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.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 13, 2026

NEW MONEY ISSUE — BOOK-ENTRY ONLY

In the opinion of Troutman Pepper Locke LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the 2026 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 2026 Bonds will not be included in computing the alternative minimum taxable income of individuals. However, interest on the 2026 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 2026 Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the 2026 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 2026 Bonds. See TAX EXEMPTION herein.

THE COMMONWEALTH OF MASSACHUSETTS
$100,000,000*
Federal Highway Grant Anticipation Notes
2026 Series A

Dated: Date of Delivery **Due: June 15, as shown on the inside cover hereof**

The Commonwealth of Massachusetts (the "Commonwealth") Federal Highway Grant Anticipation Notes, 2026 Series A (the "2026 Bonds") will be issued by means of a book-entry only system evidencing ownership and transfer of the 2026 Bonds on the records of The Depository Trust Company ("DTC") and its participants. Details of payment of the 2026 Bonds are more fully described in this Official Statement. The 2026 Bonds will bear interest from the date of delivery, and interest will be payable on June 15 and December 15, commencing December 15, 2026. The 2026 Bonds are subject to redemption prior to maturity as more fully described herein.

The 2026 Bonds are special limited obligations of 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 October 1, 2026 (as supplemented, the "Trust Agreement") between the Commonwealth and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), as supplemented by the First Supplemental Trust Agreement dated as of October 1, 2026, between the Commonwealth and the Trustee. **The 2026 Bonds are not a general obligation of the Commonwealth and are not secured by the full faith and credit of the Commonwealth. The 2026 Bonds are payable only from Pledged Funds and other funds available to the owners of the 2026 Bonds under the Trust Agreement.**

The 2026 Bonds are offered, when, as and if issued and received by the Underwriters, and subject to the unqualified approving opinion as to legality of Troutman Pepper Locke 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 2026 Bonds. Settlement of the issue is expected at DTC in New York, New York, on or about October ___, 2026.

Jefferies

BofA Securities **Wells Fargo Securities**

American Veterans Group **Drexel Hamilton**

Loop Capital Markets **Raymond James**

October __, 2026

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* Preliminary, subject to change.

THE COMMONWEALTH OF MASSACHUSETTS
$100,000,000[*]
Federal Highway Grant Anticipation Notes
2026 Series A

Dated: Date of Delivery **Due: June 15, as shown below**

Year[*]	Principal Amount[*]	Interest Rate	Yield	CUSIP[†] Numbers
2033	$20,000,000	%	%	
2034	20,000,000			
2035	20,000,000			
2036	20,000,000			
2037	20,000,000			

[*] 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 2026 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 a number of 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 2026 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 2026 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 Underwriters of the 2026 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 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.

TABLE OF CONTENTS

Page

INTRODUCTION 1
- General 1
- Next Generation Bridge Improvement Act 2
- Federal Highway Reimbursements 2
- Pledged Commonwealth Revenues 3
- Purpose and Content of Official Statement 4

THE 2026 BONDS 4
- General 4
- Redemption 4
- Application of Proceeds 5

SOURCES AND USES OF FUNDS 5

DEBT SERVICE COVERAGE 6

SECURITY FOR THE BONDS 8
- Special Obligations 8
- Pledged Funds 8
- Funds and Accounts 9
- Flow of Pledged Funds 10
- Additional Bonds 13
- Commonwealth Covenants 14

GENERAL OVERVIEW OF THE FEDERAL-AID HIGHWAY PROGRAM 15

COMMONWEALTH PARTICIPATION IN THE FEDERAL-AID HIGHWAY PROGRAM 16
- Program Implementation and Management 16
- Funding History 17

PLEDGED COMMONWEALTH REVENUES 18

COMMONWEALTH TRANSPORTATION SYSTEM 21
- MassDOT 21
- Financing the Transportation System 22

INVESTMENT CONSIDERATIONS 24
- External Conditions Affecting Federal Highway Reimbursements 24
- External Conditions Affecting Pledged Commonwealth Revenues 24
- Legislative Changes 25
- Cybersecurity 25

LITIGATION 26

TAX EXEMPTION 26

RATINGS 28

UNDERWRITING 28

CERTAIN LEGAL MATTERS 28

CONTINUING DISCLOSURE 29

MUNICIPAL ADVISOR 29

MISCELLANEOUS 29

AVAILABILITY OF OTHER INFORMATION 30

APPENDIX A - THE FEDERAL-AID HIGHWAY PROGRAM A-1

APPENDIX B - PROPOSED FORM OF THE TRUST AGREEMENT B-1

APPENDIX C - PROPOSED FORM OF OPINION OF BOND COUNSEL C-1

APPENDIX D - CONTINUING DISCLOSURE UNDERTAKING D-1

APPENDIX E - BOOK-ENTRY ONLY SYSTEM E-1

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 2026 BONDS

Selected information is presented in this summary description for the convenience of the reader. To make an informed investment decision regarding the 2026 Bonds, a prospective investor should read the entire Official Statement.

Defined terms used in this Official Statement and not otherwise defined herein are used as defined in the Trust Agreement – Exhibit A Definitions attached to this Official Statement as Appendix B.

Description:	The Commonwealth of Massachusetts Federal Highway Grant Anticipation Notes, 2026 Series A (the "2026 Bonds")
Principal Amount:	$100,000,000*
Denominations:	$5,000 or integral multiples thereof
Date of Issue:	On or about October __, 2026
Record Date:	The record date for payment on account of the 2026 Bonds will be the last business day of the month next preceding an Interest Payment Date
Interest Payment Dates:	June 15 and December 15, beginning December 15, 2026
Maturities:	*See inside front cover*
Redemption:	The 2026 Bonds are subject to optional redemption at par at the times described herein. – *See pages 4-5*
Form:	Book-entry-only – *See Appendix E*
Trustee:	U.S. Bank Trust Company, National Association
Security:	The 2026 Bonds are special limited obligations of the Commonwealth and are payable solely from sources specified in the Trust Agreement ("Pledged Funds"). Pledged Funds include Federal Highway Reimbursements and Pledged Commonwealth Revenues (both as described herein). Pledged Commonwealth Revenues include the Dedicated Transportation Income Surtax Revenue Amount, Motor Fuels Tax receipts, and Registry Fees, subject to the prior pledge granted to CTF Bonds and DTR Bonds (both as described herein). The 2026 Bonds are not general obligations of the Commonwealth – *See pages 8-15*
Debt Service Funding:	Subject to certain provisions of the Trust Agreement, the June 15 debt service payment is generally funded one year in advance of the applicable payment date and the December 15 debt service payment is generally funded six months in advance of the applicable payment date – *See pages 10-13*
Additional Bonds:	Federal Highway Reimbursements and Pledged Commonwealth Revenues during any 12 consecutive months within the last 18 months must each be at least 2.0x the maximum amount of the Adjusted Bond Debt Service Fund Requirement due in the then current or any future fiscal year with respect to all Bonds Outstanding under the Trust Agreement, including the Additional Bonds – *See pages 13-14*
Authority for Issuance:	The 2026 Bonds are issued under Sections 2*O*, 2ZZZ and Section 2BBBBBB of General Laws Chapter 29 and Chapter 383 of the Acts of 2020
Purpose:	Proceeds from the 2026 Bonds will be used to fund costs of certain transportation projects of the Commonwealth – *See page 5*
Tax Exemption:	Interest on the 2026 Bonds is excluded from gross income for federal income tax purposes. Interest on the 2026 Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the 2026 Bonds are exempt from Massachusetts personal property taxes – *See pages 26-27*
Credit Ratings:	The 2026 Bonds have been rated "AAA" by S&P Global Ratings and "AAA" by Kroll Bond Rating Agency – *See page 27*
Legal Opinion:	The 2026 Bonds are offered when, as and if issued and received by the Underwriters and subject to the unqualified approving opinion as to legality of Troutman Pepper Locke LLP, Bond Counsel – *See Appendix C*

* Preliminary, subject to change.

OFFICIAL STATEMENT

$100,000,000[*]

THE COMMONWEALTH OF MASSACHUSETTS

Federal Highway Grant Anticipation Notes
2026 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 $100,000,000[*] Federal Highway Grant Anticipation Notes, 2026 Series A (the "2026 Bonds"). Capitalized terms not defined in this Official Statement have the meanings set forth in *Appendix B – Proposed Form of the Trust Agreement – Exhibit A - Definitions*.

The 2026 Bonds are being issued to finance the construction, reconstruction, resurfacing, repair and improvement of bridges, approaches and related infrastructure, including elements that improve access for all modes as further described herein as set forth in *The 2026 Bonds – Application of Proceeds*. The 2026 Bonds are being issued pursuant to Chapter 383 of the Acts of 2020, as amended (the "Next Generation Bridge Improvement Act"), Section 2*O* of Chapter 29 ("Chapter 29") of the Massachusetts General Laws (the "General Laws"), as amended (the "Special Obligation Act"), Section 2*ZZZ* of Chapter 29, as amended (the "Commonwealth Transportation Fund Act") and Section 2BBBBBB of Chapter 29, as amended.

The 2026 Bonds will be issued under and secured by a Trust Agreement dated as of October 1, 2026, between the Commonwealth and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), as supplemented by the First Supplemental Trust Agreement dated as of October 1, 2026 (as supplemented and amended from time to time, the "Trust Agreement"). Bonds issued under the Special Obligation Act, herein referred to as "special obligation bonds," including the 2026 Bonds and any additional bonds issued under the Trust Agreement ("Additional Bonds" and collectively with the 2026 Bonds, "Bonds"), are not general obligations of the Commonwealth and are not secured by the full faith and credit of the Commonwealth. The 2026 Bonds are the Commonwealth's first issue of such bonds under the Trust Agreement.

The Bonds are secured by and payable solely from "Pledged Funds," which include: (i) a primary pledge of all federal highway construction reimbursements and other federal highway assistance ("Federal Highway Reimbursements") that the Commonwealth receives with respect to federally-aided highway construction projects under Title 23 of the United States Code or any successor program established under federal law (the "Federal-Aid Highway Program"); (ii) a back-up pledge of Pledged Commonwealth Revenues (as defined herein), which include the Dedicated Transportation Income Surtax Revenue Amount ("DTISRA"), Motor Fuels Tax receipts and Registry Fees, subject to the prior pledge granted to Commonwealth Transportation Fund ("CTF") Bonds (the "CTF Bonds") and Dedicated Transportation Revenue ("DTR") Bonds (the "DTR Bonds"), all as further described and defined herein; and (iii) certain other amounts as more fully described in *Security and Sources of Payment for the Bonds Under the Trust Agreement.*

Concurrently with the issuance of the 2026 Bonds, the Commonwealth is issuing its first series (the "2026 DTR Bonds") of DTR Bonds under the DTR Trust Agreement (as defined herein). DTR Bonds are special obligation bonds secured by (i) the DTISRA, and (ii) Motor Fuels Tax receipts and Registry Fees, subject to the prior pledge granted to the CTF Bonds under the CTF Trust Agreement (as defined herein).

[*] Preliminary, subject to change.

Next Generation Bridge Improvement Act

The Next Generation Bridge Improvement Act authorized the issuance of up to $1.250 billion of Federal Highway Grant Anticipation Notes ("GANs") 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 and any other funds from time to time deposited in the Federal Highway Grant Anticipation Note Trust Fund of the Commonwealth for the construction, reconstruction, resurfacing, repair and improvement of bridges, approaches and related infrastructure, including elements that improve access for all modes of transportation. The final maturity of GANs authorized under the Next Generation Bridge Improvement Act is twenty (20) years from the date of issuance, but not later than June 30, 2050. Under the Next Generation Bridge Improvement Act, the Commonwealth may issue all or any portion of the amount authorized as GANs instead as CTF Bonds, DTR Bonds or as general obligation bonds of the Commonwealth, if determined to be in the best financial interest of the Commonwealth by the Governor and the Treasurer and Receiver-General ("Treasurer"). See *Debt Service Coverage – Future Issuance.*

Federal Highway Reimbursements

Pledged Funds include funds received by the Commonwealth from the federal government under existing and future federal highway construction assistance programs until paid at maturity. All such assistance received by the Commonwealth will be collected for the benefit of the holders of the Bonds in a trust fund established by law and, to the extent needed for such purpose, will be retained in trust to provide for the payment of debt service on the Bonds, in accordance with the provisions of the Trust Agreement. Application of such funds to the payment of principal of, and interest on the Bonds is permitted under federal law and may be made without legislative appropriation under Massachusetts law. Under current law, neither the Commonwealth nor the trust fund established to secure the Bonds is eligible for bankruptcy protection.

Federal highway construction assistance is paid to all states including the Commonwealth through the Federal-Aid Highway Program from revenues collected by the U.S. Department of the Treasury from certain federally imposed motor vehicle user fees, primarily fuel taxes, which revenues are deposited into the Federal Highway Trust Fund ("HTF"). Distribution of assistance from the HTF is subject to periodic authorization and annual appropriation by the Congress. Since such assistance was established by the Federal-Aid Highway Act of 1956, the Federal-Aid Highway Program has been reauthorized numerous times in various forms at generally increasing funding levels. Actual payments to states have continued without interruption since 1956.

The most recent authorization, the Infrastructure Investment and Jobs Act (the "IIJA"), enacted on November 15, 2021, reauthorized the Federal-Aid Highway Program through September 30, 2026, which date was extended to December 11, 2026, pursuant to the Continuing Appropriations and Extensions Act, 2027, H.R. 6500 ("P.L. 119-103"). The IIJA authorized $379.3 billion in highway infrastructure spending, of which $273.1 billion was authorized from the HTF for the following Federal-Aid Highway Programs: the National Highway Performance Program, the Surface Transportation Block Grant Program, the Highway Safety Improvement Program, the Railway-Highway Grade Crossing Program, the Congestion Mitigation and Air Quality Improvement Program, the National Highway Freight Program, the Metropolitan Planning Program, the Carbon Reduction Program and the PROTECT Formula Program.

Federal highway construction assistance is paid to all states including the Commonwealth on a reimbursement basis. Access to all the amounts of available federal highway assistance for Massachusetts will depend, in part, on its continued spending on federally eligible projects. The Commonwealth expects that, as a result of its extensive statewide road and bridge program, it will have sufficient federally eligible project expenditures to be able to utilize all the federal highway assistance made available to it. The Commonwealth's current Statewide Transportation Improvement Program ("STIP") for federal fiscal year ("FFY") 2027-2031, which is currently under review by FHWA, includes a substantial number of federally assisted transportation projects. Federal reimbursement estimates included in MassDOT's current STIP are based on currently available federal funding levels and assumptions regarding future federal highway authorizations, apportionments and obligation authority ("OA"). Future cash flow forecasts may be revised to reflect changes in federal law, federal funding levels, OA, reimbursement timing or other federal program requirements. There can be no assurance regarding the continuation of any particular level of federal highway funding or future actions by Congress affecting the Federal-Aid Highway Program.

In addition, the Commonwealth has made extensive use of Advance Construction ("A/C") status under the Federal-Aid Highway Program. By utilizing A/C status, the Commonwealth may pre-qualify projects and expenditures thereon for federal reimbursement, subject only to the availability of future federal assistance. As of October 1, 2026, Massachusetts had an estimated $1.229 billion in planned costs so qualified, which, when spent, should ensure that it will be able to draw down future federal assistance when, and if, available.

See *General Overview of Federal-Aid Highway Program, Commonwealth Participation in the Federal-Aid Highway Program* and *Appendix A*.

Pledged Commonwealth Revenues

Pledged Commonwealth Revenues represent certain amounts remaining available in the CTF following payment of debt service on the CTF Bonds and the DTR Bonds, all as further described herein. The primary sources of Pledged Commonwealth Revenues are the DTISRA, Motor Fuels Tax receipts, and Registry Fees. These sources are summarized below. See also *Commonwealth Participation in the Federal-Aid Highway Program* and *Pledged Commonwealth Revenues.*

Dedicated Transportation Income Surtax Revenue Amount. In November 2022, voters approved an amendment to the Massachusetts Constitution, effective January 1, 2023, which imposes an additional surtax on personal income tax of 4.0% on taxable income above the surtax threshold of $1 million, adjusted annually for inflation (the "Income Surtax Threshold") each tax year after 2023 (the "Income Surtax"). For tax year 2026, the Income Surtax Threshold is $1,107,750. The constitutional amendment that imposes the Income Surtax provides that all revenues from the Income Surtax ("Income Surtax Revenues") shall be expended, subject to appropriation, only for the purposes of providing resources for "quality public education and affordable public colleges and universities, and for the repair and maintenance of roads, bridges and public transportation."

The Legislature subsequently established the Education and Transportation Fund pursuant to General Laws Chapter 29, Section 2BBBBBB, to which Income Surtax Revenues are credited. In 2024, the Legislature amended Section 2BBBBBB to provide for the DTISRA to be credited to the CTF and impressed with a trust for the benefit of the holders of special obligation revenue bonds issued pursuant to Section 2*O*. The issuance of the 2026 DTR Bonds shall constitute the first time the DTISRA has been leveraged by the Commonwealth. At the time of issuance of the 2026 Bonds, the DTISRA is defined as $550 million per Commonwealth fiscal year ("SFY"). The lien granted under the Trust Agreement with respect to the DTISRA is subject to the prior pledge granted under the DTR Trust Agreement.

Motor Fuels Tax. The Commonwealth's Motor Fuels Tax receipts are derived from the excise imposed on fuel (other than fuel sold for use in non-jet-propelled aircraft ("Aviation Fuel")) by the provisions of General Laws Chapters 64*A*, 64*E*, and 64*F*. The lien granted under the Trust Agreement with respect to Motor Fuels Tax receipts is subject to the prior pledge granted under the CTF Trust Agreement and the DTR Trust Agreement.

Registry Fees. 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 (the "Registry Fees") are deposited to the CTF. The lien granted under the Trust Agreement with respect to Registry Fees is subject to the prior pledge granted under the CTF Trust Agreement and the DTR Trust Agreement.

CTF Bonds. The Commonwealth has previously issued special obligation bonds pursuant to a Trust Agreement dated as of December 1, 2010 (as amended and supplemented from time to time, the "CTF Trust Agreement") between the Commonwealth and The Bank of New York Mellon Trust Company, N.A., as trustee (the "CTF Trustee"). At the time of issuance of the 2026 Bonds, there are $4.345[*] billion aggregate principal amount of bonds outstanding under the CTF Trust Agreement. Such outstanding amounts, as well as any additional bonds which may be issued from time to time under the CTF Trust Agreement (subject to the provisions of the CTF Trust Agreement) are referred to in this Official Statement as the "CTF Bonds."

[*] Preliminary, subject to change.

The CTF Bonds are *not* secured by a pledge of the DTISRA. The CTF Bonds are senior to the DTR Bonds and the Bonds with respect to the pledge of Motor Fuels Tax receipts and Registry Fees.

DTR Bonds. Concurrently with the issuance of the 2026 Bonds, the Commonwealth expects to issue the 2026 DTR Bonds under a Trust Agreement dated as of October 1, 2026 (as amended and supplemented from time to time, the "DTR Trust Agreement") between the Commonwealth and The Bank of New York Mellon Trust Company, N.A., as trustee (the "DTR Trustee"). Such bonds, as well as any additional bonds which may be issued from time to time under the DTR Trust Agreement, including Subordinated Bonds (as defined in the DTR Trust Agreement) are referred to in this Official Statement as the "DTR Bonds."

The DTR Bonds are senior to the Bonds with respect to the pledge of DTISRA, Motor Fuels Tax receipts and Registry Fees.

Purpose and Content of Official Statement

This Official Statement describes the terms and use of proceeds of and security for the 2026 Bonds. This introduction is subject in all respects to the additional information contained in this Official Statement, including Appendices *A* through E. *Appendix A* contains a summary of the Federal-Aid Highway Program. *Appendix B* contains the proposed form of the Trust Agreement. *Exhibit A to Appendix B* contains definitions of certain terms under in this Official Statement and not defined herein. *Appendix C* contains the proposed form of legal opinion of Bond Counsel with respect to the 2026 Bonds. *Appendix D* contains the proposed form of the Commonwealth's continuing disclosure undertaking to be included in the 2026 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*. *Appendix E* contains information regarding the Book-Entry Only System.

