSACHUSETTS

COMMONWEALTH TRANSPORTATION FUND REVENUE BONDS

SPECIAL OBLIGATION COMMONWEALTH ACCELERATED STRUCTURALLY-
DEFICIENT BRIDGE IMPROVEMENT LOAN ACT OF 2008

20__ SERIES _

INTEREST RATE:

CUSIP:

MATURITY DATE:

DATED DATE:

(Date as of which bonds of this series were initially issued.)

INTEREST PAYMENT DATES: _____ and _____
(but not before _____)

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

PAYING AGENT:

THE COMMONWEALTH OF MASSACHUSETTS (the "Commonwealth"), for value received, promises to pay to the REGISTERED OWNER or registered assigns, on the MATURITY DATE (or earlier as herein provided) the PRINCIPAL AMOUNT, and to pay interest on the unpaid principal balance hereof from the DATED DATE, semiannually on the INTEREST PAYMENT DATES, at the INTEREST RATE PER ANNUM (calculated on the

basis of a 360-day year consisting of twelve 30-day months) until the PRINCIPAL AMOUNT is paid or has been provided for.

This bond is one of a duly authorized issue of bonds of the Commonwealth (the “Bonds”), issued and to be issued under the provisions of Section 20 of Chapter 29 of the Massachusetts General Laws, as amended (the “Special Obligation Act”). The Bonds have been further authorized by a certain Trust Agreement dated as of December 1, 2010 (the “Trust Agreement”) between the Commonwealth and _____, as trustee (the “Trustee”). As provided in the Trust Agreement, Bonds may be issued from time to time in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates, and may otherwise vary as provided in the Trust Agreement. Except as provided in the Trust Agreement, the aggregate principal amount of Bonds which may be issued thereunder is not limited, and all Bonds issued and to be issued under the Trust Agreement are and will be equally secured by the pledge of the Pledged Funds and other amounts provided therein.

This bond is one of a series of Bonds designated as “Commonwealth Transportation Fund Revenue Bonds, 20__ Series []” (the “20__ Series [] Bonds”), issued under the Trust Agreement and a _____ Supplemental Trust Agreement, dated as of _____ (the “Supplemental Trust Agreement”), authorizing the 20__ Series [] Bonds and limited to the aggregate principal amount of \$ _____. Reference is hereby made to the Trust Agreement and Supplemental Trust Agreement, executed copies of which are on file with the Treasurer and Receiver-General of the Commonwealth and at the corporate trust office of the Trustee, and to the Special Obligation Act for a description of (a) the respective rights, duties and obligations of the Commonwealth, the Trustee, the Paying Agent and the Registered Owners of the Bonds, (b) the terms and conditions upon which the Bonds are and may hereafter be issued and secured, (c) the interests and revenues pledged as security for the Bonds, the manner of enforcement of the pledge and the rights and remedies of the Registered Owners of the Bonds with respect thereto, (d) the conditions upon which the Trust Agreement and Supplemental Trust Agreement may be amended with or without the consent of the Registered Owners of the Bonds, (e) the terms upon which Bonds may no longer be secured by the Trust Agreement if sufficient monies or specified securities are deposited with the Trustee and Paying Agent in trust for their payment and (f) other matters, to all of which the Registered Owner hereof assents by the acceptance of this bond. Certain capitalized terms not otherwise defined in this bond have the meanings ascribed thereto in the Trust Agreement.

The 20__ Series [] Bonds are being issued pursuant to Sections 8 and 9 of Chapter 233 of the Acts of 2008.

THIS BOND IS NOT A GENERAL OBLIGATION OF THE COMMONWEALTH OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH. EXCEPT TO THE EXTENT PAID FROM BOND PROCEEDS, THE PRINCIPAL OF AND INTEREST ON THIS BOND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THE PAYMENT THEREOF UNDER AND PURSUANT TO THE TRUST AGREEMENT AND SUPPLEMENTAL TRUST AGREEMENT. EXCEPT AS CONTAINED IN THE TRUST AGREEMENT, THE SUPPLEMENTAL TRUST AGREEMENT OR HEREIN, THE COMMONWEALTH MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND WITH RESPECT TO THE BONDS OR ANY SECURITY THEREFOR.