THE 2026 BONDS

General

The 2026 Bonds will be dated the date of delivery and will bear interest from such date payable semiannually on June 15 and December 15 of each year, commencing December 15, 2026 (each an "Interest Payment Date"), until the principal amount is paid. The 2026 Bonds will mature on June 15 in the years and principal amounts, and bear interest at the rates per annum, as set forth on the inside cover page of this Official Statement. The 2026 Bonds are subject to redemption as described below. The Trustee will be the trustee and paying agent for the 2026 Bonds.

So long as the 2026 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 2026 Bonds. See *Appendix E - Book-Entry Only System*.

The record date for payments on account of the 2026 Bonds will be the last business day of the month preceding each Interest Payment Date, 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 twenty (20) days before the date set for payment.

Redemption[*]

Optional Redemption of 2026 Bonds. The 2026 Bonds maturing on June 15, 2037 will be subject to redemption on and after June 15, 2036 at the option of the Commonwealth from any funds 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.

Selection for Redemption. If less than all of any maturity of any 2026 Bond is to be redeemed, and so long as the book-entry-only system remains in effect for such 2026 Bonds, the particular 2026 Bonds or portion of any such 2026 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 2026 Bonds, selection for redemption of less than all of any one maturity

[*] Preliminary, subject to change.

of the 2026 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 2026 Bond will be considered a separate 2026 Bond.

Notice of Redemption. Notice of redemption of any 2026 Bonds shall be mailed, not less than twenty (20) days nor more than sixty (60) days prior to the date of redemption, to the registered owners of the 2026 Bonds, or portions thereof, so called, but the failure to so mail such notice or any defect therein with respect to any particular 2026 Bonds shall not affect the validity of such call for redemption of any 2026 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 funds 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 funds 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 2026 Bonds, notices of redemption will be sent by the Trustee only to DTC or its nominee at the times and in the manner required by DTC. Any failure on the part of DTC, any DTC participant, or any nominee of a beneficial owner of any such 2026 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 2026 Bonds called for redemption shall cease to bear interest, provided the Paying Agent has funds on hand to pay such redemption in full.

Application of Proceeds

The net proceeds of the sale of the 2026 Bonds will be applied by the Treasurer to fund the construction, reconstruction, resurfacing, repair and improvement of bridges, approaches and related infrastructure, including elements that improve access for all modes.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the 2026 Bonds are as follows:

Sources of Funds	
Principal Amount	$
Net Original Issue Premium	
Available Commonwealth Funds	
Total[(1)]:	
Uses of Funds	
Project Costs	$
Deposit to Debt Service Payment Account	
Underwriters' Discount	
Cost of Issuance	
Total[(1)]:	$

[(1)] Totals may not add due to rounding.

DEBT SERVICE COVERAGE

The following table sets forth the projected ratio of both Federal Highway Reimbursements and Pledged Commonwealth Revenues to annual debt service for the Bonds.

Federal Highway Reimbursements. For coverage purposes, annual Federal Highway Reimbursements are assumed to be $800 million, based on historical funding levels and guidance provided to the Commonwealth by the Federal Highway Administration ("FHWA"). See *General Overview of the Federal-Aid Highway Program.*

Pledged Commonwealth Revenues. Pledged Commonwealth Revenues in the following table include estimated receipts for SFY 2027 and thereafter, based on the Commonwealth's preliminary, unaudited SFY 2026 Motor Fuels Tax receipts and Registry Fees. The Commonwealth is assuming no growth or reduction in such receipts in future years. The table also assumes the DTISRA is maintained at its current level of $550 million. Such aggregate amounts are net of debt service on the outstanding CTF Bonds and the 2026 DTR Bonds. See *Pledged Commonwealth Revenues* and *Investment Considerations.*

Debt Service. The table on the following page shows annual debt service for the 2026 Bonds.

Future Issuance. Under the Next Generation Bridge Improvement Act, the Commonwealth is authorized to issue up to $1.250 billion of GANs secured by Federal Highway Reimbursements. The Commonwealth currently expects to issue approximately $900 million of Bonds (including the 2026 Bonds) through SFY 2031, though the timing and size of future issuances will depend on eligible project spending. In order to issue additional Bonds, the Commonwealth will be required to comply with the applicable debt service coverage tests described herein and in the Trust Agreement. See *Security and Sources of Payment for the Bonds Under the Trust Agreement – Additional Bonds*.

The Commonwealth, to the extent authorized under other bond authorizations heretofore or hereafter enacted and subject to the Special Obligation Act, may issue additional CTF Bonds and DTR Bonds. Any such issuance is subject to compliance with the applicable debt service coverage tests and other provisions of the CTF Trust Agreement and DTR Trust Agreement, as applicable.

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Debt Service Coverage Projection*
($'s in 000's)

	Pledged Funds				Debt Service Coverage		
SFY Ending June 30	Federal Highway Reimbursements	Pledged Commonwealth Revenues [(1)]	Total	Debt Service on the 2026 Bonds	Federal Highway Reimbursements Only	Pledged Commonwealth Revenues Only	Total
2027	$800,000	$1,557,253	$2,357,253	$3,153	253.7x	493.9x	747.7x
2028	800,000	1,557,252	2,357,252	5,000	160.0x	311.5x	471.5x
2029	800,000	1,557,253	2,357,253	5,000	160.0x	311.5x	471.5x
2030	800,000	1,557,253	2,357,253	5,000	160.0x	311.5x	471.5x
2031	800,000	1,557,256	2,357,256	5,000	160.0x	311.5x	471.5x
2032	800,000	1,557,255	2,357,255	5,000	160.0x	311.5x	471.5x
2033	800,000	1,557,253	2,357,253	25,000	32.0x	62.3x	94.3x
2034	800,000	1,557,254	2,357,254	24,000	33.3x	64.9x	98.2x
2035	800,000	1,557,252	2,357,252	23,000	34.8x	67.7x	102.5x
2036	800,000	1,557,255	2,357,255	22,000	36.4x	70.8x	107.1x
2037	800,000	1,557,256	2,357,256	21,000	38.1x	74.2x	112.3x

* Preliminary, subject to change.

(1) Pledged Commonwealth Revenues are net of amounts to be used for debt service payments on the outstanding CTF Bonds, as well as estimated debt service on the 2026 DTR Bonds. Such amounts will be available as described in *Security for the Bonds – Flow of Pledged Funds – Back-up Pledge of Pledged Commonwealth Revenues.*

SECURITY FOR THE BONDS

Special Obligations

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

Payments of debt service on the Bonds are to be made from Pledged Funds held by the Trustee in the Revenue Account, created by the Treasurer under the Trust Agreement. *See Flow of Pledged Funds.*

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 will be so filed. The Commonwealth has waived its sovereign immunity and consented to be sued on contractual obligations, including the 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. Neither the Commonwealth nor the Federal Highway Grant Anticipation Note Trust Fund is eligible for protection from its creditors pursuant to Title 11 of the United States Code. Under Massachusetts law, the Bonds have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code.

The lien of the Trust Agreement on the Federal Highway Reimbursements is limited to such funds when received by the Commonwealth and does not include a pledge of the right to receive such reimbursements or other assistance from the federal government. No person or entity, other than the Commonwealth, will be entitled to assert any claim against the federal government with respect to such reimbursements or other assistance.

Pledged Funds

The principal of and premium, if any, and interest on the Bonds and other obligations of the Commonwealth from time to time owing under the Trust Agreement (collectively, the "Trust Agreement Obligations") are secured by a pledge of, and are payable solely from "Pledged Funds," which consist of the following:

(a) the Federal Highway Reimbursements;

(b) the Pledged Commonwealth Revenues;

(c) Direct Payments, to the extent permitted by law;

(d) amounts, securities and any investment earnings with respect thereto in all funds and accounts held under the Trust Agreement other than the Rebate Fund; and

(e) any amounts payable to the Commonwealth by a Hedge Provider pursuant to a Qualified Hedge Agreement relating to the Bonds (currently, none).

The Pledged Commonwealth Revenues include the following revenues and funds, after the application thereof in accordance with the provisions of the CTF Trust Agreement and the DTR Trust Agreement:

(a) DTISRA;

(b) all funds received or to be received by the Commonwealth from the portion of the Motor Fuels Tax equal to $0.23964 per gallon with respect to the excise tax imposed on fuel (other than aviation fuel) by the provisions of Chapter 64*A*, equal to $0.24 per gallon with respect to the excise tax imposed on fuel (other than liquified gas) by the provisions of Chapters 64*E* and 64*F*, and equal to 19.1% of the average price per gallon (computed to the nearest tenth of one percent) with respect to the excise tax imposed on liquified gas;

(c) all Registry Fees including all (i) motor vehicle registration fees imposed under General Laws Chapter 90; (ii) motor vehicle license fees imposed under General Laws Chapter 90; and (iii) miscellaneous fees and other revenues relating to the operation and use of motor vehicle transportation;

(d) to the extent permitted by law, Direct Payments received by the Commonwealth under the CTF Trust Agreement and DTR Trust Agreement; and

(e) to the extent permitted in the DTR Trust Agreement and CTF Trust Agreement, such Additional Pledged Funds (as defined in each agreement) as the Commonwealth may, by a subsequent supplemental trust agreement, pledge to the DTR Trustee as security for the DTR Bonds or to the CTF Trustee as security for the CTF Bonds.

Funds and Accounts

The Federal Highway Grant Anticipation Note Trust Fund was established by Section 10 of Chapter 11 of the Acts of 1997, as amended by Chapter 121 of the Acts of 1998, as amended (the "Senior Federal Highway Note Act"). The Trust Agreement establishes within the Federal Highway Grant Anticipation Note Trust Fund a Revenue Account. The Revenue Account is held and administered by the Trustee and constitutes part of the security for the Bonds. Pursuant to the Trust Agreement, all Federal Highway Reimbursements collected by the Commonwealth shall be available for application in accordance with the Trust Agreement; provided, however, that the Treasurer shall be required to deliver to the Trustee only the amounts and at the times provided in Section 504 of the Trust Agreement. Immediately upon receipt thereof, the Trustee shall deposit in the Revenue Account any Federal Highway Reimbursements delivered to the Trustee pursuant to Section 504 and any other funds deposited with or paid to the Trustee for application in accordance with the Trust Agreement, including, without limitation, any Direct Payments. Such funds may be expended without further appropriation for payment of Trust Agreement Obligations. The Trust Agreement also establishes the following Funds and Accounts, which are separate from the Federal Highway Grant Anticipation Note Trust Fund:

(i) Redemption Fund;

(ii) Debt Service Fund, including a Debt Service Payment Account and a Holding Account;

(iii) Bond Related Costs Fund; and

(iv) Rebate Fund.

All these Funds and Accounts are held and administered by the Trustee. All these Funds and Accounts are included in the Pledged Funds securing the Trust Agreement Obligations except for the Rebate Fund. Funds and securities held in the Rebate Fund are not available to pay the Trust Agreement Obligations and do not constitute security therefor.

The *Redemption Fund* provides a depository for any funds, including Pledged Funds, not otherwise required by the Trust Agreement to be deposited or applied with respect to the Bonds, so that such funds may be used for the purposes of purchasing or optionally redeeming Bonds of a particular series. Such use of Federal Highway Reimbursements without appropriation is limited by a provision of the Senior Federal Highway Note Act described above. In the event of a deficiency in the Debt Service Fund, any funds held in the Redemption Fund, other than funds held for Bonds with respect to which a notice of redemption has been given, shall be transferred to the applicable Account of the Debt Service Fund to the extent necessary to make up such deficiency.

The *Debt Service Fund* contains a Debt Service Payment Account for the accumulation of Pledged Funds for the purpose of paying scheduled principal and interest on the Bonds when due. Deposits to such Account are to be made as described below in "Flow of Pledged Funds." The Debt Service Fund also contains a Holding Account, which account shall be deemed to be part of the CTF, and is authorized to receive Pledged Commonwealth Revenues from the Commonwealth at any time, if necessary.

The *Bond Related Costs Fund* holds Pledged Funds to be used to pay fees, costs and other amounts included in the Trust Agreement Obligations, other than debt service on the Bonds. Funds held in the Bond Related Costs Fund are available to pay debt service on the Bonds in the event of a deficiency in the Debt Service Fund.

The *Rebate Fund* holds amounts, if any, payable by the Commonwealth to the U.S. Department of the Treasury with respect to the Bonds pursuant to the arbitrage rebate requirements of Section 148 of the Internal Revenue Code of 1986, as amended. Amounts deposited in the Rebate Fund are not included in the Pledged Funds and are not available to pay debt service on the Bonds.

Flow of Pledged Funds

Under the Trust Agreement, the Commonwealth will fund June 15 and December 15 debt service payments on the Bonds using the procedures detailed below. In referencing "fiscal year" below, (i) when referring to Federal Highway Reimbursements, such reference shall be to the applicable FFY, (ii) when referring to Pledged Commonwealth Revenues, debt service or Trust Agreement Obligations, such reference shall be to the applicable SFY. Due to the timing of delivery of the Statement of Available Revenues (defined below), the debt service funding mechanism and the current debt service payment dates (December 15 and June 15), in each context below the obligations for the SFY shall be the same as for the FFY and vice versa.

Federal Highway Reimbursements

On each October 1 (or such later date within October as may be necessary to obtain the necessary information, and as to which an Authorized Officer of the Commonwealth shall give notice to the Trustee no later than the tenth (10^{th}) business day), the Treasurer, with the written concurrence of the Secretary of Administration and Finance and the Secretary of Transportation, will deliver to the Trustee a "Statement of Available Revenues" in the form attached to the Trust Agreement and setting forth the following:

(a) amount of Federal Highway Reimbursements expected to be received during the current fiscal year;

(b) existing deficiencies in Funds and Accounts under the Trust Agreement due and payable in the current fiscal year;

(c) Trust Agreement Obligations expected to be due and payable during next fiscal year;

(d) Amount of Federal Highway Reimbursements expected to be used to pay principal payments for the Bonds in the next fiscal year; and

(e) Projected coverage of the Trust Agreement Obligations expected to be due and payable during the next fiscal year by Federal Highway Reimbursements.

The Treasurer will revise the Statement of Available Revenues based upon material revisions, if any, in the projections set forth therein.

If the Statement of Available Revenues includes any expected deficiency in any fund or account with respect to Trust Agreement Obligations due and payable in the then current fiscal year, the Treasurer shall promptly deliver to the Trustee, from Federal Highway Reimbursements collected by the Commonwealth in the then current fiscal year, an amount sufficient to satisfy such deficiency, and the Trustee shall apply the amount so delivered first to satisfy any such deficiency.

Once any deficiencies have been replenished, if the amount of expected Federal Highway Reimbursements during the then current fiscal year shown in the Statement of Available Revenues is at least one hundred percent (100%) of the Trust Agreement Obligations due during the next fiscal year, then:

(a) Federal Highway Reimbursements collected from the beginning of the fiscal year until the Debt Service Funding Trigger Date (defined as the earlier of (i) June 15 of the current fiscal year and (ii) the date on which the amount of Federal Highway Reimbursements (x) expected to be received by the Commonwealth during the then current fiscal year, as set forth in the most recent Statement of Available Revenues delivered to the Trustee, minus (y) the amount of Federal Highway Reimbursements received by the Commonwealth to date in such fiscal year, shall equal one hundred percent (100%) of the Trust Agreement Obligations due during the following fiscal year, as set forth in the most recent Statement of Available Revenues delivered to the Trustee) shall be available for application as permitted by law, free and clear of the lien of the Trust Agreement; and

(b) on the Debt Service Funding Trigger Date, the Treasurer shall deliver to the Trustee from Federal Highway Reimbursements collected by the Commonwealth during the then current fiscal year, an amount equal to the amount, if any, by which (i) Trust Agreement Obligations to be due and payable in the following fiscal year, as set forth in the most recent Statement of Available Revenues delivered to the Trustee, exceed (ii) any amounts then on deposit in the applicable funds and accounts which shall be available to satisfy Trust Agreement Obligations in the following fiscal year. Upon receipt thereof, the Trustee shall transfer the amount so delivered and deposited in the Revenue Account to the Debt Service Payment Account, the Bond Related Costs Fund and the Rebate Fund, in that order, until all Trust Agreement Obligations to be due and payable in the following fiscal year, as set forth in the most recent Statement of Available Revenues delivered to the Trustee, shall have been satisfied.

Once any deficiencies have been replenished, if the Statement of Available Revenues projects that the amount of Federal Highway Reimbursements expected to be received by the Commonwealth during the current fiscal year shall be less than one hundred percent (100%) of the Trust Agreement Obligations due during the following fiscal year, Section 507 of the Trust Agreement shall apply, and the Treasurer may, at the Treasurer's discretion, deliver Federal Highway Reimbursements to the Trustee in the amounts and at the times as the Treasurer determines. Federal Highway Reimbursements not so delivered to the Trustee shall be available for application as permitted by law, free and clear of the lien of the Trust Agreement.

Back-Up Pledge of Pledged Commonwealth Revenues

Section 507 of the Trust Agreement provides that following delivery of the Statement of Available Revenues but not later than December 15 of each year, the Treasurer, after consultation with the Secretary of Administration and Finance and the Secretary of Transportation, shall notify the Governor, the Speaker of the House, the President of the Senate and the Trustee (i) if the Statement of Available Revenues shows that projected Federal Highway Reimbursements are expected to be less than one hundred percent (100%) of projected Trust Agreement Obligations during the following fiscal year, and (ii) the amount of "Required Pledged Commonwealth Revenues" (as hereinafter defined) expected to be needed. Upon delivery to the Governor of such a notice, the Governor shall include in the operating budget to be submitted to the General Court in accordance with Section 7H of Chapter 29 a recommendation to appropriate Required Pledged Commonwealth Revenues from Pledged Commonwealth Revenues. Required Pledged Commonwealth Revenues shall equal the sum of: (a) Trust Agreement Obligations to be due in the following fiscal year, less (b) the amount of available funds in the Federal Highway Grant Anticipation Note Trust Fund, the Debt Service Fund and the Bond Related Costs Fund as of the date of the certification of the Treasurer minus the portion of such amounts expected to be expended prior to the beginning of the following fiscal year on Trust Agreement Obligations due in the current fiscal year, and less (c) any amount of Federal Highway Reimbursements expected to be received prior to the beginning of the following fiscal year that will not be expended prior to the beginning of the following fiscal year, which the Treasurer expects to deliver to the Trustee pursuant to Section 504(6) of the Trust Agreement. See *Pledged Commonwealth Revenues* and *Appendix B –Proposed Form of the Trust Agreement – Pledged Commonwealth Revenues*.

Notwithstanding the foregoing, upon the occurrence and during the continuance of an Event of Default under the Trust Agreement, all Federal Highway Reimbursements will be retained by the Trustee.

At any time prior to the enactment of the General Appropriation Act, the Treasurer shall, if necessary, after consultation with the Secretary of Administration and Finance and the Secretary of Transportation, supplement the notification referenced in the prior paragraph and Subsection 507(1) of the Trust Agreement to reflect any changed circumstances known to the Treasurer with respect to the amount of Required Pledged Commonwealth Revenues in the applicable fiscal year. Such certification shall be made promptly after the Treasurer becomes aware of any changed circumstances that are material to such amount.

If the back-up pledge of Pledged Commonwealth Revenues has been triggered through the notifications specified in Subsections 507(1) and (2) of the Trust Agreement and so long as the Act or other applicable law shall require that the expenditure of Pledged Commonwealth Revenues is 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 Fund Requirement for such fiscal year; (ii) the Bond Related Costs, if any, for such fiscal year; and (iii) the Rebate Fund Requirement, if any, for such fiscal year. Unless otherwise indicated by the Secretary of Administration and Finance and the Treasurer, the sum of items (i), (ii) and (iii) shall equal the Required Pledged Commonwealth Revenues. 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 the 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 are referred to as an "Appropriated Amount" for such purpose.