The principal or redemption price of and interest on this bond shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts. The principal or redemption price of this bond shall be payable at the office of the Paying Agent as specified in the Supplemental Trust Agreement upon presentation and surrender of this bond to the Paying Agent. Interest on this bond may be paid by check or draft as specified in the Supplemental Trust Agreement. The record dates for purposes of determining Registered Owners for purposes of paying interest on this bond are to be determined as specified in the Supplemental Trust Agreement.

So long as any of the 20__ Series [] Bonds shall remain outstanding, the Commonwealth shall maintain and keep, at the office of the Paying Agent for the 20__ Series [] Bonds, which shall be registrar for the 20__ Series [] Bonds, books for the registration and transfer of the 20__ Series [] Bonds. This bond shall be transferable only upon the register by the Registered Owner thereof in person or by its attorney duly authorized in writing, upon presentation and surrender thereof together with a written instrument of transfer satisfactory to the Paying Agent duly executed by the Registered Owner or its duly authorized attorney. Upon the transfer of this bond the Commonwealth shall issue in the name of the transferee a new bond or bonds of the same aggregate principal amount, series and maturity and tenor as the surrendered bond.

The Commonwealth, the Trustee and the Paying Agent may deem and treat the person in whose name this bond shall be registered upon the register for the 20__ Series [] Bonds as the absolute owner of this bond, whether this bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and redemption price of and interest on this bond and for all other purposes, and none of the Commonwealth, the Trustee or the Paying Agent shall be affected by any notice to the contrary.

For each exchange or transfer of this bond, whether temporary or definitive, the Commonwealth or the Paying Agent may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. The Commonwealth shall not be obligated to make any such exchange or transfer of this bond (a) during the 20 days next preceding any Interest Payment Date or (b) in the case of any proposed redemption of any 20__ Series [] Bonds, if this bond has been selected, called or being called for redemption under the Trust Agreement in whole or in part.

[Insert optional and mandatory redemption terms.]

When the Trustee shall receive notice from the Commonwealth of its election to redeem any 20__ Series [] Bonds pursuant to the Trust Agreement, or when redemption of any 20__ Series [] Bonds is required by the Trust Agreement and the Supplemental Trust Agreement, the Trustee shall give notice, in the name of the Commonwealth, of the redemption of such Series ... Bonds, which notice shall specify the maturities of the 20__ Series [] Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of 20__ Series [] Bonds of like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such 20__ Series [] Bonds so to be redeemed, and, in the case of 20__ Series [] Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. The Trustee shall mail a

copy of such notice, postage prepaid not less than 30 days before the redemption date, to the Registered Owners of any 20__ Series [] Bonds or portions of 20__ Series [] Bonds which are to be redeemed at their last address appearing upon the register for such 20__ Series [] Bonds on the record date for such Series as provided in the Supplemental Trust Agreement, but failure so to mail any such notice to any particular Registered Owner shall not affect the validity of the proceedings for the redemption of 20__ Series [] Bonds owned by any other Registered Owner to whom such notice has been mailed. The redemption notice may state (i) that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption not later than the redemption date, or (ii) that the Commonwealth may rescind such notice at any time prior to the scheduled redemption date if the Commonwealth delivers a notice thereof to the Bondholders. The redemption notice shall be of no effect if such moneys are not so deposited or if the notice is rescinded, and the failure of the Commonwealth to make funds available in whole or in part on or before the redemption date shall not then constitute a default under the Trust Agreement.

Notice of redemption having been given in the manner provided in the Trust Agreement, the 20__ Series [] Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the redemption price thereof, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such 20__ Series [] Bonds, or portions thereof, shall be paid at the redemption price thereof plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of a 20__ Series [] Bond, the Commonwealth shall execute and the Paying Agent shall authenticate and deliver, upon the surrender of such 20__ Series [] Bond, without charge to the Registered Owner thereof, for the unredeemed balance of the principal amount of the bond so surrendered, at the option of the Registered Owner thereof, bonds of like series and maturity in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the 20__ Series [] Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agent so as to be available therefor on said date, and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the 20__ Series [] Bonds or portions thereof so called for redemption shall cease to accrue and become payable. If said moneys shall not be available on the redemption date, such 20__ Series [] Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called redemption.

[Insert book-entry provisions, if applicable.]

All acts, formalities and conditions essential to the validity hereof have been performed and complied with.

The Registered Owner of this bond shall have no right to enforce any provision or covenant of the Trust Agreement or the Supplemental Trust Agreement for this series, except as provided therein. Modifications or alterations of the Trust Agreement and Supplemental Trust Agreement may be made only as provided in the respective document. Neither the Trustee nor any Registered Owner shall have any right to accelerate the payment of any interest or principal due on any Bonds upon the occurrence of any Event of Default under the Trust Agreement.

No personal responsibility or accountability shall attach to any person executing this bond by reason of such execution or the issuance hereof.

This bond shall not be entitled to any security, right or benefit under the Trust Agreement or be valid or obligatory for any purpose, unless the certificate of authentication hereon has been duly executed by the Paying Agent.

IN WITNESS WHEREOF, the Commonwealth has caused this bond to be executed in its name and on its behalf by the signature of its Treasurer and Receiver-General and the approval of the Governor of the Commonwealth to be noted hereon by his signature or a facsimile thereof and has caused its official seal or a facsimile thereof to be impressed or otherwise reproduced hereon, all as of the date hereof.

THE COMMONWEALTH OF
MASSACHUSETTS

SEAL

By _____
Treasurer and Receiver-General

Approved:

By _____
Governor

**(FORM OF CERTIFICATE OF
AUTHENTICATION)**

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the Trust Agreement defined in the bond.

_____,
Paying Agent

Date: _____

By: _____
Authorized Signatory

ASSIGNMENT

For valued received the undersigned sells, assigns and transfers this bond to

(Name and Address of Assignee)

Social Security or Other Identifying Number of Assignee and irrevocably appoints attorney-in-fact to transfer it on the books kept for registration of the bond, with full power of substitution.

NOTE: The signature to this assignment must correspond with the name as written on the face of the bond without alteration or enlargement or other change.

Date:

Signature Guaranteed:

Participant in a Recognized Signature
Guaranty Medallion Program

By:

Authorized Signature

End of Bond Form

ARTICLE XIII.

Miscellaneous

SECTION 1301. Evidence of Signatures of Bondholders and Ownership of Bonds.

(1) Any request, consent or other instrument which this Trust Agreement may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing.

(2) The ownership of Bonds and the amount, numbers and other identification, and date of owning the same, shall be proved by the register for Bonds of the applicable Series.

(3) Any request, consent or vote of the registered owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Commonwealth or any Fiduciary in accordance therewith.

SECTION 1302. Preservation and Inspection of Documents. All documents received by a Fiduciary under the provisions of this Trust Agreement shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Commonwealth, any other Fiduciary and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

SECTION 1303. No Recourse on the Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or the interest on the Bonds or for any claim based thereon or on this Trust Agreement against any official, agent, representative or employee of the Commonwealth or any person executing the Bonds. No official, agent, representative or employee of the Commonwealth shall be held personally liable to any purchaser or holder of any Bond under or upon such Bond under or upon such Bond, or under or upon this Trust Agreement or any Supplemental Trust Agreement relating to Bonds, or, to the extent permitted by law, because of the sale or issuance or attempted sale or issuance of Bonds, or because of any act or omission in connection with the investment or management of the Pledged Funds, funds or moneys of the Commonwealth, or otherwise in connection with the management of its affairs, excepting solely for things willfully done or omitted to be done with an intent to defraud.

SECTION 1304. Partial Invalidity. If any provision of this Trust Agreement or any Trust Agreement supplemental thereto is held invalid in any circumstance, such invalidity shall not affect any other provisions or circumstances.

SECTION 1305. Law and Place of Enforcement of this Trust Agreement. This Trust Agreement shall be construed and governed in accordance with the laws of the Commonwealth and all suits and actions arising out of this Trust Agreement shall be instituted in a court of competent jurisdiction in the Commonwealth.