If the back-up pledge of Pledged Commonwealth Revenues has been triggered through the notifications specified in Subsections 507(1) and (2) of the Trust Agreement, on the first Business Day of each month beginning in July of the new Commonwealth fiscal year, the Secretary of Administration and Finance and the Treasurer shall deliver a certificate to the DTR Trustee and the Trustee setting forth the following:

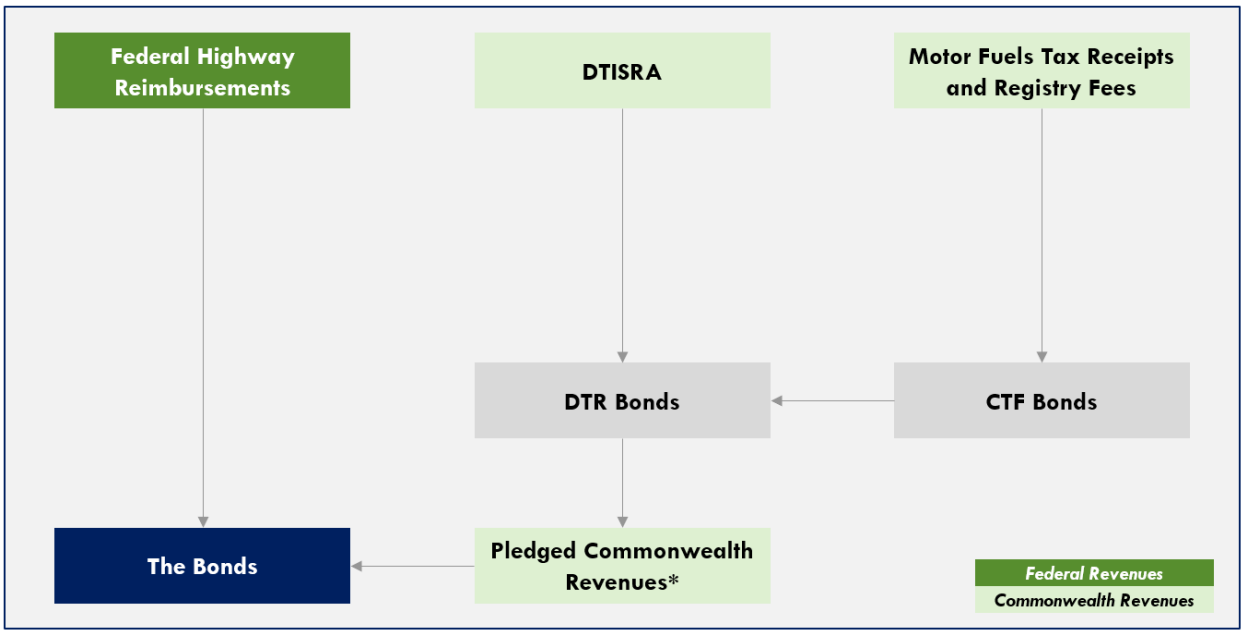
(a) the amount remaining to be deposited to the Debt Service Payment Account, the Bond Related Costs Fund and the Rebate Fund, in that order, until all Trust Agreement Obligations to be due and payable in the following fiscal year covered by the applicable Statement of Available Revenues are satisfied;

(b) the portion of the amount identified in subparagraph immediately above to be sent by the DTR Trustee to the Trustee in the then current month which, unless otherwise specified by the Treasurer and the Secretary of Administration and Finance, shall be equal to the sum of (1) one-fifth (1/5th) of the interest due on the Bonds on the next interest payment date, (2) one-tenth (1/10th) of the Principal Installment due on the Bonds on the next Principal Installment payment date (which is not later than one year from the date of deposit), and (3) any remaining deposits to be made to the Bond Related Costs Fund and Rebate Fund as shall be determined by the Treasurer;

(c) a direction to the DTR Trustee to transfer to the Trustee, to the extent available under the DTR Trust Agreement and subject to the limitation that any such transfer shall not exceed the Appropriated Amount, Pledged Commonwealth Revenues in the amount identified in subparagraph immediately above for deposit in the Debt Service Payment Account, Bond Related Costs Fund and Rebate Fund, as applicable.

Notwithstanding any provision in the Trust Agreement to the contrary, in no event shall Pledged Commonwealth Revenues be applied in any fiscal year to any purpose specified herein in excess of the Appropriated Amount for such purpose during such fiscal year, unless the Treasurer shall certify in writing to the Trustee that any such application shall not be subject to appropriation.

The following diagram is a summary of the flow of funds under the Trust Agreement. For a complete flow of funds, see *Appendix B – Proposed Form of the Trust Agreement*.



Note: All Federal Highway Reimbursements are available to be deposited to the Revenue Account, but, unless otherwise necessitated, transfer is only made on the Debt Service Funding Trigger Date.
*Amounts cannot be transferred to the Trust Agreement unless appropriated, unless such funds are transferred to the Holding Account, which is considered to be a part of the CTF.

Additional Bonds

Under the Trust Agreement, Additional Bonds may be issued on a parity basis with the Bonds for the purpose of providing for the costs of any Federal Highway Construction Program and any other projects hereafter authorized, and for refunding Outstanding Bonds. The Trust Agreement provides that no Additional Bonds may be issued unless:

(a) as of the delivery of such Additional Bonds, no Event of Default will have happened and will then be continuing;

(b) the Commonwealth delivers a certificate setting forth the amount of (1) Federal Highway Reimbursements and (2) Pledged Commonwealth Revenues received by the Commonwealth for each month for the eighteen (18) month period ending with the last full month immediately preceding the date of issuance of the Additional Bonds (or, if the information for such last full month is not then available, the last month for which such information is available);

(c) the amount of Federal Highway Reimbursements and Pledged Commonwealth Revenues received by the Commonwealth during any twelve (12) consecutive months out of such eighteen (18) month period referred to in clause (b) above each was not less than two hundred percent (200%) of the maximum amount of the Adjusted Bond Debt Service Fund Requirement due in the then current or any future SFY determined with respect to all Bonds Outstanding, including the proposed Additional Bonds;

(d) the Trustee shall have on deposit on the date of issuance of such Additional Bonds (including the 2026 Bonds), either from a portion of the proceeds of such Additional Bonds or from other amounts available for such purpose, an amount sufficient to pay the Bond Debt Service Fund Requirement payable with respect to all Bonds Outstanding, including the Additional Bonds and

excluding any Refunded Bonds (provided that principal and interest on such Refunded Bonds have been paid or are to be paid from an Escrow Account pursuant to the applicable Supplemental Trust Agreement), through the June 15th immediately following the date of issuance of the Additional Bonds; and

(e) the aggregate amount of bonds and notes, including the Bonds, the CTF Bonds and the DTR Bonds, other than any Refunding Bonds and refunding CTF Bonds or refunding DTR Bonds, does not exceed the limit imposed by law.

See *Appendix B – Proposed Form of Trust Agreement – Section 206. Limitations on Issuance of Additional Bonds; Conditions Precedent to the Delivery of Additional Bonds*.

The Commonwealth may issue Refunding Bonds without regard to the conditions specified above so long as (a) no Event of Default shall exist under the Trust Agreement and (b) the Adjusted Bond Debt Service Fund Requirement for each SFY in which Bonds are or will be Outstanding (i) computed immediately prior to the delivery of such Refunding Bonds and (ii) computed immediately after the delivery of such Refunding Bonds, and showing either that (x) the Adjusted Bond Debt Service Fund Requirement for each SFY in which Bonds will be Outstanding as computed in (ii) of this paragraph will not be greater than the Adjusted Bond Debt Service Fund Requirement in each such SFY as computed in clause (i) of this paragraph or (y) the net present value of the Adjusted Bond Debt Service Fund Requirement as computed in clause (ii) of this paragraph is less than the net present value of the Adjusted Bond Debt Service Fund Requirement as computed in clause (i) of this paragraph. In lieu of the requirements set forth in clause (b) of this paragraph, the Commonwealth may deliver to the Trustee certificates satisfying the conditions of clauses (a)-(e) of the preceding paragraph and in each case treating the Refunding Bonds to be issued as Additional Bonds thereunder.

Prior to the issuance of any Additional Bonds or Refunding Bonds, the Trustee also shall have received any other documents required by the Trust Agreement or the Applicable Supplemental Trust Agreement. The Trust Agreement permits the Commonwealth to issue obligations that are secured by a subordinate pledge of the Pledged Funds. See *Appendix B – Proposed Form of Trust Agreement – Section 207. Special Conditions Precedent to the Delivery of Refunding Bonds*.

Commonwealth Covenants

As required by the Senior Federal Highway Note Act (as defined herein), the Trust Agreement contains a covenant to the effect that, except to the extent necessary to pay Trust Agreement Obligations due and payable in any SFY (as originally scheduled), no more than fifty percent (50%), or such other percentage as may be permitted by Massachusetts law, of the amount apportioned by law to the Commonwealth in any FFY with respect to the Federal-Aid Highway Program shall be applied to the payment of Trust Agreement Obligations, including without limitation, the payment, redemption or defeasance prior to maturity of the principal of and interest on Bonds Outstanding. Any such use of Federal Highway Reimbursements also requires the concurrence of the Secretary of Administration and Finance and the Secretary of Transportation. This provision limits the amount of Federal Highway Reimbursements that may be available in any year for any optional redemption or defeasance of 2026 Bonds, although the percentage limitation may be modified or eliminated by future action of the Massachusetts Legislature without Bondholder consent. Moreover, the Commonwealth makes no representation as to the likelihood of any optional redemption or defeasance of the 2026 Bonds or that it will not utilize other available funds, if any, for such purposes.

The DTR Trust Agreement permits the Commonwealth to change the rate of the Motor Fuels Tax or Registry Fees credited to the CTF, 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 DTR 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 two hundred and fifty percent (250%) of the maximum aggregate Adjusted Bond Debt Service Fund Requirement due in the then current or any future fiscal year on the then Outstanding DTR Bonds (as defined in the DTR Trust Agreement, other than Subordinated Bonds, if any) and all CTF Bonds then Outstanding

(as defined in the CTF Trust Agreement). The CTF Trust Agreement also permits changing the rate of the Motor Fuels Tax or Registry Fees, as described above but the certificate to be delivered to the CTF Trustee must show Pledged Funds at least equal to four hundred percent (400%) of the maximum aggregate Adjusted Bond Debt Service Fund Requirement (as defined in the CTF Trust Agreement) due in the then current or any future fiscal year on the then Outstanding CTF Bonds. See *Pledged Commonwealth Revenues.*

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 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.

GENERAL OVERVIEW OF THE FEDERAL-AID HIGHWAY PROGRAM

The process of financing the Federal-Aid Highway Program begins with congressional approval of a federal highway act, the most recent reauthorization of which is the IIJA, enacted on November 15, 2021, which authorizes funding for the Federal-Aid Highway Program through September 30, 2026, which date was extended to December 11, 2026, pursuant to P.L. 119-103.

The amounts authorized in the federal highway acts serve as notice to the states of the size of the Federal-Aid Highway Program, which gives the states the ability to start their planning process through the life of the reauthorization. It permits the states to assign the funds to particular projects for planning purposes without the funds having yet been annually appropriated. Subsequent appropriations acts are necessary for the actual payment of the funds to the states.

Annually, Congress sets the upper limits on that year's authorizations from the Federal-Aid Highway Program, and the FHWA, after making certain administrative deductions and set asides, apportions, or distributes, the program funds to the states using federally mandated formulas and procedures. The annual federal apportionment generally occurs on the first day of the FFY (October 1) and cannot be taken away except by lapsing (generally, after approximately four years) or through congressional action.

Because of the typical multi-year authorization and multi-year availability of funds associated with the Federal-Aid Highway Program, federal limitations are placed on the amount of funds that a state can obligate within a given FFY – also known as OA – which applies to the total obligations of apportioned funds within a given year, regardless of the year in which the funds were apportioned and carry-forward amounts from previous years' unused amounts. The ceiling on annual OA does not take back authorized funds already apportioned to the states, it only limits the annual rate of obligation.

Historically, FHWA has reimbursed states for all appropriations, using other federal funds during periods when the federal HTF did not have sufficient funds to cover the reimbursements.

States can seek approval from FHWA of A/C status for a project, which allows the state to begin a project and pay it from the state's own funding sources, subject to later reimbursement when the OA becomes available. A/C approval allows the states to further leverage their future expected receipt of Federal-Aid Highway Program funds. As of October 1, 2026, the Commonwealth's A/C balance was $1.229 billion.

Generally, projects are required to be included in the STIP before work can be authorized and initiated using Federal-Aid Highway Program funds. The FFY 2027-2031 STIP programs an average of $1.039 billion per year in federal-aid highway projects, approximately 67% of which are statewide projects and the remaining approximately 33% of which are local. The current STIP assumes an average annual OA amount of $879 million.

Annually, when the Commonwealth receives its FHWA apportionment, it first sets aside the projected debt service payments on outstanding debt secured by Federal Highway Reimbursements, then the amount of A/C projects' cash flow, and is able to obligate, or contractually commit, to other projects the remaining apportionment. As a matter of policy, the Commonwealth currently uses GAN proceeds for A/C projects, leaving remaining funds for other projects.

For additional details on the Federal-Aid Highway Program, see *Appendix A*.

COMMONWEALTH PARTICIPATION IN THE FEDERAL-AID HIGHWAY PROGRAM

The flow of Federal Highway Reimbursements into the Federal Highway Grant Anticipation Note Trust Fund will depend on several factors, most notably, the amount of funding provided to Massachusetts by the federal government under the Federal-Aid Highway Program and the Commonwealth's ability to use such funding. The sections below summarize (i) the implementation and management of the Federal-Aid Highway Program in the Commonwealth, (ii) the recent history of funding levels provided to the Commonwealth and the Commonwealth's use of such funding, and (iii) the anticipated future funding. For additional detail on the Federal-Aid Highway Program, see *Appendix A*.

Program Implementation and Management

Implementation of the Federal-Aid Highway Program involves three key steps: (i) budgeting; (ii) planning and programming; and (iii) federal aid reimbursement.

Budgeting. In Massachusetts, MassDOT's Federal Aid Programming and Reimbursement Office, under the Office of the Chief Financial Officer, (the "FAPRO") and Office of Transportation Planning ("OTP") have primary responsibility for budgeting federally-aided transportation needs.

Planning and Programming. FAPRO and OTP coordinate transportation planning and programming activities for MassDOT. The Massachusetts STIP is developed annually. Initially, FAPRO and OTP project available state and federal funding for each of the next five years, based on anticipated federal apportionments and obligation authority, as well as anticipated state transportation funding. Annual funding is first allocated to the payment of GANs, as needed, and to certain defined statewide programs (planning, budgeted amounts for extra works orders, etc.) The remaining funding is then divided between the statewide bridge and highway program and the regional/local highway program. In coordination with the metropolitan planning organizations ("MPOs") and regional planning organizations ("RPOs"), MassDOT selects projects to be funded with federal-aid under the statewide road and bridge program. Funding under the regional/local program is divided among the MPOs and transportation planning organizations ("TPOs") based upon a formula developed by the Massachusetts Association of Regional Planning Agencies. The state's 10 MPOs and 3 RPOs then select the projects within their localities. All projects (both state and local) within a given MPO or TPO area are included in that respective agency's Transportation Improvement Program (TIP), along with transit projects programmed with federal transit funding. The TIPs are then combined into the STIP, which is subject to approval by the FHWA, the Federal Transit Administration, the United States Environmental Protection Agency and the Massachusetts Department of Environmental Protection. Inclusion in a federally approved STIP is a prerequisite to a project's receipt of federal transportation funding.

Federal Aid Reimbursement. In Massachusetts, FAPRO manages the reimbursement process.

The Office of the Chief Financial Officer within MassDOT has day-to-day responsibility for paying project bills and for securing prompt reimbursement for the federal share of those bills. A computer-based project accounting, reporting and billing system is used to track encumbrances and expenditures for all projects, including highway projects, administered by the Commonwealth. This system is called Mosaic (formerly MMARS). Within Mosaic, an initial encumbrance for each project is established, based on the total amount of revenues specified in the project agreement. As the project is implemented, Mosaic is used to track all expenditures and remaining encumbrance amounts. For federal-aid highway projects for which the Commonwealth must seek reimbursement for expenditures, Mosaic generates federal billing information and tracks the federal and Commonwealth sources of funding in detail. The federal-aid billing capabilities of Mosaic are designed specifically for the needs of MassDOT, while satisfying the cost accumulation and billing requirements of the FHWA.

Reimbursement requests are submitted weekly and reimbursements are made by wire transfer generally within four days. The Commonwealth's system and management are highly automated, leading to a routine, weekly flow of Federal Highway Reimbursements based on actual spending on approved projects. To the best of its knowledge, the Commonwealth has never failed to receive Federal Highway Reimbursements that have been requested.

Funding History

The table below identifies apportionments, OA, and Federal Highway Reimbursements for the Commonwealth from FFY 2017 to 2026. While the Commonwealth believes that sufficient Federal Highway Reimbursements will be received during the term of the Bonds to pay the principal of and interest due on the Bonds and all other Trust Agreement Obligations, various factors beyond the control of the Commonwealth may affect its ability to do so, including, without limitation, subsequent reauthorizations of the Federal-Aid Highway Program, federal budgetary limitations, and other possible changes in the Federal-Aid Highway Program that cannot now be anticipated. However, in the case that Federal Highway Reimbursements are not sufficient, Pledged Commonwealth Revenues are available to pay debt service on the Bonds, subject to appropriation. See *Appendix A - The Federal-Aid Highway Program – Reauthorization History*.

History of Apportionments, OA and Federal Highway Reimbursements to the Commonwealth of Massachusetts (in Millions) [(1)]

	Annual Federal Highway Apportionments[(2)]			OA			Federal Highway Reimbursements
FFY	Formula	Other/Non-Formula	Total	Formula[(3)]	Non-Formula[(4)]	Total	
2017	$602.4	$39.9	$642.3	$602.4	$12.7	$615.1	$627.7
2018	648.2	0.0	648.2	597.7	17.7	615.4	615.4
2019	661.7	0.0	661.7	594.4	22.8	617.2	646.4
2020	662.4	71.0	733.4	662.4	71.0	733.4	684.8
2021	626.0	3.6	629.6	629.6	50.0	679.6	637.7
2022	864.5	51.0	915.5	864.5	51.0	915.5	881.8
2023	820.7	369.1	1,189.8	872.9	6.9	879.8	879.8
2024	837.1	270.4	1,107.5	792.4	270.4	1,062.9	1,405.0
2025	853.9	82.5	936.3	904.1	32.7	936.9	1,139.2
2026	870.9	14.8	885.7	935.5	32.6	968.1	1,202.1
Average	$744.8	$90.2	$835.0	$745.6	$56.8	$802.4	$872.0

SOURCE: MassDOT FAPRO.

(1) Totals may not add due to rounding.

(2) FFY 2017-2021 reflect FAST Act apportionments. FFY 2022-2026 reflect Apportionments pursuant to the IIJA.

(3) Includes amounts attributable to Redistribution.

(4) Includes amounts attributable to Minimum Guarantee and High Priority Funds.

Apportionments. As with the FAST Act and MAP-21, under the IIJA, a single combined amount is authorized for each FFY for the apportioned federal highway programs. That amount is first apportioned among the states, and each state's apportionment is then divided among the individual apportioned programs. For FFY 2022 and each subsequent federal fiscal year subject to the IIJA apportionment methodology, FHWA calculates each state's initial apportionment based on the state's proportionate share of aggregate FFY 2021 apportionments. FHWA then adjusts the initial apportionments, if necessary, to ensure that each state's total apportionment is not less than (i) 95% of the estimated tax payments attributable to highway users in that state paid into the Highway Account of the HTF, determined in accordance with applicable federal law, (ii) 101% of the state's total apportionment for the preceding FFY and (iii) 102% of the state's total FFY 2021 apportionment. Following the determination of each state's total apportionment, FHWA divides that amount among the apportionment programs, in each case subject to applicable set-asides, suballocations and other adjustments. The IIJA also provides General Fund appropriations for certain additional formula programs that are separate from the foregoing apportioned amounts, including the Bridge Formula Program and the National Electric Vehicle Infrastructure Formula Program. Subject to applicable federal law and program-specific restrictions, a state generally may transfer up to 50% of certain apportioned program funds to another eligible apportioned program.

If future Federal-Aid Highway Program authorization acts provide amounts of federal highway assistance to Massachusetts similar to those authorized under prior federal surface transportation authorization acts, including the IIJA, the FAST Act, MAP-21 and SAFETEA-LU, and the Commonwealth fully utilizes such assistance, the amount of such assistance would substantially exceed the anticipated maximum annual debt service on the Bonds of

approximately $25.0* million. However, the amount, allocation and availability of federal highway assistance following the expiration of current authorization measures are subject to future Congressional action, and no assurance can be given regarding the amount or availability of such assistance or the methodology that may be used to apportion such assistance among the states. See *Debt Service Coverage.*

OA. The culmination of the federal authorization and appropriation process for the Federal-Aid Highway Program is the provision of OA to a state. OA, which is apportioned to states on an annual basis, sets the upper limit on the federal government's commitment to pay, through reimbursements, its share of eligible expenditures on approved projects. Thus, current year OA plus prior years' OA obligated but not yet expended determines the maximum amount of federal highway assistance that a state may receive under the Federal-Aid Highway Program. Although annual OA is not a direct representation of the amount of reimbursements a state will receive under the Federal-Aid Highway Program in a given year (e.g., due to lags in spending), OA levels will determine over time the amount of reimbursements that a state may receive. Since FFY 2017, total annual OA to the Commonwealth has not been less than $615.1 million; under the IIJA, total annual OA to the Commonwealth has not been less than $879.8 million.

Since FFY 2017, the Commonwealth has used virtually all the formula OA provided by the federal government, including redistribution/bonuses of OA resulting from under-utilization in other states. This is, in large part, the result of funding requirements for the Commonwealth's extensive statewide road and bridge program. Going forward, the Commonwealth anticipates continuing to use its full formula OA.

Federal Highway Reimbursements. The amount of Federal Highway Reimbursements received by the Commonwealth has averaged approximately $872.0 million per year since FFY 2017. Cash reimbursements tend to lag behind the commitment of OA.

Future Utilization of Federal Highway Assistance

Under the Federal-Aid Highway Program, as projects are approved by the FHWA, the aggregate dollar amount of each state contract relating thereto is obligated against the remaining annual amount of OA still available to that state. The state then pays the amounts owed under each contract as the work progresses and receives reimbursement from the federal government for the federal share of the total costs. The aggregate amount of reimbursements received by a state in any year is not necessarily equal to the state's apportionment for such year. Many projects and contracts extend over several years; the aggregate amount made available to a state in any one year, if fully obligated, may be received as reimbursement over a longer period relating to the actual pace of construction. The Commonwealth expects that, because of its extensive statewide road and bridge program, it will have sufficient federally eligible project expenditures to be able to utilize all the federal highway assistance that will be made available to the state.

In addition, as previously discussed, the Commonwealth has made extensive use of A/C status under the Federal-Aid Highway Program. By utilizing A/C status, the Commonwealth may pre-qualify projects and expenditures thereon for federal reimbursement, subject to the availability of future OA and the continued inclusion of the relevant projects on the STIP. As of October 1, 2026, Massachusetts had an estimated $1.229 billion in planned costs so qualified, which, when spent, should ensure that it will be able to draw down future federal assistance when available.

PLEDGED COMMONWEALTH REVENUES

Although the Commonwealth anticipates repaying the Bonds from Federal Highway Reimbursements, Pledged Commonwealth Revenues are available to pay debt service on the Bonds, if necessary. Pledged Commonwealth Revenues consist of certain revenues and funds in the CTF from the following sources, subject to the prior pledge granted to CTF Bonds and DTR Bonds.

Dedicated Transportation Income Surtax Revenue Amount. In November 2022, voters approved the Income Surtax on personal income above the Income Surtax Threshold. For tax year 2026, the Income Surtax Threshold is $1,107,750. Both short-term and long-term capital gains are subject to the Income Surtax to the extent

* Preliminary, subject to change.

a taxpayer has Massachusetts taxable personal income that exceeds the surtax threshold. Income Surtax Revenues are constitutionally dedicated to transportation and education purposes. Since inception of the Income Surtax as of January 1, 2023, the Commonwealth has collected approximately $9.2 billion in total Income Surtax Revenues, which amount includes an estimated $3.4 billion (unaudited) in fiscal year 2026.

Section 2BBBBBB of Chapter 29 pledges the DTISRA, which at the time of issuance of the 2026 Bonds is defined as $550 million per SFY, to the CTF. The pledge of the DTISRA to the Bonds is subject to the prior pledge granted under the DTR Trust Agreement. The DTISRA is not available for CTF Bonds issued under the CTF Trust Agreement.

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 General Laws Chapters 64*A*, 64*E*, and 64*F*. 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 64*A*, 64*E* and 64*F*. The Legislature has previously altered and may in the future alter Chapters 64*A*, 64*E* and 64*F*. See *Investment Considerations – Legislative Changes*.

General Laws Chapter 64*A* ("Chapter 64*A*") 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 (not including Aviation Fuel) (currently 23.964¢ per gallon) is credited to the CTF and constitutes Pledged Funds under the CTF Trust Agreement and the DTR Trust Agreement and are included in Pledged Commonwealth Revenues. Fuel subject to the provisions of Chapter 64*A* 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 revenues with respect to Aviation Fuel under Chapter 64*A* are credited to the CTF 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 Commonwealth Revenues.

General Laws Chapter 64*E* ("Chapter 64*E*") 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 64*A*, 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 64*A*, or 24¢ per gallon, except for liquefied gas, which is taxed at a rate of 19.1% of the average price per gallon. All Commonwealth receipts from the Special Fuels Tax imposed under Chapter 64*E* are credited to the CTF and constitute Pledged Funds under the CTF Trust Agreement and the DTR Trust Agreement and are included in Pledged Commonwealth Revenues.

General Laws Chapter 64*F* ("Chapter 64*F*") 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 64*A*, or 24¢ per gallon. All Commonwealth receipts from the Motor Carrier Tax imposed under Chapter 64*F* are credited to the CTF and constitute Pledged Funds under the CTF Trust Agreement and the DTR Trust Agreement and are included in Pledged Commonwealth Revenues.

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 *Investment Considerations – Legislative Changes*.

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 General Laws Chapter 90, the Registry Fees are deposited in the CTF and are available to be used for transportation-related purposes. All Registry Fees constitute Pledged Funds under the CTF Trust Agreement and the DTR Trust Agreement and are included in Pledged Commonwealth Revenues.

Additional Pledged Funds Under the DTR Trust Agreement or CTF Trust Agreement. Under the DTR Trust Agreement, the Commonwealth may pledge certain additional revenues as security for the DTR Bonds. Such amounts may include any funds of the Commonwealth from any source that may be authorized to be pledged under the DTR Trust Agreement. If so pledged, the Commonwealth must comply with certain conditions in the DTR Trust Agreement.

The Commonwealth may also pledge certain additional revenues as security for the CTF Bonds, as outlined in the CTF Trust Agreement. If so pledged, such amounts would then constitute Pledged Funds under the DTR Trust Agreement subject to the prior pledge granted under the CTF Trust Agreement.

If any Additional Pledged Funds, as defined under the DTR Trust Agreement or CTF Trust Agreement, shall be pledged to the DTR Bonds or CTF Bonds, such amounts would be captured in Pledged Commonwealth Revenues and available to the Bonds.

Historical Pledged Commonwealth Revenues. The table below shows historical Pledged Commonwealth Revenues from SFY 2017 to 2026.

HISTORICAL PLEDGED COMMONWEALTH REVENUES (in Thousands)

	Funds Available Under the CTF Trust Agreement and DTR Trust Agreement					
SFY Ending June 30	DTISRA[(1)]	Motor Fuels Tax Receipts[(2)]	Registry Fees	Total	Less: Debt Service on CTF Bonds and DTR Bonds[(3)]	Pledged Common-wealth Revenues
2017	$-	$767,855	$598,691	$1,366,546	$129,024	$1,237,522
2018	-	767,520	612,779	1,380,299	138,466	1,241,833
2019	-	773,789	616,830	1,390,619	164,638	1,225,981
2020	-	706,295	561,867	1,268,162	172,756	1,095,406
2021	-	661,492	622,770	1,284,262	187,181	1,097,081
2022	-	721,155	598,987	1,320,142	188,792	1,131,350
2023	-	700,081	601,343	1,301,424	216,137	1,085,287
2024	-	711,454	638,541	1,349,995	181,992	1,168,003
2025	-	704,907	634,994	1,339,901	241,527	1,098,374
2026	550,000	702,615	622,127	1,874,742	267,092	1,607,650

Source: SFY 2017-2025, Office of the Comptroller of the Commonwealth; SFY 2026, Department of Revenue (Motor Fuels Tax Receipts) and MassDOT (Registry Fees), unaudited. Excludes any Direct Payments related to outstanding CTF Bonds issued as Build America Bonds and Recovery Zone Economic Development Bonds. Totals may not add due to rounding.

(1) The annual DTISRA of $550 million will be pledged under the DTR Trust Agreement effective upon issuance of the 2026 DTR Bonds.

(2) Includes all Motor Fuels Tax collected by the Commonwealth pursuant to General Laws Chapters 64*A*, 64*E* and 64*F* and credited to various budgeted funds, ***except*** Aviation Fuel. Includes 23.964¢ per gallon of the 24¢ per gallon Gasoline Tax imposed under Chapter 64A, with the remainder credited to the Inland Fisheries and Game Fund.

(3) The first issuance of DTR Bonds will be in fiscal year 2027.

COMMONWEALTH TRANSPORTATION SYSTEM

MassDOT

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. 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 Mosaic (formerly 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* plans, designs and constructs infrastructure projects and operates and maintains the existing network of state highways, bridges, tunnels, and ancillary structures. The Highway Division also assists cities and towns with their road and bridge needs to help ensure that all people can travel safely and efficiently throughout the state. This includes administering various community funding programs to support municipal transportation investments. To enable the millions of daily trips within Massachusetts, the Highway Division seeks to support a sustainable roadway network that is safe for walking, biking, micromobility, transit, and driving. In addition to stewardship of state infrastructure, MassDOT oversees the design and construction of federally funded municipal projects.

- The *Rail and Transit Division* maintains state-owned track, oversees MassDOT's freight and passenger rail programs, and seeks to increase transportation options and improve mobility across the Commonwealth by assisting, funding and/or overseeing service provided by the Commonwealth's 15 Regional Transit Authorities ("RTAs"), local governments, non-profits, and private carriers.

- The mission of the *Aeronautics Division* is to promote aviation throughout the Commonwealth while establishing an efficient, integrated airport system that enhances airport safety, customer service, economic development, and environmental stewardship. The Aeronautics Division has jurisdiction over the Commonwealth's 34 public use airports and multiple heliports, private restricted 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. This includes all Massachusetts airports except for Logan International Airport, Worcester Regional Airport, and Hanscom Field in Bedford, which are owned and operated by the Massport. The Aeronautics Division certifies airports and heliports, licenses airport managers, conducts annual airport inspections, and enforces safety and security regulations. The Aeronautics Division also operates a drone program that promotes innovative aviation technologies and provides advanced aerial capabilities.

- The RMV is responsible for administering the motor vehicle laws of the Commonwealth related to the issuance of identification and driver's license credentials, including REAL IDs and motor vehicle registrations and titles, as well as the safety and emissions inspection of motor vehicles and school buses. The RMV performs a safety-critical role through the administration of driver's education curriculum, the road test program, and the vehicle safety and compliance program. The RMV also administers policy related to drunk driving and habitual traffic offenses and supports communication with the courts regarding criminal complaints and convictions.

Pursuant to General Laws Chapter 6C (the "Enabling Act"), MassDOT is governed by a Board of Directors ("Board of Directors" or "MassDOT Board") that consists of thirteen (13) members, and there currently are three (3) vacancies. The Secretary of Transportation serves ex-officio as Chair and the twelve (12) 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 (4) of the members, other than the Chair, shall serve for terms that are coterminous with the Governor; provided, however, that at least three (3) 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 (6) remaining members appointed by the Governor serve for terms of four (4) years. No more than seven (7) of the thirteen (13) directors, except the ex-officio director, shall be members of the same political party. Members with expired terms continue to serve until they are reappointed or a successor is appointed and qualified.

The current members of the MassDOT Board are as follows:

Name	Professional Affiliation	Term expires
Phillip Eng, *Chair*	Interim Secretary of Transportation	*Ex Officio*
Eric D. Batista	City Manager of Worcester	Conterminous with Governor
Joseph Beggan	Former City of Boston Transportation Department	July 1, 2026
Ilyas Bhatti	Adjunct instructor, Former Associate Professor and Former Dean of the School of Management at Wentworth Institute of Technology	Conterminous with Governor
Richard A. Dimino	President Emeritus of A Better City	Conterminous with Governor
Dr. Lisa I. Iezzoni	Professor of Medicine at Harvard Medical School	July 1, 2026
Timothy King	Attorney/General Counsel for Massachusetts Coalition of Police; Former Detective Sergeant, Waltham Police Department	July 1, 2025
Thomas Koch	Mayor of Quincy	July 1, 2029
Dean Mazzarella	Mayor of Leominster	July 1, 2029
Thomas McGee	Former Mayor of Lynn	Conterminous with Governor

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

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 ("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 64*A,* 64*E* and 64*F* and the Registry Fees are classified as Article 78 Revenues.

The constitutional amendment that imposes the Income Surtax, which is the funding source for the DTISRA, provides that all revenues received from it shall be expended, subject to appropriation, only for the purposes of providing resources for "quality public education and affordable public colleges and universities, and for the repair and maintenance of roads, bridges and public transportation."

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 Massachusetts Bay Transportation Authority ("MBTA") and RTAs on bus and rail funding and works with the MPOs to finance local road projects.

- **MassDOT Board of Directors**: The 13-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-year 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 STIP.

INVESTMENT CONSIDERATIONS

The Commonwealth's ability to pay principal of, and interest on, the 2026 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 2026 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 2026 Bonds in addition to those set forth herein.

External Conditions Affecting Federal Highway Reimbursements

The 2026 Bonds are primarily secured by Federal Highway Reimbursements. The receipt of Federal Highway Reimbursements by the Commonwealth depends on many factors, including federal law, federal funding levels, OA, reimbursement timing or other federal program requirements. There can be no assurance regarding the continuation of any particular level of federal highway funding or future actions by Congress affecting the Federal-Aid Highway Program.

External Conditions Affecting Pledged Commonwealth Revenues

Factors Affecting Income Surtax Revenues. Aggregate Income Surtax Revenues may be affected by general economic and financial market conditions that affect personal incomes, including in particular, capital gains, which are included in the measure of personal income to determine whether the Income Surtax applies to individual taxpayers. Both short-term and long-term capital gains are subject to the Income Surtax to the extent a taxpayer has Massachusetts taxable income that exceeds the Income Surtax Threshold. Such revenues are heavily reliant on stock market performance, timing of when taxpayers choose to realize gains and losses, and other factors. Revenue forecasting is subject to significant uncertainty. Uncertainties and risks that may affect forecasts include, but are not limited to, local, national and international events, economic and business conditions, taxpayer and consumer behavior, interest rates, inflationary factors, commodity prices, supply chain disruptions, terrorism, hostilities or war, climate change and extreme weather, unanticipated demographic changes, epidemic and pandemics, federal laws and regulations, financial markets and other factors.

Factors Affecting Motor Fuels Tax Receipts. Many factors beyond the control of the Commonwealth may adversely affect the amount of 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 and 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.

Factors Affecting Registry Fee Receipts. The Commonwealth does not project future Registry Fee receipts beyond the current fiscal year. For fiscal year 2027, MassDOT projects that Registry Fee receipts will equal approximately $622.9 million or 0.13% more than Registry Fee receipts for fiscal year 2026, but the actual revenue that will be collected by the Commonwealth this fiscal year and in the future is subject to many factors beyond the control of the Commonwealth, such as fluctuating economic conditions, the price of new or used vehicles, government activity that directly or indirectly may affect the choice of vehicles to be purchased by consumers or the frequency of the replacement of vehicles by consumers, technological advances, changes in law and other variables affecting revenue. Registration and license renewal fees also peak approximately every 2 to 5 years. Changes in the renewal cycle for registrations and license renewals may also affect annual receipts.

Legislative Changes

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 CTF; 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 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.

The Legislature may in the future enact or amend legislation that may change the Income Surtax or define additional dedicated uses of the Income Surtax Revenue and other changes to income taxes generally that might adversely affect the DTISRA.

On September 23, 2026, the Governor filed a supplemental budget to close out Fiscal Year 2026. This legislation included a proposal that would, in effect, suspend the state's collection of the Motor Fuels Tax for a period of 60 days. This legislation is currently awaiting action by the Legislature. The Commonwealth cannot predict whether the Governor's proposal or any other similar proposal might become law in the future. The CTF Trust Agreement and DTR Trust Agreement permit changing the collections of any of the Motor Fuels Taxes or Registry Fees, including lowering, suspending or eliminating, but only if certain coverage is maintained. See *Security for the Bonds – Commonwealth Covenants.*

The Legislature's right to make such changes is restricted by the DTR Trust Agreement in which the Commonwealth has covenanted with the owners of the DTR Bonds that it shall not take any action that would impair the rights and remedies of the owners of the DTR Bonds. Neither the DTR Trust Agreement nor the CTF Trust Agreement requires the Commonwealth to increase the amounts of the DTISRA, the Motor Fuels Tax or Registry Fees pledged as Pledged Funds thereunder. Under the DTR Trust Agreement, the Commonwealth may not reduce the DTISRA below the amount in effect on the date of issuance of the 2026 DTR Bonds. Under the DTR Trust Agreement and the CTF 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 as defined under such agreements in certain prior months, after taking into account the effect of any change, would equal at least (i) in the case of the DTR Trust Agreement, 250% of the maximum aggregate Adjusted Bond Debt Service Requirement due in the then current or any future fiscal year on DTR Bonds and CTF Bonds Outstanding and (ii) in the case of the CTF Trust Agreement, 400% of the maximum aggregate Adjusted Bond Debt Service Requirement due in the then current or any future fiscal year on Outstanding CTF Bonds only. See *Security for the Bonds – Commonwealth Covenants.*

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.

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 to its operations due to incidents affecting third parties. Appropriate remedial action was taken in each instance, and over the last five years there have only been three operational disruptions that caused revenue collection delays 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 Commonwealth Revenues. To mitigate the risk of cyber threats on the Commonwealth's IT network and systems, the Commonwealth invests in infrastructure, processes and operational controls.

LITIGATION

No litigation is pending or, to the knowledge of the Attorney General of the Commonwealth threatened against or affecting the Commonwealth seeking to restrain or enjoin the execution and delivery of the Trust Agreement or the issuance, sale or delivery of the 2026 Bonds or in any way contesting or affecting the validity of the 2026 Bonds, the right of the Commonwealth to receive Federal Highway Reimbursements or to collect the Pledged Commonwealth Revenues or the pledge of the Pledged Funds to secure any of the 2026 Bonds as provided in the Trust Agreement.

TAX EXEMPTION

In the opinion of Troutman Pepper Locke 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 2026 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 2026 Bonds will not be included in computing the alternative minimum taxable income of owners of the 2026 Bonds who are individuals. However, interest on the 2026 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 2026 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 2026 Bonds. Failure to comply with these requirements may result in interest on the 2026 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2026 Bonds. The Commonwealth has covenanted to comply with such requirements to ensure that interest on the 2026 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 2026 Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the 2026 Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences arising with respect to the 2026 Bonds. Prospective purchasers of the 2026 Bonds should be aware, however, that the 2026 Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the 2026 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 2026 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 2026 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 2026 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 2026 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 2026 Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the 2026 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. Owners of the 2026 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2026 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.

2026 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 Bondholders 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 2026 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 2026 Bonds may adversely affect the value of, or the tax status of interest on, the 2026 Bonds.

Although Bond Counsel is of the opinion that interest on the 2026 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 2026 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 2026 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 2026 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 Bondholders 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 2026 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the 2026 Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the 2026 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 2026 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, Bondholders 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 2026 Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the 2026 Bonds may be affected and the ability of Bondholders to sell their 2026 Bonds in the secondary market may be reduced. The 2026 Bonds are not subject to special mandatory redemption, and the interest rates on the 2026 Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the 2026 Bonds.