SECTION 1306. Electronic Communications. The Fiduciaries agree to accept and act upon instructions or directions pursuant to this Trust Agreement sent by the Commonwealth or Authorized Officer by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Commonwealth or Authorized Officer shall provide to the Fiduciaries an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing, and further provided that this Section 1306 shall not take effect until such incumbency certificate is so provided. If the Commonwealth or Authorized Officer elects to give the Fiduciaries e-mail or facsimile instructions (or instructions by a similar electronic method) and the Fiduciary in its discretion elects to act upon such instructions, the Fiduciary's understanding of such instructions shall be deemed controlling. The Fiduciary shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiduciary's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Commonwealth or Authorized Officer agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Fiduciaries, including without limitation the risk of the Fiduciary acting on unauthorized instructions, and the risk of interception and misuse by third parties.

IN WITNESS WHEREOF, the Treasurer and Receiver-General of the Commonwealth has executed and delivered this Trust Agreement in the name and on behalf of The Commonwealth of Massachusetts; and the Trustee has caused this Trust Agreement to be signed in its name and behalf by its authorized officer, in each case as a sealed instrument, all as of the 1st day of December, 2010.

THE COMMONWEALTH OF MASSACHUSETTS

By: _____
Treasurer and Receiver-General of The
Commonwealth of Massachusetts

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: _____

Concurrence

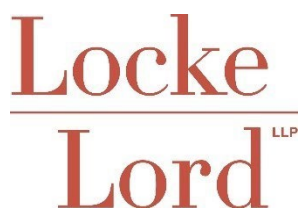
The undersigned, Secretary of Administration and Finance of The Commonwealth of Massachusetts and Secretary of Transportation of The Commonwealth of Massachusetts, pursuant to the provisions of Section 20 of Chapter 29 of the Massachusetts General Laws, as amended, hereby concur as of the date hereof with the execution of the foregoing Trust Agreement by the Treasurer and Receiver-General of The Commonwealth of Massachusetts.

Jay Gonzalez
Secretary of Administration and Finance
The Commonwealth of Massachusetts

Jeffrey B. Mullan
Secretary of Transportation
The Commonwealth of Massachusetts

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the 2024 Bonds described below, Bond Counsel proposes to deliver an opinion substantially in the following form:



111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
Telephone: 617-239-0100
Fax: 617-227-4420
www.lockelord.com

October __, 2024

The Honorable Deborah B. Goldberg
Treasurer and Receiver-General
The Commonwealth of Massachusetts
State House - Room 227
Boston, Massachusetts 02133

THE COMMONWEALTH OF MASSACHUSETTS

\$150,000,000*
Commonwealth Transportation Fund Revenue Bonds
(Rail Enhancement Program)
2024 Series A

\$125,000,000*
Commonwealth Transportation Fund Revenue Bonds
(Rail Enhancement Program)
2024 Series B (Sustainability Bonds)

\$215,700,000*
Commonwealth Transportation Fund
Revenue Refunding Bonds
2024 Series A

We have acted as bond counsel to The Commonwealth of Massachusetts (the "Commonwealth") in connection with the issuance by the Commonwealth of the above-referenced bonds (the "2024 Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion, including Section 20 of Chapter 29 of the Massachusetts General Laws, as amended (the "Act"), and other applicable statutes. We have also examined the Trust Agreement dated as of December 1, 2010, between the Commonwealth and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as heretofore supplemented and amended (the "Trust Agreement") and as further supplemented by the Fourteenth Supplemental Trust Agreement dated as of October 1, 2024 (the "Fourteenth Supplemental Trust Agreement" and, collectively with the Trust Agreement, the "Agreement") between the Commonwealth and the Trustee. Capitalized terms not otherwise defined herein are used herein as defined in the Agreement.

The 2024 Bonds are issued pursuant to the Agreement. Bonds issued under the Agreement, including the 2024 Bonds, are payable from and secured by a pledge of Pledged Funds.