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

RATINGS

The 2026 Bonds have been assigned ratings of "AAA" (outlook: Stable) and "AAA" (outlook: Stable) by S&P Global Ratings ("S&P") and Kroll Bond Rating Agency ("KBRA"), respectively.

Such ratings reflect only the respective views of S&P and KBRA, 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 of time 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 2026 Bonds.

UNDERWRITING

The 2026 Bonds are being purchased by the Underwriters, for whom Jefferies LLC is acting as Representative. The Underwriters have agreed, subject to certain conditions, to purchase all of the 2026 Bonds from the Commonwealth at a discount from the initial offering prices of the 2026 Bonds equal to ($_____) of the aggregate principal amount of the 2026 Bonds. The Underwriters may offer and sell the 2026 Bonds to certain dealers and others (including dealers depositing 2026 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 page 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 2026 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.

In addition, certain of the Underwriters may have entered into distribution agreements with other broker-dealers (that have not been designated by the Commonwealth as Underwriters) for the distribution of the 2026 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.

CERTAIN LEGAL MATTERS

The unqualified approving opinion as to the legality of the 2026 Bonds will be rendered by Troutman Pepper Locke LLP, Boston, Massachusetts, Bond Counsel to the Treasurer. The proposed form of such opinion of Bond Counsel is attached to this Preliminary Official Statement 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

In order 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 2026 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. 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.

In addition to the above, 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 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 2026 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 Trust Agreement, the constitution of the Commonwealth, general and special laws and 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.

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 Robert Tufo, Assistant Secretary, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (857) 289-2741. Questions regarding legal matters relating to this Official Statement and the 2026 Bonds should be directed to Walter J. St. Onge, III, Troutman Pepper Locke 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 __, 2026

THE FEDERAL-AID HIGHWAY PROGRAM

A principal source of repayment and security for the 2026 Bonds is payments received by the Commonwealth from the federal government under the Federal-Aid Highway Program, pursuant to which the federal government reimburses states for the federal share of approved highway projects. This Appendix A provides a summary of the Federal-Aid Highway Program, including the process by which states request and receive Federal Highway Reimbursements from the federal government.

The Federal-Aid Highway Program is an "umbrella" term that encompasses most of the federal programs that provide highway funding to the states, including the Commonwealth. Within the U.S. Department of Transportation, the Federal Highway Administration ("FHWA") is the federal agency responsible for administering the Federal-Aid Highway Program. The Federal-Aid Highway Program is financed from the transportation user-related revenues deposited in the Federal Highway Trust Fund ("HTF"). The primary source of revenues in the HTF is derived from federal excise taxes on motor fuels. Other taxes include excise taxes on tires, trucks and trailers and truck use taxes.

Under the Infrastructure Investment and Jobs Act ("IIJA"), the Federal-Aid Highway Program includes nine apportioned funding programs: the National Highway Performance Program, the Surface Transportation Block Grant Program, the Highway Safety Improvement Program, the Railway-Highway Grade Crossing Program, the Congestion Mitigation and Air Quality Improvement Program, the National Highway Freight Program, the Metropolitan Planning Program, the Carbon Reduction Program and the Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation ("PROTECT") Formula Program.

Certain Federal-Aid Highway Program features or requirements are explained or further defined where they appear below but are introduced here for reference:

- *HTF*: The HTF is a dedicated federal fund with dedicated revenues held in trust for reimbursement of expenditures by the states for costs of eligible transportation projects, including highway projects.

- *Authorization*: "Authorization" is the process by which Congress authorizes the expenditure of federal revenues on federal programs. For the Federal-Aid Highway Program, authorization historically has been provided on a multi-year basis. This, together with the availability of HTF revenues and future HTF collections permits states more certainty in planning long-term highway projects. The current multi-year authorization, the IIJA, became law on November 15, 2021, and originally continued through September 30, 2026, which was extended until December 11, 2026 under the Continuing Appropriations and Extensions Act, 2027, H.R. 6500 ("P.L. 119-103"). See *Reauthorization History* below.

- *Apportionment*: For each federal fiscal year ("FFY"), the FHWA apportions the authorized funding among the states according to formulas that are established in authorizing statutes. The distribution of federal funds that do not have a statutory formula is called "allocation" rather than "apportionment."

- *Obligation Authority ("OA")*: "Obligation" is the commitment of the federal government to pay, through reimbursements to a state, its share of the eligible expenditures on an approved project. The amount of such federal revenues that a state can obligate in a given FFY is called its "Obligation Authority."

- *Advance Construction ("A/C")*: The A/C procedure allows states to commence eligible projects without first having to obligate the federal government's share of expenditures. Thus, states may begin a project before amassing all of the OA needed to cover the federal government's share.

- *Partial Conversion of A/C*: Under partial conversion of A/C, in a given year a state may convert A/C to OA and thus be eligible for reimbursement for a portion of the federal share of an A/C

project in that or in a subsequent FFY. This removes any requirement for the state to wait for reimbursements until the full amount of OA needed for the entire project is available.

These features of the Federal-Aid Highway Program work in a complementary fashion to provide a regular flow of federal reimbursements over the years to state highway projects.

Although FHWA provides funding for eligible highway projects, federal-aid highways are under the administrative control of the state or local government responsible for their operation and maintenance.

Title 23 of the United States Code ("Title 23") includes most of the laws that govern the Federal-Aid Highway Program, arranged systematically or codified. Generally, Title 23 embodies those substantive provisions of highway law that Congress considers to be continuing and which need not be reenacted each time the Federal-Aid Highway Program is reauthorized. Periodically, sections of Title 23 may be amended or repealed through surface transportation acts.

The terms and conditions of participation in the Federal-Aid Highway Program as described herein are subject to change at the discretion of Congress, and there can be no assurance that the laws and regulations now governing the Federal-Aid Highway Program will not be changed in the future in a manner that may adversely affect the ability of the Commonwealth to receive adequate Federal Highway Reimbursements to pay the Bonds. The current authorization for the Federal-Aid Highway Program, the IIJA, together with P.L. 119-103, provides for funding through December 11, 2026. As described in this Official Statement, if there is a deficiency in Federal Highway Reimbursements, Pledged Commonwealth Revenues are available to pay debt service on the Bonds, subject to appropriation. See *Pledged Commonwealth Revenues*.

Reauthorization History

The modern Federal-Aid Highway Program originated in the Federal-Aid Highway Act of 1956, which was the first in a long series of authorizing statutes from 1956 through 1976. The 1978 Surface Transportation Act and the Federal Highway Act of 1981 were primarily extensions of existing authority. The 1982 Surface Transportation Assistance Act began the modern multi-year (i.e., four or more years) authorizing process. Prior to 1998, Congress reauthorized the Federal-Aid Highway Program pursuant to several multi-year authorizations.

TEA-21. The Transportation Equity Act for the 21st Century ("TEA-21") was enacted in 1998 and authorized programs over the six-year period from FFY 1998 through 2003. TEA-21 expired September 30, 2003, and was the subject of 12 interim reauthorization extensions until the enactment of SAFETEA-LU in August 2005.

SAFETEA-LU. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users ("SAFETEA-LU") became law on August 10, 2005, and authorized programs over the five-year period from FFY 2005 through 2009. SAFETEA-LU authorized a total of $286.4 billion for federal surface transportation programs in FFY 2005 through 2009. Following the expiration of SAFETEA-LU in September 2009, Congress enacted 10 interim authorization measures until the enactment of MAP-21.

MAP-21. The Moving Ahead for Progress in the 21st Century Act ("MAP-21") was signed into law on July 6, 2012. MAP-21 extended SAFETEA-LU through the end of FFY 2014. MAP-21 also extended the imposition of the highway-user taxes, generally at the rates that were in place when the legislation was enacted, through September 30, 2016. In addition, it extended the provision for deposit of almost all the highway-user taxes into the HTF through September 30, 2016. MAP-21 also restructured the core federal highway programs. After the expiration of MAP-21, but before enactment of the FAST Act, Congress used a series of five short-term authorizations to fund the Federal-Aid Highway Program.

FAST Act. The Fixing America's Surface Transportation Act (the "FAST Act") became law on December 4, 2015, and extended the Federal-Aid Highway Program through FFY 2020. The FAST Act authorized, among other things, a $500 million annual increase for the National Highway Performance Program, a first-year increase of $1 billion for the Surface Transportation Program and approximately $200 million annually thereafter for such program and created a new National Highway Freight Program funded with approximately $1.2 billion annually. In addition to the new programs created, the FAST Act provided continued funding for the programs previously funded by MAP-21 and the short-term authorizations enacted after MAP-21. The FAST Act, over the life of the legislation,

increased overall highway funding by 15% and transit funding by 18%. Between the expiration of the FAST Act and the passage of the IIJA, Congress passed three extensions to continue funding.

IIJA. The IIJA was enacted on November 15, 2021 and authorized funding for the Federal-Aid Highway Program through FFY 2026. The IIJA includes titles related to Federal-aid highways, innovative project finance, public transportation, transportation safety, innovation, hazardous materials transportation, multimodal freight transportation, rail transportation, and the National Surface Transportation and Innovative Finance Bureau. In addition to maintaining the FAST Act highway programs, the IIJA restructured highway programs generally by creating four additional formula programs and authorizing 18 new discretionary programs. The IIJA provided funding through September 30, 2026. P.L. 119-103 extended funding through December 11, 2026.

Build America 250 Act. The House Transportation and Infrastructure Committee introduced a five-year surface transportation reauthorization bill, the Building Unrivaled Infrastructure and Long-term Development for America's 250th (the "Build America 250 Act") on May 19, 2026, which would authorize $580 billion in funding for roads, bridges, rail and transit systems over FFY 2027 to 2031 and would fund the federal highway program at $293.9 billion over this same period – corresponding to an average annual amount over the five years of $58.7 billion, or approximately 7.5% higher than the average annual amount apportioned under the IIJA. In addition to certain other changes, the current text of the Build America 250 Act also requires the FHWA to impose a new annual electric vehicle ("EV") registration fee, starting at $130 for a covered EV and $35 for a covered plug-in hybrid vehicle; rates would increase by $5 per year beginning in 2029 until they reach a maximum of $150 and $50 for EV and plug-in hybrids, respectively. On May 22, 2026, the House Transportation and Infrastructure Committee approved the text of the proposed bill by a vote of 62-2. The introduction of the Build America 250 Act represents the first of several steps in the reauthorization process, and there can be no assurance that the Build America 250 Act, or any other proposed reauthorization bills, if any, will ultimately be signed into law. The form, substance, length, and ultimate funding amounts of any reauthorization act may also differ materially from the provisions included in the proposed Build America 250 Act.

Although interim authorization measures have been enacted by Congress in the past, no assurance can be given that such measures would or could be enacted in the future to maintain the flow of federal-aid funding upon termination of either a short-term or multi-year authorization period.

Federal Highway Trust Fund

General. The HTF is the primary source of funding for most of the programs in the Federal-Aid Highway Program. Funded by a collection of federally imposed motor vehicle user fees, primarily fuel taxes, the HTF is a fund established by law to hold dedicated highway-user revenues that are used for reimbursement of a state's cost of eligible transportation projects (which may include debt service on obligations issued to finance a federal-aid project), including highway projects. The HTF is composed of two accounts: the Highway Account, which funds highway and intermodal programs, and the Mass Transit Account. The Highway Account receives approximately 84% of gasoline tax revenues and 88% of diesel fuel revenues, with the remaining share of such revenues deposited in the Mass Transit Account.

HTF Revenue Sources. Federal gasoline excise taxes are the largest revenue source for the HTF. The majority of these tax revenues, including fifteen and forty-four hundredths cents (15.44¢) per gallon out of the current eighteen and four-tenths cents (18.4¢) per gallon tax, go to the Highway Account of the HTF.

The following table shows the types of taxes deposited into the HTF and the current rates that are in effect.

Motor Fuels Taxes				
Type of Tax	**Tax Rate (Cents per Gallon)**	**Distribution of Tax[(1)]**		
		Highway Account of the HTF	**Mass Transit Account of the HTF**	**Leaking Underground Storage Tank Trust Fund**
Gasoline	18.4	83.9%	15.5%	0.5%
Diesel	24.4	87.9	11.7	0.4
Gasohol	18.4	83.9	15.5	0.5
Liquefied Petroleum Gas	18.3	84.3	15.7	0.0
Liquefied Natural Gas	24.3	86.7	13.3	0.0
M85 (From Natural Gas)	9.25	83.5	15.5	1.1
Compressed Natural Gas	18.3	93.4	6.6	0.0
Other User Fees				
Tires	9.45 cents for each 10 lbs. of the maximum rated load capacity over 3,500 lbs.			
Truck and Trailer Sales	12% of retailer's sales price for tractors and trucks over 33,000 lbs. gross vehicle weight ("GVW") and trailers over 26,000 lbs. GVW			
Heavy Use Vehicles	Annual tax for trucks 55,000 lbs. GVW and over equal to $100 plus $22 for each 1,000 lbs. (or fraction thereof) in excess of 55,000 lbs.; maximum tax of $550			

[(1)] Totals may not add due to rounding.
Source: United States Government Accountability Office.

The following table shows annual HTF collections in the Highway Account for FFY 2015 through 2024.

Highway Trust Fund, Highway Account Receipts,
FFY 2015-2024
(Thousands of Dollars)

FFY	Amount
2015	$35,740,260
2016	36,062,386
2017	35,698,506
2018	37,265,113
2019	38,266,722
2020	37,068,958
2021	37,932,764
2022	40,705,497
2023	37,358,078
2024	37,494,621

Sources: FFY 2015 through 2024, Highway Statistics 2024, Office of Highway Policy Information, FHWA, Table FE-210.
Excludes interest income and other receipts. For certain other receipts, see – *History of HTF Highway Account Balances* below.

History of HTF Highway Account Balances. The following table sets forth the balances in the HTF Highway Account from FFY 2017 through FFY 2025 and the partial FFY 2026 balance as of August 2026.

HTF HIGHWAY ACCOUNT BALANCE
FFY 2017-2025, AND AS OF AUGUST 30, 2026 [1]
($ IN BILLIONS)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026[1]
Opening Balance										
Receipts:	$51.435	$41.443	$32.605	$24.652	$12.621	$14.264	$98.913	$89.649	$74.632	$56.418
Net Tax Receipts	35.699	37.265	38.267	37.458	37.933	40.865	37.358	37.495	38.377	37.161
Interest Income	0.281	0.543	0.621	0.145	0.008	0.728	4.206	4.440	2.931	1.593
Other Receipts	0.128[2]	0.120[3]	0.098	0.107	10.505[3]	90.019[4]	0.081	0.018	0.077	0.054
Total Receipts	36.108	37.928	38.985	37.711	48.445	131.611	41.645	41.953	41.385	38.759
Transfers:										
To Mass Transit Account	1.175	1.700	1.401	1.615	1.200	1.000	1.200	1.600	1.600	1.600
From Mass Transit Account	0.052	0.066	0.069	0.058	0.115	0.115	0.135	0.136	0.148	0.151
Outlays	44.977	45.132	45.607	48.265	45.717	46.350	50.157	56.879	58.582	51.449
Receipt Account	-	-	-	0.080	-	0.273	0.313	1.373	0.435	0.041
Closing Balance	$41.443	$32.605	$24.652	$12.621	$14.264	$98.913	$89.649	$74,632	$56.418	$52.543

Note: Totals may not add due to rounding.
Source: Federal Highway Administration Table FE-1 as of August 30, 2026.
(1) Each FFY from 2017-2025 is October 1 through the following September 30, except for 2026, the period is from October 1, 2025 through August 30, 2026.
(2) Includes a transfer of $100 million (reduced to $93.1 million by a sequester) to the Highway Account from the Leaking Underground Storage Tank Trust Fund pursuant to Section 31203 of Pub. L. 114-94.
(3) Includes a transfer of $10.4 billion to the Highway Account from the General Fund.
(4) Includes a transfer of $90.0 billion to the Highway Account from the General Fund.

Statutory authority to (i) impose the taxes that are dedicated to the HTF, (ii) place the revenues resulting from those taxes in the HTF, and (iii) expend funds from the HTF all have expiration dates which must be extended by Congress periodically. The life of the HTF has been extended several times since its inception, most recently by the IIJA, which (i) reauthorized imposing most taxes dedicated to the HTF through September 30, 2028, (ii) allocated the resulting revenues to the HTF, and (iii) extended authority to expend funds from the Highway Account of the HTF for programs under the IIJA and previous authorization acts through September 30, 2028.

The HTF is required under current federal law to maintain a positive balance to ensure that prior commitments for distribution of federal revenues can be met. Should a situation occur where FHWA cannot fully reimburse states, FHWA may take some or all of the following actions: (i) move from daily reimbursements to weekly reimbursements; (ii) align reimbursements with HTF deposits (twice monthly); or (iii) make proportional payments to states based on available HTF cash. These are some of the possible actions FHWA might take in the event of a cash shortfall. The specific actions would depend on the exact nature of the shortfall.

In response to projected HTF shortfalls by the Congressional Budget Office ("CBO") and other governmental entities, Congress has, from time to time in the past, enacted legislation authorizing the transfer of funds from the federal General Fund to the HTF. Between FFY 2013-2016 and FFY 2021, Congress transferred from the federal General Fund to the HTF a total of approximately $91.9 billion, of which approximately $13 billion was provided to the Mass Transit Account within the HTF. The IIJA provided an additional $118 billion in federal General Fund transfers to the HTF to support the programs over the five-year life of the IIJA. Intergovernmental transfers have also been authorized from the Leaking Underground Storage Tank Trust Fund. Including these amounts, the transfers authorized by Congress into the HTF since FFY 2008 have totaled over $275 billion.

HTF Revenue Projections. As noted above, the primary source of revenues for the HTF is federal excise taxes, the majority of which come from taxes on the consumption of motor fuels, the use of certain kinds of vehicles, and retail sales of trucks, trailers, and truck tires. The IIJA extended these taxes that are credited to the HTF through September 30, 2028, beyond the IIJA's spending authority.

Amounts in the HTF can be affected by the rate of expenditure of amounts in the fund as well as a number of revenue-impacting factors, for example, national vehicle miles travelled ("VMT") and the fuel efficiency of automobiles and trucks and increasing sales of electric vehicles. Revenue from gasoline taxes, previously expected to decline, is now projected to grow slightly over the next decade, partly due to policy changes reducing the efficiency of future vehicles.

Further, as shown in the table below, national VMT reached a new peak in FFY 2024 to over 3.29 trillion miles, which was an increase of 1.45% over the previous year.

Vehicle Miles Travelled Nationally [(1)]
FFY 2015-2024
(Millions of Miles)

FFY	Total VMT	Annual Change
2015	3,095,373	2.30
2016	3,174,408	2.55
2017	3,212,347	1.20
2018	3,240,327	0.87
2019	3,261,772	0.66
2020	2,903,622	(10.98)
2021	3,132,411	7.88
2022	3,196,191	2.04
2023	3,246,817	1.58
2024	3,294,031	1.45

Source: FHWA Office of Highway Policy Information Table VM-202.
[(1)] Data are based on state highway agency estimates reported for the various functional systems.

According to June 2026 CBO baseline projections, annual receipts to the Highway Account of the HTF from these taxes are projected to increase during the 12-year period from FFY 2025 to 2036, increasing from $39 billion in FFY 2025 to $47 billion in FFY 2036. However, despite increased VMT and policy changes, the HTF faces long-term structural shortfalls driven by increased vehicle efficiency and electric vehicle adoption. The CBO predicts that, assuming that the obligations paid from the HTF increase at the rate of inflation, the balance in both the Highway Account and the Mass Transit Account of the HTF will be exhausted in FFY 2028, with cumulative deficits projected to reach roughly $131 billion by FFY 2031 and approach $317 billion by FFY 2036. Under current federal law, a positive balance is required to be maintained in the HTF to ensure that prior commitments for the distribution of federal revenues can be met. Unless Congress enacts a measure to address revenue generation for the HTF, the HTF is expected to face another revenue shortfall when the IIJA expires, which may impact the availability of Federal Highway Reimbursements to pay debt service on the 2026 Bonds.

Various proposals are being considered to address the HTF's future funding, including an increase in fuel taxes, a variety of new taxes and other funding sources for the HTF. There can be no assurance that Congress will enact any of these proposals or if any of these proposals are enacted that they will provide sufficient funding to eliminate projected HTF deficits.

Impact of Sequestration. The Balanced Budget and Emergency Deficit Control Act of 1985, as amended ("BBEDCA") requires reductions in certain non-exempt federal direct spending programs. In its April 3, 2026 report to Congress regarding sequestration for FFY 2027 (the "OMB 2027 Report"), the Office of Management and Budget ("OMB") calculated a 5.7% reduction of non-exempt nondefense mandatory programs. Under current law, that rate applies through FFY 2031, and a 2.8% rate applies for FFY 2032. Under Title 23, Federal-Aid Highway Program funding generally carries "mandatory budget authority" in the form of federal contract authority. Federal contract authority exempts HTF revenues subject to obligation limitation from sequestration. Therefore, the dedicated tax revenues deposited into the HTF – which are the principal source of funding of federal resources available to the Bonds – are not subject to sequestration. Certain Federal-Aid Highway Program contract authority not subject to obligation limitation is, however, subject to sequestration. The OMB Report applies a 5.7% reduction to such sequestrable Federal-Aid Highway Program contract authority for FFY 2027.

Rescissions. Since FFY 2005, Congress has taken action to reduce (i.e., permanently cancel) unobligated balances of previously authorized funds by issuing certain rescissions. All of those rescissions were spread among the 50 states on a proportional basis. The aggregate amount for these rescissions for the Commonwealth was approximately $365 million, which was applied to reduce any unobligated apportionment balances for prior years. Upon the enactment of a full-year appropriations act or a further continuing appropriations act, the distribution of obligation limitation may be revised and additional obligation limitation provided as determined under the provisions of such law. Further rescissions are possible and may have a more adverse effect on the Commonwealth and its highway program.

Operations

The current Federal-Aid Highway Program continues to reimburse a large percentage of state expenditures for approved highway projects. The financial assurance provided by the Federal-Aid Highway Program is unusual among federal programs in that:

- The Federal-Aid Highway Program is based primarily on dedicated revenues, from a user-tax source, deposited in a dedicated trust fund (the HTF);
- The budget and contract authority of the FHWA is typically established by a multi-year authorization act rather than annually through appropriation acts (see *Reauthorization History* above); and
- Except in cases of rescission as explained above, contract authority is not at risk during the annual appropriations process (as budget authority is in most other federal programs), although an appropriations act is required in order to liquidate obligations.

The process for reimbursing state expenditures may be summarized in three steps: authorization, obligation and program implementation. The first step, authorization, is the most critical step in establishing overall spending authority for federal highway funding. Authorizing legislation extends the life of the Federal-Aid Highway Program and the collections that fund the HTF, sets Federal-Aid Highway Program objectives and provides formulas for determining the distribution or apportionment of available resources among the states. The existence of the dedicated revenues in the Highway Account of the HTF and the existence of multi-year (or under interim authorizations, multi-month) contract authorizations are designed to help to make available a predictable and uninterrupted flow of reimbursements to the states. The risk of contract authority lapsing between authorizing acts is minimal since sufficient unobligated balances generally exist that cover gaps in coverage between multi-year (or multi-month) reauthorization acts.

The second step, obligation, is the process through which states make use of, or "obligate," the contract authority that has been apportioned or allocated to them in the authorization process (Step 1). Congress typically limits the amount of OA that states may use annually. To whatever extent a state's OA is set below its authorization, the unobligated balance for that state is increased. These unobligated balances provide available funds, from which the FHWA allows states to draw, when there is a lapse period between authorization acts. Under current law, however, the unobligated balances do not otherwise entitle the states to additional funds.

The third step, program implementation, leads to actual receipt of federal funds by states. Federal-Aid Highway Program implementation methods vary state-by-state. States are permitted to make use of A/C and partial conversion of A/C in order to obligate varying amounts of federal funds to an eligible project from FFY to FFY, depending on how much of the state's OA is available from the Federal-Aid Highway Program and is desired for such use by the state.

Step 1: Authorization

The first step in financing the Federal-Aid Highway Program, is the multi-year (or under interim authorizations, multi-month) authorizing legislation. Such highway authorization acts:

- Establish the taxes that fund the HTF and extend their life (reauthorization);

- Establish the specific programs and procedures through which states receive federal financial assistance for their highway programs; and

- Set upper limits on funding for specific programs and for the overall Federal-Aid Highway Program.

Multi-Year Authorization Acts. The Federal-Aid Highway Program since 1982 has been periodically reauthorized on a multi-year basis by authorization acts, through which Congress influences the level of federal involvement in state highway program activities. Annual appropriations acts then establish any limits on the amount of federal funds that the FHWA may obligate to states in a given year.

Lapsing of Authorization. All federal programs must be authorized through enacted legislation that defines the programs and establishes maximum funding levels, and for most programs annual appropriations acts are necessary in order to create budget authority. Indeed, for most federal domestic discretionary programs, a lapsed authorization may have little or no effect on a program, so long as revenues are appropriated. For the Federal-Aid Highway Program, the consequences of lapsed authorization caused when Congress fails to enact reauthorization legislation are somewhat different. While Congress may pass interim legislation, the existence of contract authority and a dedicated revenue stream means that the FHWA usually can continue to provide OA by administrative action.

Though federal surface transportation legislation has typically authorized the Federal-Aid Highway Program for four to six years at a time, as described in *Reauthorization History* above, there have been periods in which the previous authorizing legislation expired, and the future legislation had yet to be enacted. In such circumstances, Congress and/or the FHWA have found ways to avoid disruptions to state highway programs and, more importantly, have been able to maintain the flow of federal revenues to states in each instance. Two mechanisms in particular have kept revenues flowing:

- Access to Unobligated Balances: The 1987 Surface Transportation and Uniform Relocation Assistance Act ("STURAA") expired on September 30, 1991 and the Intermodal Surface Transportation Efficiency Act ("ISTEA") was not enacted until December 18, 1991. The FHWA was able to act administratively to keep federal-aid funding flowing because states could use their unobligated balances to provide contract authority to use new OA.

- Short-Term Authorization: ISTEA expired on September 30, 1997 and until approval of TEA-21 on June 9, 1998, no new long-term authorization legislation was enacted. Despite the lack of long-term authorizing legislation, states were provided an upper limit on OA through passage of an appropriations act plus access to their unobligated balances. On November 13, 1997, Congress passed the Surface Transportation Extension Act of 1997 ("STEA"), which provided a six-month authorization for highway funding and established a limit on the amount of new OA states can use at funding levels equal to about a quarter of FFY 1997 authorization levels. Since most states have unobligated balances of at least half their normal annual OA levels and an authorization act need not be in place for the FHWA to give states new OA, states were able to spend down prior unfunded federal apportionments (contract authority) with newly allocated OA. The lack of an enacted authorization act during this period did not interrupt the flow of revenues, because dedicated highway user fees continued to flow into the HTF. Similarly, Congress enacted interim authorization measures for varying periods after TEA-21 expired until the enactment of SAFETEA-LU and again after SAFETEA-LU expired until the enactment of MAP-21 and again after MAP-21 until the enactment of the FAST Act and again after the FAST Act expired under the enactment of the IIJA. Each of the extensions provided additional apportionment consistent with previous levels, eliminating the need to manage OA based upon unobligated balances.

Although these measures have been enacted by Congress or used by FHWA in the past, no assurance can be given that such measures would or could be enacted in the future to maintain the flow of federal-aid funding upon termination of an authorization period.

Annual Distributions. For most components of the Federal-Aid Highway Program, the authorization acts set the distribution of spending authority among states. The primary methods used to distribute authorized federal highway revenues are "apportionment" and "allocation":

- Apportionments. The contract authority created by authorization acts is distributed annually among the 50 states, the District of Columbia, and Puerto Rico using a process called apportionment of revenues. Apportionments indicate the maximum amount of contract authority that each state can expend for eligible projects in specific programs. For each FFY, the FHWA has responsibility for apportioning authorized funding for the various programs among the states according to formulas established in the authorizing statute. Annual apportionments are generally made on the first day of the FFY, which is October 1.

- Allocations. While most highway revenues are distributed to states through apportionments, some funding categories do not contain legislatively mandated apportionment formulas. Distribution of revenues where there are no statutory formulas is called "allocation" or "discretionary allocation." In most cases, allocated federal funding is divided among states using criteria determined administratively by the federal Department of Transportation or as provided in a statute, often through competitive grant procedures.

Apportionment formulas have been designed historically to ensure distribution of federal revenues among states according to program needs, but are also increasingly intended to provide states a share of total HTF expenditures relatively close to their payments into the HTF.

Availability of Federal Highway Revenues. Federal-aid highway revenues are available to states for use for more than one year. Their availability does not terminate at the end of the FFY, as is the case with many other federal programs. Consequently, when new apportionments or allocations are made, the amounts are added to a state's unused apportionments and allocations from the previous FFY. Should a state fail to *obligate* (commit to spend) a year's apportionments and allocations within the period of availability specified for a given program, however, the authority to obligate any remaining amount lapses—meaning that the authority to obligate is no longer available except for a few programs which receive indefinite, or "no-year" OA.

Matching Requirements. With a few exceptions, the federal government does not pay for the entire cost of construction or improvement of federal-aid highways. Federal reimbursements are typically matched with state and/or local government revenues to account for the necessary dollars to complete the project. The maximum federal share is specified in the legislation authorizing the program. Most projects have an 80% federal share while interstate construction and maintenance projects typically have been funded with a 90% federal share.

Step 2: Obligation

The second step of the federal-aid funding process occurs when revenues that have been authorized by legislation and either apportioned or allocated to individual states, are obligated for a specific purpose. Congress uses annual appropriations acts to control actual annual obligation of funds in the HTF. Appropriations acts limit the amount of federal funds that will actually be obligated and thus ultimately spent and these annual amounts may be less than the authorized amount. This ceiling on the amount of contract authority that states may use is called the "annual obligation limit."

Obligation is the commitment of the federal government to pay, through reimbursement to a state, the federal government's share of an approved project's eligible costs, which may include debt service on obligations issued to finance a project. This process is important to the states because it allows states to award contracts with assurance that the federal government will reimburse its share of incurred costs. From the federal perspective, obligations made are the outlays the federal government has committed to make from the HTF in the future. Once an obligation is made, the federal government reimburses the states when bills or payments become due.

Once Congress establishes an overall obligation limitation, the FHWA distributes OA to states proportionately based on each state's share of apportioned and allocated revenues. The actual ratio of OA to apportionments and allocations may vary from state to state because some federal-aid programs are exempt from the

obligation limitation. Once each state's OA is set, states then submit requests to the FHWA to obligate revenues representing the federal share of specific projects throughout the years. (A further description of this process is included in *Step 3: Program Implementation*) As a state obligates revenues, its balance of OA is commensurately reduced, although additional OA may be received (from reallocations from other states).

A state's OA (unlike its apportionments and allocations of authorized funding) must be used before the end of the FFY for which it is made available. If the state's OA is not so used, it will be distributed to other states. The FHWA closely monitors each state's plans for use of OA. In mid-summer, the FHWA collects any OA from states that do not plan to obligate all of their available OA before the end of the FFY, and redistributes it to other states that can obligate the revenues. This reallocation of OA is known as the August redistribution. During each FFY in which funding has been provided to the Commonwealth pursuant to ISTEA, TEA-21, SAFETEA-LU, MAP-21, the FAST Act and the IIJA, the Commonwealth has not failed to commit its entire OA for such FFY.

Unobligated Balances. Because congressional authorization of federal-aid highway revenues represents a commitment to make all authorized revenues available to states for highway purposes, any shortfall between the limit on OA created through the annual appropriations process and the amount of contract authority apportioned and allocated to states does not disappear. Instead, the difference between obligation limitations and authorization levels creates what are known as "unobligated balances."

Although most federal-aid apportionments lapse after four years, this rarely happens with apportioned highway revenues because old apportionments are always spent before new apportionments. Accordingly, when a state receives new apportionments and OA at the beginning of a FFY, obligations are first made against remaining prior year apportionments plus allocation until these are depleted. The net effect of this process, in conjunction with the year-to-year establishment of obligation limitations, has been that states have amassed considerable unobligated balances.

As explained in Step 1 above, unobligated balances permit the Federal-Aid Highway Program to continue to fund state highway projects during periods in which Congress fails to enact a reauthorization law before the expiration of the previous authorization period. In such periods, the unobligated balances allow states to continue to fund their programs for several months, or even longer, after an authorization act has expired.

Step 3: Program Implementation

The third and final step in the overall federal-aid highway funding process, program implementation, occurs after authorized revenues have been distributed to states, and after states have had the opportunity to obligate those revenues. Once federal-aid highway revenues have been authorized and obligated, states must have developed highway programs that describe, at a project-by-project level, exactly how federal reimbursements will be earned. The process of developing and implementing state highway programs has three broad stages:

- Budgeting;
- Planning and programming; and
- Fiscal management and federal reimbursements.

Each stage helps to ensure that states develop programs that match funding availability, and that the FHWA is able to distribute federal reimbursements to states in a timely manner.

Budgeting. Budgetary information about availability of funding is crucial to the development of state highway programs. Projected state and federal funding levels are used to budget transportation needs. Consequently, state transportation budget officials track the availability of funding and develop forecasts of future state and federal revenues. States must estimate the availability of short and long-term state and federal funding in order to plan their highway programs. They use this information as a guide during long-range planning, and as a strict constraint on short-term programming.

Planning and Programming. The budget process, and in particular, the identification of available funding, provides the context for transportation planning and programming. The long-range planning process provides a

perspective of anticipated project needs regionally across the state. State Transportation Improvement Programs ("STIPs") follow on from regional long-range plans and provide a detailed outline of projects that are proposed for implementation in a time-frame of at least four years. At the federal level, state and local highway plans are reviewed by the U.S. Environmental Protection Agency and the FHWA.

As a condition for receiving federal reimbursements for transportation programs, states must develop comprehensive transportation plans that are based on anticipated long-term state and federal funding levels for Federal-Aid Highway Program categories. States and urban areas must satisfy these federal requirements in order to remain eligible for federal reimbursements, and specific projects are not eligible unless they are either directly identified in a long-range plan or consistent with policies and objectives identified in long-range plans. Current federal law requires states to develop long-range transportation plans ("LRTPs") that identify long-range state policies, objectives and goals, while using realistic projections of available future state and federal funding.

Current federal law also requires that short-term planning and programming must be conducted at least every two years through the development of a TIP for each metropolitan area. Among other requirements, each TIP must include, for each project, the estimated project cost and amount of federal revenues proposed to be obligated during each year. The TIPs are then combined into the STIP, which also includes projects from regions outside a state's metropolitan areas. The STIP lists all projects proposed for funding with federal revenues for a period of four years. The STIP is then submitted to the FHWA and the Federal Transit Administration for approval.

Fiscal Management and Federal Highway Reimbursements. Once budgeting, planning and programming are complete, projects move into a fiscal management phase. This fiscal management process is the third element of the implementation step in the overall federal highway funding process. A state-led fiscal management system—conducted in accordance with FHWA requirements—is used to determine exactly how much federal funding will be received for each project, to obtain final FHWA authorization before projects are implemented, and to ensure timely federal reimbursement of state expenditures on contractor costs.

States are required to follow federal fiscal management procedures as they implement projects that have passed through the approval and programming processes. These fiscal management procedures ensure that the FHWA and states are able to manage the process efficiently, from project authorization to actual payment of Federal Highway Reimbursements to states.

In the traditional approach, a state simply obligates the full federal share of available funding at the beginning of the project, concurrent with project authorization. The first step in the fiscal management process begins when a state requests authorization to use federal funding on a project. The project sponsor submits plans, specifications and estimates ("PS&Es") for a project to the FHWA division office, and requests that the FHWA approve the use of federal funding for the appropriate federal share of the project. The project must be in the STIP and the PS&Es must identify the category of federal funding that will be used.

The FHWA evaluates the PS&Es to ensure that the project is eligible for federal funding and meets a variety of federal requirements (e.g., design standards). Provided that all requirements are satisfied, the FHWA authorizes federal participation in the project, and obligates the federal share of project costs. By obligating the revenues, the FHWA makes a commitment to reimburse the state for the federal share of eligible project costs. It sets aside the appropriate amount of that state's OA and also sets aside an equivalent amount of apportioned revenues by program (or programs). Accordingly, the state must have sufficient OA to cover the level of federal participation it is requesting.

Once authorization for a project has been obtained, the state advertises the project and receives bids. Based on actual costs identified in bids, the state awards the contract to the lowest qualified bidder and submits a request to the FHWA asking for any necessary adjustments to federal obligations for the project. If approved, the amounts agreed to are included in a project agreement which identifies the revenues that will be encumbered by the state (formally applied against the state's resources), and the amount that will be reimbursed by the federal government.

Construction begins, and contractors submit bills to the state as work is completed. A state pays its contractor's bills with cash from the state treasury; the state bills the FHWA electronically for the federal share of completed work for which payment has been made; and the FHWA makes payment to the state via electronic transfer. This FHWA reimbursement to the state liquidates its obligation for the federal share of the costs incurred

to that point. As project work continues and state expenditures are reported to the FHWA, federal reimbursements are made, generally on a weekly basis.

Innovative variations on this fiscal management approach include A/C and partial conversion of A/C. These variations complement one another to provide a state with additional flexibility in managing its OA and cash.

The A/C approach for authorizing projects allows states to finance projects that are eligible for federal aid without obligating the federal share of costs at the outset of the project. This allows states to begin a project before amassing all of the OA needed to cover the federal share of that project. As with the traditional approach, the state submits PS&Es to the FHWA and requests project authorization. Under A/C, however, the FHWA is asked to authorize the project without obligating federal revenues. As a result, the state will cover the entire cost of the project and later may request the obligation of revenues, when sufficient OA is available and is desired by the state. Further, the state may then take credit for state expenditures, made from project approval to that date, as a basis for earning reimbursements.

Once the FHWA authorizes a project for federal assistance, the state follows the same procedure to advertise a project, to award the contract, and to reconcile the level of state and federal funding required. The state may request that the FHWA convert its A/C amount to an obligation at any time, provided the state has sufficient OA. This conversion of A/C to OA must occur in order for the state to be reimbursed for the federal share of the project. The state can convert A/C to OA long after state expenditures are made.

Under partial conversion of A/C, moreover, a state follows the steps to apply for A/C but converts, obligates, and receives reimbursement for only a portion of its funding of an A/C project in a given year. This removes any requirement to wait until the full amount of OA is available. The state can thus obligate varying amounts for the project's eligible cost in each year, depending on how much of the state's OA is available and desired by the state.

States are required to use a detailed accounting system to track project expenditures and reimbursements. In addition, a federal system tracks payments to states.

Treasury Offset Program ("TOP"). The TOP is administered by the U.S. Department of the Treasury pursuant to the Debt Collection Improvement Act of 1996 ("DCIA"), as amended, and other applicable law. TOP generally requires the U.S. Department of the Treasury and other disbursing agencies to collect delinquent nontax debts owed to federal agencies. If a "person" owes such a debt, part or all of an otherwise eligible federal payment to that person may be withheld and applied to the debt, subject to applicable statutory and regulatory requirements, limitations and exceptions. "Person" is defined to include a state or local government.