As to questions of fact material to our opinion, we have relied upon representations and covenants of the Commonwealth contained in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

* Preliminary, subject to change.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Commonwealth has the right and power under the Act to enter into the Twelfth Supplemental Trust Agreement, and it has been duly and lawfully executed on behalf of the Commonwealth by the Treasurer and Receiver-General of the Commonwealth, with the concurrence of the Secretary of the Executive Office for Administration and Finance of the Commonwealth and the Secretary of the Massachusetts Department of Transportation.

2. The Agreement has been duly authorized, executed and delivered by the Commonwealth, is in full force and effect and constitutes the valid and binding obligation of the Commonwealth enforceable upon the Commonwealth in accordance with its terms. No other authorization for the Agreement is required.

3. Pursuant to the Act, the Agreement creates the valid pledge that it purports to create of the Pledged Funds, rights, moneys, securities, credit facilities and funds held under the Agreement, in the manner and to the extent provided in the Agreement, for the security of the 2024 Bonds on a parity with other Bonds issued under the Agreement.

4. The 2024 Bonds have been duly authorized, executed and delivered by the Commonwealth and are valid and binding special obligations of the Commonwealth, enforceable in accordance with the terms thereof and the terms of the Agreement and are entitled to the benefits of the Act, as provided under the Trust Agreement, and of the Agreement. The 2024 Bonds are not general obligations of the Commonwealth, and the full faith and credit of the Commonwealth are not pledged to the payment thereof. The 2024 Bonds are payable solely from the sources provided therefor in the Agreement.

5. Interest on the 2024 Bonds is excluded from the gross income of the owners of the 2024 Bonds for federal income tax purposes. In addition, interest on the 2024 Bonds is not a specific preference item for purposes of the federal individual alternative minimum taxes. However, interest on the 2024 Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"). In rendering the opinions set forth in this paragraph, we have assumed compliance by the Commonwealth with all requirements of the Code that must be satisfied subsequent to the issuance of the 2024 Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Commonwealth has covenanted to comply with all such requirements. Failure by the Commonwealth to comply with certain of such requirements may cause interest on the 2024 Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the 2024 Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the 2024 Bonds.

6. Interest on the 2024 Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes and the 2024 Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the 2024 Bonds or any tax consequences arising with respect to the 2024 Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the 2024 Bonds and the enforceability of the 2024 Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

CONTINUING DISCLOSURE UNDERTAKING

Commonwealth of Massachusetts

Commonwealth Transportation Fund Revenue Bonds
(Rail Enhancement Program), 2024 Series A

Commonwealth Transportation Fund Revenue Bonds
(Rail Enhancement Program), 2024 Series B (Sustainability Bonds)

Commonwealth Transportation Fund
Revenue Refunding Bonds, 2024 Series A

Continuing Disclosure Undertaking

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby undertakes for the benefit of the owners of the 2024 Bonds to provide the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), no later than 270 days after the end of each fiscal year of the Commonwealth, commencing with the fiscal year ending June 30, 2024, (i) the annual financial information described below relating to such fiscal year, together with audited financial statements of the Commonwealth for such fiscal year if audited financial statements are then available, provided, however, that if audited financial statements of the Commonwealth are not then available, such audited financial statements shall be delivered to EMMA when they become available (but in no event later than 350 days after the end of such fiscal year) or (ii) notice of the Commonwealth’s failure, if any, to provide any such information. The annual financial information to be provided as aforesaid shall include financial information and operating data, in each case updated through the last day of such fiscal year unless otherwise noted, relating to the following information contained in the Commonwealth’s Official Statement dated October __, 2024 (the “Official Statement”) relating to the Commonwealth Transportation Fund Revenue Bonds (Rail Enhancement Program), 2024 Series A, the Commonwealth Transportation Fund Revenue Bonds (Rail Enhancement Program), 2024 Series B (Sustainability Bonds), and the Commonwealth Transportation Fund Revenue Refunding Bonds, 2024 Series A, and in each case substantially in the same level of detail as is found in the referenced section of the Official Statement:

Financial Information and Operating Data Category	Reference to Official Statement for Level of Detail
1. Summary presentation of actual gasoline sales on a ten-year comparative basis, concluding with the prior fiscal year.	COMMONWEALTH MOTOR FUELS TAX – Historical Information Regarding Gasoline Sales and Motor Fuels Tax
2. Summary presentation of actual Pledged Motor Fuels Tax receipts on a ten-year comparative basis, concluding with the prior fiscal year.	COMMONWEALTH MOTOR FUELS TAX – Historical Information Regarding Gasoline Sales and Motor Fuels Tax
3. Summary presentation of actual monthly Motor Fuels Tax receipts for the two most recently completed fiscal years.	COMMONWEALTH MOTOR FUELS TAX – Historical Information Regarding Gasoline Sales and Motor Fuels Tax
4. Summary presentation of actual RMV transactions on a ten-year comparative basis, concluding with the prior fiscal year.	COMMONWEALTH REGISTRY FEES – Registry Fees
5. Summary presentation of Registry Fee receipts on a ten-year comparative basis, concluding with the prior fiscal year.	COMMONWEALTH REGISTRY FEES – Registry Fees
6. Summary presentation of actual Commonwealth Transportation Fund revenues on a ten-year	COMMONWEALTH TRANSPORTATION FUND

comparative basis, concluding with the prior fiscal year.	
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Any or all of the items listed above may be included by reference to other documents, including official statements pertaining to debt issued by the Commonwealth, which have been submitted to the EMMA. The Commonwealth's annual financial statements for each fiscal year shall consist of (i) combined financial statements prepared in accordance with a basis of accounting that demonstrates compliance with the General Laws and other applicable state finance laws, if any, in effect from time to time and (ii) general purpose financial statements prepared in accordance with generally accepted accounting principles in effect from time to time. Such financial statements shall be audited by a firm of certified public accountants appointed by the Commonwealth.

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby further undertakes for the benefit of the owners of the 2024 Bonds to provide in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the EMMA notice of any of the following events with respect to the 2024 Bonds (numbered in accordance with the provisions of the Rule):

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2024 Bonds, or other material events affecting the tax status of the 2024 Bonds;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the 2024 Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Commonwealth*;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Commonwealth or the sale of all or substantially all of the assets of the Commonwealth, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

*As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Commonwealth in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commonwealth, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commonwealth.

(xv) incurrence of a financial obligation of the Commonwealth, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation* of the Commonwealth, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation* of the Commonwealth, any of which reflect financial difficulties.

Nothing herein shall preclude the Commonwealth from disseminating any information in addition to that required hereunder. If the Commonwealth disseminates any such additional information, nothing herein shall obligate the Commonwealth to update such information or include it in any future materials disseminated.

To the extent permitted by law, the foregoing provisions of this 2024 Bond related to the above-described undertakings to provide information shall be enforceable against the Commonwealth in accordance with the terms thereof by any owner of a 2024 Bond, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Treasurer and Receiver-General). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of 2024 Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Commonwealth and to compel the Commonwealth and any of its officers, agents or employees to perform and carry out their duties under the foregoing provisions as aforesaid. The failure to comply with the above-described undertakings shall not constitute an Event of Default under the Trust Agreement, and the sole remedy in connection with such undertakings shall be limited to an action to compel specific performance of the obligations of the Commonwealth in connection with such undertakings and shall not include any rights to monetary damages. The Commonwealth's obligations in respect of such undertakings shall terminate if no 2024 Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule concerning continuing disclosure are no longer effective, whichever occurs first. The provisions of this 2024 Bond relating to such undertakings may be amended by the Treasurer and Receiver-General of the Commonwealth, without the consent of; or notice to, any owners of the 2024 Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Commonwealth for the benefit of the owners of 2024 Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the 2024 Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the owners of the 2024 Bonds, as determined either by a party unaffiliated with the Commonwealth (such as Commonwealth disclosure counsel or Commonwealth bond counsel) or by the vote or consent of owners of a majority in outstanding principal amount of the 2024 Bonds affected thereby at or prior to the time of such amendment.

*As noted in the Rule, the term "financial obligation" means (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) a guaranty of an instrument described in (i) or (ii). The term does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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TABLE OF REFUNDED BONDS

The following list of Prior CTF Bonds expected to be refunded with a portion of the proceeds of the Refunding Bonds is not final and is subject to change prior to issuance of the Refunding Bonds. The Commonwealth reserves the right not to refund any or all of the Prior CTF Bonds listed in this Appendix E and to refund Prior CTF Bonds not listed in this Appendix E.