APPENDIX B

PROPOSED FORM OF THE TRUST AGREEMENT

TRUST AGREEMENT

By and Between

THE COMMONWEALTH OF MASSACHUSETTS

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,

as Trustee

Dated as of October 1, 2026

Relating to

Federal Highway Grant Anticipation Notes

TABLE OF CONTENTS

Page

ARTICLE I. Definitions 2
ARTICLE II. Authorization and Issuance of Bonds 2
SECTION 201. Authority for Trust Agreement 2
SECTION 202. Trust Agreement to Constitute a Contract 2
SECTION 203. Authorization of the Bonds 3
SECTION 204. General Provisions for Issuance of Bonds 5
SECTION 205. Authorization and Conditions Precedent to Delivery of the Initial Bonds 6
SECTION 206. Limitations on Issuance of Additional Bonds; Conditions Precedent to the Delivery of Additional Bonds 7
SECTION 207. Special Conditions Precedent to the Delivery of Refunding Bonds 8
SECTION 208. Creation of Liens; Other Indebtedness 9
SECTION 209. Credit Enhancement/Liquidity Facilities 10
SECTION 210. Qualified Hedge Agreements 10
ARTICLE III. General Terms and Provisions of Bonds 11
SECTION 301. Place and Medium of Payment; Form and Date 11
SECTION 302. Legends 12
SECTION 303. Execution and Authentication 12
SECTION 304. Interchangeability of Bonds 12
SECTION 305. Negotiability. Transfer and Registry 13
SECTION 306. Transfer of Bonds 13
SECTION 307. Regulations With Respect to Exchanges and Transfers 13
SECTION 308. Bonds Mutilated, Destroyed, Stolen or Lost 14
SECTION 309. Preparation of Definitive Bonds: Interim Receipts and Temporary Bonds 14
SECTION 310. Cancellation of Bonds 14
ARTICLE IV. Redemption of Bonds 15
SECTION 401. Privilege of Redemption and Redemption Price 15
SECTION 402. Redemption at the Election of the Commonwealth; Purchase of Bonds 15
SECTION 403. Redemption Otherwise Than at Commonwealth's Election 15
SECTION 404. Selection of Bonds to be Redeemed by Lot 15
SECTION 405. Notice of Redemption 15
SECTION 406. Payment of Redeemed Bonds 16
ARTICLE V. Establishment of Funds and Application Thereof 16
SECTION 501. The Pledge Effected by this Trust Agreement 16
SECTION 502. Establishment of Funds and Accounts 17
SECTION 503. Bond Proceeds 18
SECTION 504. Revenue Account 18
SECTION 505. Debt Service Fund 20
SECTION 506. Redemption Fund 21
SECTION 507. Pledged Commonwealth Revenues 22
SECTION 508. Holding Account 24
SECTION 509. Bond Related Costs Fund 24
SECTION 510. Investments 25
ARTICLE VI. Particular Covenants of the Commonwealth 26

SECTION 601. Powers as to Bonds and Pledge....26
SECTION 602. Extension of Payment of Bonds....26
SECTION 603. Covenants as to Pledged Funds....26
SECTION 604. Tax Covenants; Rebate Fund....27
SECTION 605. Further Assurances....27
SECTION 606. Limitation on Covenants....28
ARTICLE VII. Defaults and Remedies....28
SECTION 701. Events of Default....28
SECTION 702. Application of Revenues and Other Moneys after Default....28
SECTION 703. Proceedings Brought by Trustee....30
SECTION 704. Restriction on Bondholders' Action....31
SECTION 705. Remedies not Exclusive....31
SECTION 706. Effect of Waiver and Other Circumstances....31
SECTION 707. No Right of Acceleration....31
ARTICLE VIII. The Fiduciaries....32
SECTION 801. Trustee....32
SECTION 802. Paying Agents....32
SECTION 803. Responsibility of Fiduciaries....33
SECTION 804. Evidence on Which Fiduciary May Act....34
SECTION 805. Compensation....34
SECTION 806. Permitted Acts....34
SECTION 807. Resignation of Trustee....35
SECTION 808. Removal of Trustee....35
SECTION 809. Appointment of Successor Trustee....35
SECTION 810. Transfer of Rights and Property to Successor Trustee....36
SECTION 811. Merger or Consolidation....36
ARTICLE IX. Supplemental Trust Agreement....36
SECTION 901. Supplemental Trust Agreement Effective upon Filing....36
SECTION 902. Supplemental Trust Agreements Amending Trust Agreement or Bonds....37
SECTION 903. Adoption and Filing of Supplemental Trust Agreement....38
ARTICLE X. Amendments....38
SECTION 1001. Mailing....38
SECTION 1002. Powers of Amendment....38
SECTION 1003. Consent of Bondholders....39
SECTION 1004. Modification by Unanimous Action....39
SECTION 1005. Exclusion of Bonds....39
SECTION 1006. Notation on Bonds....40
SECTION 1007. Opinion....40
ARTICLE XI. Defeasance....40
SECTION 1101. Defeasance....40
ARTICLE XII. Form of Bonds....43
SECTION 1201. General Form of Bonds....43
ARTICLE XIII. Miscellaneous....43
SECTION 1301. Evidence of Signatures of Bondholders and Ownership of Bonds....43

SECTION 1302. Preservation and Inspection of Documents....43
SECTION 1303. No Recourse on the Bonds....44
SECTION 1304. Notices and Directions....44
SECTION 1305. Partial Invalidity....44
SECTION 1306. Law and Place of Enforcement of this Trust Agreement....44
SECTION 1307. Electronic Communications....45

Exhibit A - Definitions....A-1
Exhibit B - Form of Statement of Available Revenues....B-1

TRUST AGREEMENT

This TRUST AGREEMENT (the "Trust Agreement"), dated as of October 1, 2026, is by and between THE COMMONWEALTH OF MASSACHUSETTS (the "Commonwealth") and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION (together with any successors or assigns, the "Trustee"), a national banking association duly authorized to accept and execute trusts of the kind hereby established. All capitalized words and terms herein 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 Holders 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 Federal Highway Reimbursements and, to the extent permitted by law, 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) subject to the terms and conditions set forth herein, the Pledged Commonwealth Revenues 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, (c) to the extent permitted by law, Direct Payments with respect to Tax-Advantaged Bonds, (d) amounts, securities and any investment earnings with respect thereto in all funds and accounts held hereunder other than the Rebate Fund, and (e) 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 mentioned 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 HAS NOT BEEN PLEDGED BUT SHALL BE PAYABLE SOLELY FROM THE PLEDGED FUNDS, INCLUDING AMOUNTS ON DEPOSIT IN THE VARIOUS FUNDS AND ACCOUNTS PROVIDED HEREUNDER OTHER THAN THE REBATE FUND; and

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, capitalized terms shall have the meaning set forth in Exhibit A hereto.

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. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent, or control or affect the meaning or construction, of any provisions or sections hereof. Any references to Article or Section numbers are to Articles or Sections of this Trust Agreement unless stated otherwise.

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 a 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 Holders 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 Holders 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 the Bonds.

(1) The Commonwealth is hereby authorized to issue one or more series of Bonds hereunder to be designated "Federal Highway Grant Anticipation Notes" and shall bear such further designation as required by law or as determined by the Treasurer, 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 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, or Tax-Advantaged 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.

Any Variable Rate Bonds issued hereunder may be secured by a Liquidity Facility providing for the repurchase or payment of any tender price of Variable Rate Bonds that 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 at least one Rating Agency.

Any Variable Rate Bonds that 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 shall be deemed Fixed Rate Bonds.

(4) The Commonwealth may provide that any Series of Bonds may include an option exercisable by the Holders thereof to have such Bonds ("Tender Bonds") either repurchased or redeemed prior to the maturity thereof. 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 any Rating Agency then maintaining a rating on the Bonds Outstanding.

(5) 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 the interest rate or rates for such Bonds and the Accreted Values of any such Bonds.

(6) 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.

(7) The Commonwealth may issue any Bonds as Tax-Advantaged Bonds 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 with respect to 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), (5), (6), or (7) 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;

(iv) the date of such Bonds and the date or dates of maturity thereof;

(v) the Redemption Price and the date or dates and other terms of redemption, if 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 a Bond 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 Holders 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 Act and other provisions of law establishing the term for Bonds issued under the Act.

(3) The Bonds of each Series shall be executed by the Treasurer, the Governor, and the Comptroller, Deputy Comptroller or an Assistant to the Comptroller 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 that it purports to create of the Pledged Funds 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 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 written 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 and 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, Governor, and Comptroller, Deputy Comptroller or an Assistant to the Comptroller and authenticated and delivered by the Paying Agent 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) Money from the Commonwealth equal to the Bond Debt Service Fund Requirement for the Initial Bonds for the remainder of the current Commonwealth Fiscal Year;

(iii) The documents and moneys, if any, required by the Applicable Supplemental Trust Agreement; and

(iv) 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. Limitations on Issuance of Additional Bonds; 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 costs of any Federal Highway Construction Program project to the extent then authorized by the laws of the Commonwealth, (ii) paying the Costs of Issuance, (iii) such other purposes as may be authorized by law and set forth in the Applicable Supplemental Trust Agreement, or (iv) any combination of the foregoing.

(2) A Series of Additional Bonds shall be executed by the Treasurer, Governor, and Comptroller, Deputy Comptroller or an Assistant to the Comptroller and authenticated and delivered by the Paying Agent 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 an Authorized Officer setting forth:

(A) The amount of (1) Federal Highway Reimbursements and (2) Pledged Commonwealth Revenues received by the Commonwealth for each month for the eighteen (18) month period ending with the last full month immediately preceding the date of issuance of the Additional Bonds (or, if the information for such last full month is not then available, the last month for which such information is available), and

(B) That the amount of Federal Highway Reimbursements and Pledged Commonwealth Revenues received by the Commonwealth during any twelve (12) consecutive months out of such eighteen (18) month period referred to in clause (A) above was each not less than two hundred percent (200%) of the maximum amount of the Adjusted Bond Debt Service Fund Requirement due in the then current or any future Commonwealth Fiscal Year determined with respect to all Bonds Outstanding, including the proposed Additional Bonds.

(v) A certificate of an Authorized Officer demonstrating that the Trustee shall have on deposit on the date of issuance of such Additional Bonds, either from a portion of the proceeds of such Additional Bonds or from other amounts available for such purpose, an amount sufficient to pay the Bond Debt Service Fund Requirement payable with respect to all Bonds Outstanding, including the Additional Bonds and excluding any Refunded Bonds (provided that principal and interest on such Refunded Bonds have been paid or are to be paid from an escrow account pursuant to the applicable Supplemental Trust Agreement), through the June 15th immediately following the date of issuance of the Additional Bonds.

(vi) 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

(vii) If applicable, the certificate of an Authorized Officer required by Section 210(1)(ii) related to a Qualified Hedge Agreement.

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, Governor, and Comptroller, Deputy Comptroller or an Assistant to the Comptroller and authenticated and delivered by the Paying Agent to or upon the order of an Authorized Officer, but only upon receipt by the Trustee of the following:

(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 Fund Requirement for each Commonwealth 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 Fund Requirement for each Commonwealth 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 Fund Requirement in each such Commonwealth Fiscal Year as computed in (a) of this paragraph or (y) the net present value of the Adjusted Bond Debt Service Fund Requirement as computed in clause (b) of this paragraph is less than the net present value of the Adjusted Bond Debt Service Fund Requirement as computed in clause (a) of this paragraph; provided that, in lieu of such certificate, an Authorized Officer may deliver to

the Trustee certificates satisfying the conditions of Sections 206(2) and treating the Refunding Bonds to be issued as Additional Bonds thereunder;

(v) A certificate of an Authorized Officer specifying the Bonds to be refunded (the "Refunded Bonds");

(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 Refunded Bonds 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 Holders of the Refunded Bonds;

(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 Refunded Bonds; and

(ix) A certificate of an Authorized Officer demonstrating that the Trustee shall have on deposit on the date of issuance of such Refunding Bonds, either from a portion of the proceeds of such Refunding Bonds or Additional Bonds or from other amounts available for such purpose, an amount sufficient to pay the Bond Debt Service Fund Requirement payable through the June 15th immediately following the date of issuance of the Refunding Bonds with respect to all Bonds Outstanding, including the Refunding Bonds and excluding any Refunded Bonds (provided that principal and interest on such Refunded Bonds have been paid or are to be paid from an escrow account pursuant to the Applicable Supplemental Trust Agreement).

(x) If applicable, the certificate of an Authorized Officer required by Section 210(3) related to a Qualified Hedge Agreement.

SECTION 208. Creation of Liens; Other Indebtedness.

(1) 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, except as follows:

(i) Except as expressly provided in Section 209 of the DTR Trust Agreement; and

(ii) The Commonwealth may issue other 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.

(2) Nothing in this Trust Agreement shall prevent the Commonwealth from issuing bonds, notes or other evidences of indebtedness which are payable from 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.

SECTION 209. 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 secured by 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 or Tender 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 (or portion thereof) as specified in a Supplemental Trust Agreement.

SECTION 210. 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 (other than termination payments, fees and expenses or other amounts due other than in the ordinary course) 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 the Qualified 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 any amounts lawfully available to the Treasurer for such purpose, subject to the subordination outlined in Section 210(1).

(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 Holders 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 an Authorized Denomination and shall be in substantially the form set forth in Article XII. 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) Except as otherwise provided in the Applicable Supplemental Trust Agreement, 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, Governor, and the Comptroller, Deputy Comptroller or an Assistant to the Comptroller 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 by the Paying Agent in such manner as the Paying Agent shall determine 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 Holder 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 Holder or its duly authorized attorney may, at the option of the Holder 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 Holder 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 Holder 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 treating such Holder.

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 a 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 Holder 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. Except as otherwise provided in the Applicable Supplemental Trust Agreement, all Bonds purchased, 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. Except as otherwise provided in an Applicable Supplemental Trust Agreement, upon cancellation of any Bonds that are subject to Sinking Fund Payments prior to maturity, the Commonwealth has the right to determine the application of the purchase and cancellation to such Sinking Fund Payments in the manner the Treasurer shall determine in the Treasurer's sole discretion.

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; Purchase of Bonds. In the case of any redemption of Bonds otherwise than as provided in Section 403, an Authorized Officer shall give 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, of the redemption date, of the Series and of the principal amounts, including specific Sinking Fund Payments, if any, 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 the Treasurer's 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, unless otherwise directed by the Commonwealth or provided in an Applicable Supplemental Trust Agreement, 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 of 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 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 twenty (20) days before the redemption date, to the Holders 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 at the option of the Commonwealth may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption in the Redemption Fund or a separate account established by the Commonwealth for such purpose not later than the redemption date, or that the Commonwealth may rescind such notice at any time prior to the scheduled redemption date if the Treasurer delivers a notice thereof to the Holders. The conditional 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 Holder thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, at the option of the Holder 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, 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 Federal Highway Reimbursements and, to the extent permitted by law, 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, (ii) subject to the terms and conditions set forth herein, the Pledged Commonwealth Revenues, 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, (iii) to the extent permitted by law, Direct Payments, (iv) amounts, securities and any investment earnings with respect thereto in all funds and accounts held hereunder other than the Rebate Fund, and any amounts payable to the Commonwealth by a Hedge Provider pursuant to a Qualified Hedge Agreement (collectively, the "Pledged Funds"). 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 any 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.

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;

(A) Debt Service Payment Account; and

(B) Holding Account;

(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 Federal Highway Grant Anticipation Note Trust Fund and to be held by the Trustee so long as Bonds shall remain Outstanding hereunder which Account shall be subject to the pledge created hereby.

SECTION 503. Bond Proceeds.

(1) Proceeds of any Bonds issued hereunder shall be applied as set forth in the Applicable Supplemental Trust Agreement and otherwise as authorized by law.

SECTION 504. Revenue Account.

(1) Subject to the following provisions of this Section, all Federal Highway Reimbursements collected by the Commonwealth shall be available for application in accordance with this Trust Agreement; provided, however, that the Treasurer shall be required to deliver to the Trustee only the amounts and at the times provided in this Section. Immediately upon receipt thereof, the Trustee shall deposit in the Revenue Account any Federal Highway Reimbursements delivered to the Trustee pursuant to this Section and any other moneys deposited with or paid to the Trustee for application in accordance with this Trust Agreement, including, without limitation, any Direct Payment.

(2) On October 1 of each Federal Fiscal Year (or such later date within October as may be necessary to obtain the necessary information, and as to which an Authorized Officer of the Commonwealth shall give notice to the Trustee no later than the tenth (10^{th}) business day), the Treasurer, with the written concurrence of the Secretary of Administration and Finance and the Secretary of Transportation, shall deliver to the Trustee a statement of available revenues with respect to said Federal Fiscal Year (the "Statement of Available Revenues"), which shall be substantially in the form of the attached Exhibit B. The Treasurer, with the written concurrence of the Secretary of Administration and Finance and the Secretary of Transportation, shall from time to time promptly deliver to the Trustee a revised Statement of Available Revenues upon receipt of notice or knowledge of any changed circumstance that would, in the judgment of the Treasurer, materially change the prior Statement of Available Revenues. If the Statement of Available Revenues states in item E that the amount of Federal Highway Reimbursements expected to be received by the Commonwealth during the current Federal Fiscal Year shall be at least one hundred percent (100%) of the Trust Agreement Obligations due during the following Federal Fiscal Year, subsections (4) and (5) herein shall apply. If, however, the Statement of Available Revenues projects that the amount of Federal Highway Reimbursements expected to be received by the Commonwealth during the current Federal Fiscal Year shall not be at least one hundred percent (100%) of the Trust Agreement Obligations due during the following Federal Fiscal Year, subsection (6) and Section 507 shall apply.

(3) Notwithstanding any other provision of this Trust Agreement to the contrary, if the Statement of Available Revenues includes any expected deficiency in any fund or account with respect to Trust Agreement Obligations due and payable in the then current Federal Fiscal Year, the Treasurer shall promptly deliver to the Trustee, from Federal Highway Reimbursements collected by the Commonwealth in the then current Federal Fiscal Year, an amount sufficient to satisfy such deficiency, and the Trustee shall apply the amount so delivered first to satisfy any such deficiency. For purposes of this Trust Agreement, the amount of Federal Highway Reimbursements expected to be received by the Commonwealth for any Federal Fiscal Year shall be net of the amount of any deficiency (whether or not such deficiency has been satisfied) set forth in a Statement of Available Revenues.

(4) If the Statement of Available Revenues projects that the amount of Federal Highway Reimbursements expected to be received by the Commonwealth during the current Federal Fiscal Year shall be at least one hundred percent (100%) of the Trust Agreement Obligations due during the following Commonwealth Fiscal Year, Federal Highway Reimbursements collected from the beginning of the Federal Fiscal Year until the Debt Service Funding Trigger Date (as hereinafter defined) shall be available for application as permitted by law, free and clear of the lien of this Trust Agreement, subject to subsection (3). The "Debt Service Funding Trigger Date" shall mean the earlier of (i) June 15 of the current Federal Fiscal Year, and (ii) the date on which the amount of Federal Highway Reimbursements (x) expected to be received by the Commonwealth during the then current Federal Fiscal Year, as set forth in the most recent Statement of Available Revenues delivered to the Trustee, minus (y) the amount of Federal Highway Reimbursements received by the Commonwealth to date in such Federal Fiscal Year, shall equal one hundred percent (100%) of the Trust Agreement Obligations due during the following Commonwealth Fiscal Year, as set forth in the most recent Statement of Available Revenues delivered to the Trustee.

(5) On the Debt Service Funding Trigger Date, the Treasurer shall deliver to the Trustee from Federal Highway Reimbursements collected by the Commonwealth during the then current Federal Fiscal Year, an amount equal to the amount, if any, by which (i) Trust Agreement Obligations to be due and payable in the following Commonwealth Fiscal Year, as set forth in the most recent Statement of Available Revenues delivered to the Trustee, exceed (ii) any amounts then on deposit in the applicable funds and accounts which shall be available to satisfy Trust Agreement Obligations in the following Commonwealth Fiscal Year. Upon receipt thereof, the Trustee shall transfer the amount so delivered and deposited in the Revenue Account to the Debt Service Payment Account, the Bond Related Costs Fund and the Rebate Fund, in that order, until all Trust Agreement Obligations to be due and payable in the following Commonwealth Fiscal Year, as set forth in the most recent Statement of Available Revenues delivered to the Trustee, shall have been satisfied.

(6) If the Statement of Available Revenues projects that the amount of Federal Highway Reimbursements expected to be received by the Commonwealth during the current Federal Fiscal Year shall be less than one hundred percent (100%) of the Trust Agreement Obligations due during the following Commonwealth Fiscal Year, Section 507 shall apply, and the Treasurer may, at the Treasurer's discretion, deliver Federal Highway Reimbursements to the Trustee in the amounts and at the times as the Treasurer determines. Federal Highway Reimbursements not so delivered to the Trustee shall be available for application as permitted by law, free and clear of the lien of this Trust Agreement.