Series	Maturity Date (06/01)	Principal Amount	Coupon	CUSIP
2014A	2044	\$100,000,000	5.00%	57604TCB0
2017A	2025	8,150,000	5.00%	57604TFT8
	2026	8,510,000	5.00%	57604TFU5
	2027	9,670,000	5.00%	57604TFV3
	2028	10,095,000	5.00%	57604TFW1
	2029	9,940,000	5.00%	57604TFX9
	2030	10,975,000	5.00%	57604TFY7
	2031	11,455,000	5.00%	57604TFZ4
	2032	11,960,000	5.00%	57604TGA8
	2033	12,480,000	5.00%	57604TGB6
	2034	13,025,000	5.00%	57604TGC4
	2035	13,590,000	5.00%	57604TGD2
	2036	14,185,000	5.00%	57604TGE0
	2037	13,855,000	5.00%	57604TGF7

All Prior CTF Bonds listed in this Appendix E will be redeemed on [January 14, 2025] at a redemption price of 100%, plus accrued interest to the redemption date.

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BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York will act as securities depository for the 2024 Bonds. The 2024 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 2024 Bond certificate will be issued for each maturity of each series of the 2024 Bonds of similar tenor as set forth on the inside cover page hereof, each in the aggregate principal amount of such maturity, 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, as amended. DTC holds and provides asset servicing for over 3.5 million issued 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 a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2024 Bond (the “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 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2024 Bonds, except if use of the book-entry system for the 2024 Bonds is discontinued.

To facilitate subsequent transfers, all 2024 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 the 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not cause any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2024 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2024 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 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2024 Bonds, such as redemptions, defaults, and proposed amendments to the 2024 Bond documents. For example, Beneficial Owners of 2024 Bonds may wish to ascertain that the nominee holding the 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all the 2024 Bonds 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 2024 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 Commonwealth as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NEITHER THE UNDERWRITERS NOR THE COMMONWEALTH WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR BY ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT OF OR THE PROVIDING OF NOTICE TO THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OR WITH RESPECT TO ANY OTHER ACTION TAKEN BY DTC AS BONDOWNER.

The principal of and interest and premium, if any, on the 2024 Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, as registered owner of the 2024 Bonds. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commonwealth or the 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 municipal 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, the Trustee or the Commonwealth, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of and interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commonwealth or the 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.

The Commonwealth cannot give any assurances that Direct Participants or others will distribute payments of principal of and interest on the 2024 Bonds paid to DTC or its nominee, as the registered owner, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in a manner described in this document.

Beneficial Owners of the 2024 Bonds will not receive or have the right to receive physical delivery of such 2024 Bonds and will not be or be considered to be the registered owners thereof. So long as Cede & Co. is the registered owner of the 2024 Bonds, as nominee of DTC, references herein to the holders or registered owners of the 2024 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2024 Bonds, except as otherwise expressly provided herein.

DTC may discontinue providing its services as depository with respect to the 2024 Bonds at any time by giving reasonable notice to the Commonwealth or the Trustee. Under such circumstances, if a successor depository is not obtained, 2024 Bonds will be delivered and registered as designated by the Beneficial Owners. The Beneficial Owner, upon registration of 2024 Bonds held in the Beneficial Owner's name, will become the Bondowner. 2024 Bond certificates are required to be printed and delivered in that event.

The Commonwealth may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In such event, 2024 Bond certificates will be printed, delivered, and registered as designated by the Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been furnished by DTC. Such information is believed to be reliable, but the Commonwealth does not take any responsibility for the accuracy thereof. Neither the Commonwealth nor the Trustee will have any responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to the accuracy of any records maintained by DTC or by any Direct or Indirect Participant; the payment of, or the providing of notice to, the Direct or Indirect Participants or the Beneficial Owners; or with respect to any other action taken by DTC as registered owner of the 2024 Bonds.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COMMONWEALTH AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT NEITHER THE COMMONWEALTH NOR THE UNDERWRITERS TAKE RESPONSIBILITY FOR THE ACCURACY THEREOF.

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