(7) During the continuance of an Event of Default, the Trustee shall not transfer any Pledged Funds then held by the Trustee to the Commonwealth until such time as the Event of Default is cured or waived, at which time the Trustee may transfer amounts then held by it as permitted by this Trust Agreement as if such Event of Default had not occurred.

(8) Notwithstanding anything in this Trust Agreement to the contrary, if on any Bond Payment Date, the Trustee holds funds in the Revenue Account and the amount then held in the Debt Service Payment Account is less than the amount then due, the Trustee shall immediately transfer all or any portion of the balance then held in the Revenue Account to the Debt Service

Payment Account in order to cause the balance therein to equal the Bond Debt Service Fund Requirement for such Bond Payment Date.

(9) At any time, the Treasurer, with the written concurrence of the Secretary of Administration and Finance and the Secretary of Transportation, may direct the Trustee in writing to transfer an amount of Federal Highway Reimbursements and any other available funds then on deposit in the Revenue Account and otherwise available to be transferred to the Treasurer free and clear of the lien of this Trust Agreement, to the Redemption Fund for the purpose of redeeming or defeasing the principal amount of Bonds Outstanding as set forth in said certificate, provided, however, except to the extent necessary to pay Trust Agreement Obligations due and payable in any Commonwealth Fiscal Year, no more than fifty percent (50%), or such other percentage as may be permitted by law, of the amount apportioned by law to the Commonwealth in any Federal Fiscal Year with respect to the Federal Highway Construction Program shall be applied in the Commonwealth Fiscal Year ending on June 30 of such Federal Fiscal Year or in the Commonwealth's Fiscal Year, commencing on July of such Federal Fiscal Year to the payment of Trust Agreement Obligations, including without limitation, the payment or defeasance prior to maturity of the principal of and interest on Bonds Outstanding. Any transfer of Federal Highway Reimbursements to the Redemption Fund shall be revocable by the Treasurer until the later of (i) June 20 of the Commonwealth Fiscal Year in which such transfer was made and (ii) the date on which the Treasurer shall deliver to the Trustee a notice of redemption or defeasance specifying the principal amount of Bonds to be redeemed or defeased and, if applicable, the redemption date of such Bonds (the "Notice of Redemption or Defeasance"), at which time such transfer shall be irrevocable.

(10) 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 the fund or account, as the Treasurer may direct in writing, and, provided no Event of Default shall then be occurring under this Trust Agreement and the amounts then held in the Debt Service Payment Account, 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 in writing, 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 Payment Account in the Debt Service Fund to the respective Paying Agents for any Bonds (i) on or before each interest payment date of 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 a redemption date on account of Sinking Fund Payments, the amount required for the payment of interest and Redemption Price on the 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. The Trustee shall also pay out of the Debt Service Payment Account in the

Debt Service Fund accrued interest included in the purchase price of Bonds purchased under any provision of this Trust Agreement or an Applicable Supplemental Trust Agreement.

(2) Amounts accumulated in the Debt Service Payment Account in the Debt Service Fund with respect to any Sinking Fund Payment (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 in writing by an Authorized Officer shall, be applied by the Trustee prior to the thirty-fifth (35^{th}) 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 Payment Account in the Debt Service Fund until such Sinking Fund Payment date for the purpose of calculating the amount of such Account. As soon as practicable after the thirty-fifth (35^{th}) 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 Payment Account in the Debt Service Fund is sufficient to pay all such Bonds. The Trustee shall pay out of the Debt Service Payment Account in 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, which is attributable to a Sinking Fund Payment, there may be delivered on behalf of the Commonwealth to the Trustee Bonds of the Series and maturity entitled to such payment. All Bonds 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 in this Section to the contrary, except as provided in subsection (2) when directed by an Authorized Officer, the Trustee shall not purchase or accept Bonds in lieu of any Sinking Fund Payment during the period of fifty (50) 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 otherwise deposited or applied.

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

(1) Following delivery of the Statement of Available Revenues but not later than December 15 of each year, the Treasurer, after consultation with the Secretary of Administration and Finance and the Secretary of Transportation, shall notify the Governor, the Speaker of the House, the President of the Senate and the Trustee (i) if the Statement of Available Revenues shows that projected Federal Highway Reimbursements are expected to be less than one hundred percent (100%) of projected Trust Agreement Obligations during the following Commonwealth Fiscal Year, and (ii) the amount of "Required Pledged Commonwealth Revenues" (as hereinafter defined) expected to be needed. Upon delivery to the Governor of such a notice, the Governor shall include in the operating budget to be submitted to the General Court in accordance with Section 7H of Chapter 29 of the Massachusetts General Laws a recommendation to appropriate Required Pledged Commonwealth Revenues from Pledged Commonwealth Revenues. Required Pledged Commonwealth Revenues shall equal the sum of: (a) Trust Agreement Obligations to be due in the following Commonwealth Fiscal Year, less (b) the amount of available funds in the Federal Highway Grant Anticipation Note Trust Fund, the Debt Service Fund and the Bond Related Costs Fund as of the date of the certification of the Treasurer minus the portion of such amounts expected to be expended prior to the beginning of the following Commonwealth Fiscal Year on Trust Agreement Obligations due in the current Commonwealth Fiscal Year, and less (c) any amount of Federal Highway Reimbursements expected to be received prior to the beginning of the following Commonwealth Fiscal Year that will not be expended prior to the beginning of the following Commonwealth Fiscal Year, which the Treasurer expects to deliver to the Trustee pursuant to Section 504(6).

(2) At any time prior to the enactment of the General Appropriation Act, the Treasurer shall, if necessary, after consultation with the Secretary of Administration and Finance and the Secretary of Transportation, supplement the notification referenced in subsection (1) to reflect any changed circumstances known to the Treasurer with respect to the amount of Required Pledged Commonwealth Revenues in the applicable Commonwealth Fiscal Year. Such

certification shall be made promptly after the Treasurer becomes aware of any changed circumstances that are material to such amount.

(3) If the notifications specified in subsections (1) and (2) above were given, including identifying Required Pledged Commonwealth Revenues, and so long as the Act or other applicable law shall require that the expenditure of Pledged Commonwealth Revenues is subject to appropriation for the purposes described below, at the beginning of each Commonwealth Fiscal Year after the adoption of the operating budget for the Commonwealth for such Commonwealth 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 Fund Requirement for such Fiscal Year;

(ii) the Bond Related Costs, if any, for such Fiscal Year; and

(iii) the Rebate Fund Requirement, if any, for such Fiscal Year.

Unless otherwise indicated by the Secretary of Administration and Finance and the Treasurer, the sum of items (i), (ii) and (iii) above shall equal the Required Pledged Commonwealth Revenues. 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 the Commonwealth 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.

(4) If the notifications specified in subsections (1) and (2) above were given, on the first Business Day of each month beginning in July of the new Commonwealth Fiscal Year, the Secretary of Administration and Finance and the Treasurer shall deliver a certificate to the DTR Trustee and the Trustee setting forth the following:

(i) the amount remaining to be deposited to the Debt Service Payment Account, the Bond Related Costs Fund and the Rebate Fund, in that order, until all Trust Agreement Obligations to be due and payable in the following Commonwealth Fiscal Year covered by the applicable Statement of Available Revenues are satisfied;

(ii) the portion of the amount identified in subparagraph (i) above to be sent by the DTR Trustee to the Trustee in the then current month which, unless otherwise specified by the Treasurer and the Secretary of Administration and Finance, shall be equal to the sum of (1) one-fifth (1/5th) of the interest due on the Bonds on the next interest payment date, (2) one-tenth (1/10th) of the Principal Installment due on the Bonds on the next Principal Installment payment date (which is not later than one year from the date of deposit), and (3) any remaining deposits to be made to the Bond Related Costs Fund and Rebate Fund as shall be determined by the Treasurer;

(iii) a direction to the DTR Trustee to transfer to the Trustee, to the extent available under the DTR Trust Agreement and subject to the limitation that any such transfer shall not exceed the Appropriated Amount, Pledged Commonwealth Revenues in the amount identified in subparagraph (ii) above for deposit in the Debt Service Payment Account, Bond Related Costs Fund and Rebate Fund, as applicable.

(5) Notwithstanding any provision in this Trust Agreement to the contrary, in no event shall Pledged Commonwealth Revenues be applied in any Commonwealth Fiscal Year to any purpose specified herein in excess of the Appropriated Amount for such purpose during such Fiscal Year, unless the Treasurer shall certify in writing to the Trustee that any such application shall not be subject to appropriation.

(6) Notwithstanding the foregoing provisions to the contrary, in the event an appropriation is enacted into law with respect to any Commonwealth Fiscal Year from any available funds of an amount sufficient, together with other available funds in the Federal Highway Grant Anticipation Note Trust Fund as of the end of the immediately preceding Commonwealth Fiscal Year to pay the Trust Agreement Obligations due and payable during said Commonwealth Fiscal Year, the Treasurer may deposit the amount of such appropriation with the Trustee and direct the Trustee to transfer all or any portion of the Pledged Commonwealth Revenues then on deposit in the Debt Service Fund to the Treasurer for credit to the Commonwealth Transportation Fund to be applied as provided by law; provided that no such transfer shall be made unless and until the amount then held by the Trustee under this Trust Agreement is sufficient to pay all Trust Agreement Obligations due and payable during said Commonwealth Fiscal Year.

SECTION 508. Holding Account.

(1) For purposes of the Act, and 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 herein, the Holding Account shall be deemed to be an account within the Commonwealth Transportation Fund.

(2) Subject to the other provisions of this Trust Agreement, the Trustee is hereby authorized to receive Pledged Commonwealth Revenues from the Commonwealth at any time for deposit in the Holding Account for the purposes set forth herein.

(3) Provided no Event of Default shall then be occurring under this Trust Agreement and the amounts then held in the Debt Service Payment Account, 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 from the Holding Account such amount as the Treasurer may direct in writing, 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 509. 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 is insufficient to pay the principal or Redemption Price of and interest on the Bonds 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 Payment Account in the Debt Service Fund the amount necessary to meet such deficiency; provided, however, that the aggregate of such amount deposited therein from Pledged Commonwealth Revenues shall not in any Commonwealth Fiscal Year, together with all other amounts deposited therein during such Commonwealth Fiscal Year, exceed the Appropriated Amount for the purpose of paying the principal and Redemption Price of and interest due on the Bonds Outstanding during such Commonwealth 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.

SECTION 510. Investments.

(1) 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 may be invested only in Permitted Investments of the type described in subparagraphs (i), (ii), (iii), (v), (vi), (vii), (viii), (x) or (xii) 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 the absence of written directions, the Trustee shall invest moneys in the Cash Portfolio option of the Massachusetts Municipal Depository Trust, which is referenced in subparagraph (xii) of the definition of Permitted Investments. Except for losses resulting from the Trustee's negligence or willful misconduct, the Trustee shall not be liable for losses incurred as a result of actions taken in good faith in accordance with this Section 510.

(2) In computing the amount in any fund or account hereunder for any purpose, Permitted Investments shall be valued at amortized cost. As used herein the term "amortized cost," when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on

such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days between the date of purchase and the maturity date; and (i) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (ii) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price. Unless otherwise provided in this Trust Agreement, Permitted Investments in any fund or account hereunder shall be valued at least once in each Commonwealth Fiscal Year on the last day thereof.

(3) Although the Commonwealth recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Commonwealth agrees that confirmations of Permitted Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered (and that no statement need be rendered for any fund or account if no activity occurred in such fund or account during such month).

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 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 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 purchase 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 any such 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. Covenants as to Pledged Funds.

(1) The Commonwealth covenants and agrees that it will not change the rate of the Registry Fees or the Motor Fuels Tax credited to the Commonwealth Transportation Fund, or both, in any respect, except as provided in the CTF Trust Agreement, including, particularly, Section 603(1) thereof.

(2) The Commonwealth covenants and agrees that Federal Highway Reimbursements shall not be diverted from the purposes identified in this Trust Agreement except as provided herein or in any Credit Enhancement, nor shall the trusts created hereby be broken, and the pledge and dedication in trust of these funds shall continue unimpaired and unabrogated.

(3) The Commonwealth covenants and agrees that (i) no Pledged Commonwealth Revenues shall be diverted from the Commonwealth Transportation Fund; and (ii) in any Commonwealth Fiscal Year and until an appropriation has been made which is sufficient to pay the principal, including Sinking Fund Payments, of and interest on all Bonds and to provide for or maintain all other Trust Agreement Obligations, reserves, additional security, insurance or other forms of Credit Enhancement required or provided for in this Trust Agreement, none of the Pledged Commonwealth Revenues to the extent necessary to fund the remaining Trust Agreement Obligations not funded with Federal Highway Reimbursements shall be applied to any other use.

SECTION 604. 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 of interest on any Series of Tax-Exempt Bonds from the federal gross income of Holders of any such 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 605. 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 any 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.

SECTION 606. Limitation on Covenants. Notwithstanding any provision of this Trust Agreement to the contrary, 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.

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 or purchase at the option of the Commonwealth (other than any such redemption for which a conditional notice of redemption was given) or any Holder thereof, 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 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 Holders 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 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, to the fullest extent permitted by law, 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, subject to the provisions of Section 602, as follows:

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

First: To the payment to the persons entitled thereto of all installments of interest then due in the order in which such installments came due, and, if the amount available shall not be sufficient to pay in full all installments that came due at the same time, 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 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 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 shall have become due and payable, to the payment of the principal amount and interest then due and unpaid upon the 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 over any other Bond, 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 any person entitled to the payment of any Bond Related Cost ratably in accordance with the amount of such Bond Related Costs,

provided that any payment by the Trustee of Pledged Commonwealth Revenues shall not exceed the Appropriated Amount for such purpose during the then current Commonwealth Fiscal Year, unless the Treasurer shall certify to the Trustee that payment of such amount shall not then be subject to appropriation.

(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 to the Commonwealth all moneys, securities and funds remaining unexpended in all funds 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 Holders 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 at trial or other proceedings.

(3) The Holders 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 Holders 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 Holders 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 Holder 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 Holder shall have previously given to the Trustee written notice of the happening of any Event of Default and the Holders 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 Holders 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 Bondholder to enforce the payment of their 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 occurrence 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 acquiescent therein.

(2) The Holders of a majority in principal amount of the Bonds at the time Outstanding may on behalf of the Holders 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 with respect to all the Bonds issued and hereafter 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 Holders 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 Holders;

(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 Holders 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 has 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 a 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 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, 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, meeting the requirements of a Paying Agent set forth in Section 802(1), 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, in the Bonds, and in any offering document relating to the Bonds 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 willful misconduct 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. In case an Event of Default specified in Section 701 has occurred and is continuing of which the Trustee has been notified, the Trustee shall exercise such of the rights and

powers vested in it by this Trust Agreement and use the same degree of care and skill in such exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(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, note, 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. Each Fiduciary may perform any of its duties by or through attorneys or agents. 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. To the extent permitted by law, 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 willful misconduct.

SECTION 806. Permitted Acts.

(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 officers or 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 Holders 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 Holders 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 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 Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or on account of the Commonwealth, by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee with 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 Bondholder 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 doing business in the Commonwealth and organized under the laws of any state, or a 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 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 Treasurer, with the written concurrence of the Secretary of Administration and Finance and Secretary of Transportation, 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, the Secretary of Administration and Finance and Secretary of Transportation 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;

(9) in connection with any change in the Commonwealth Fiscal Year or Federal Fiscal Year, to amend or supplement the appropriate provisions of this Trust Agreement, including without limitation, Sections 504 and 507, to reflect such change in a manner consistent, as nearly as practicable, with the original provisions of this Trust Agreement, as amended to the date of the Supplemental Trust Agreement implementing the amendment or supplement authorized by this subsection;

(10) to authorize the funding of additional Federal Highway Construction Program projects with the issuance of Bonds as authorized from time to time by the Legislature of the Commonwealth; and

(11) for any other purpose, provided that such Supplemental Trust Agreement does not prejudice in any material respect the right of the Bondholder 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 Treasurer, with the written concurrence of the Secretary of Administration and Finance and Secretary of Transportation, and the 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 Holder 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 Holders 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 Holders 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 Holders 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 Holders 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 Holder 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 Treasurer 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 Holders 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 Holder of the Bonds giving such consent and on any subsequent Holder of such Bonds (whether or not such subsequent Holder has notice thereof). At any time after the Holders 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 Holders 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 Supplemental 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 Holders of all the 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 Holders 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 Holders 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 with a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds 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 bear a notation by endorsement or otherwise in form approved by the Commonwealth as to such actions and in that case upon demand of the Holder 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 as to any such action. If the Commonwealth or the Trustee shall so determine new Bonds so modified as in the opinion of 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 Holder, for Bonds of the same Series and maturity then outstanding, upon surrender of such Bonds.

SECTION 1007. Opinion. At or before the Commonwealth and the Trustee shall enter into any Supplemental Trust Agreement pursuant to this Article, the Commonwealth shall cause to be delivered to the Trustee a Bond Counsel's opinion stating that such Supplemental Trust Agreement is authorized or permitted by this Trust Agreement and complies with its terms, and that upon execution it will be valid and binding upon the Commonwealth in accordance with its terms.

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 Holders 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 the Pledged Funds and any 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 or for the payment of any Bond Related Costs or for deposit to any Rebate Account with respect to any Series of Tax-Exempt Bonds. 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 satisfied.

(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 in the Redemption Fund 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 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 Holders 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 Trustees 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 exclusion of the interest on such Tax-Exempt Bonds or other bonds from gross income for federal income tax purposes. 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 Holders of such Bonds upon the exercise of any options provided to the Holders 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 Holder 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, 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) In connection with the defeasance of any Bonds or portions thereof in accordance with this Section 1101, if such Bonds are to be paid at maturity, the Treasurer shall, at the time of delivery to the Trustee of the Notice of Redemption or Defeasance specified in Section 504(9), also deliver a certificate to the Trustee, with the written concurrence of the Secretary of Administration and Finance and Secretary of Transportation, specifying whether or not, notwithstanding such defeasance, the Commonwealth has waived its right to redeem such defeased Bonds prior to maturity.

(7) 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.

ARTICLE XII.

Form of Bonds

SECTION 1201. General Form of Bonds. The Bonds of each Series shall be in the form set forth in the Applicable Supplemental Trust Agreement.

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 Holder 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, 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. Notices and Directions. Unless otherwise expressly provided herein, all notices, orders, and directions to the Commonwealth or the Trustee hereunder, including without limitation any order or direction given to the Trustee hereunder by an Authorized Officer, shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered by overnight delivery service, courier or, except as to the Trustee, in person during a Business Day as follows:

(a) [redacted]; and

(b) (i) [redacted]

(ii) [redacted]

or, as to any of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the other parties. All notices to a Bondholder shall be in writing and shall be deemed sufficiently given if sent by mail, postage prepaid, to the Bondholder at the address shown on the registration books for the Bonds maintained by the Trustee.

SECTION 1305. 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 1306. 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 1307. 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, 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 1307 shall not take effect until such incumbency certificate is so provided. If the Commonwealth or Authorized Officer elects to give the Fiduciaries e-mail 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 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 date first written above.

THE COMMONWEALTH OF MASSACHUSETTS

By: [redacted]

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: [redacted]:

Concurrence

The undersigned, Secretary of Administration and Finance of The Commonwealth of Massachusetts and the Interim Secretary of Transportation, pursuant to the provisions of Sections 2O, 2ZZZ, and 2BBBBBB of Chapter 29 of the Massachusetts General Laws, as amended from time to time, 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.

[redacted]

[redacted]

EXHIBIT A

DEFINITIONS

"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.

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

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

"Additional Pledged Funds" shall mean any moneys or funds hereafter pledged by the Commonwealth in accordance with Section 501(2) for the purpose of further securing the payment of all Trust Agreement Obligations.

"Adjusted Bond Debt Service Fund Requirement" shall mean, for any period of calculation, the aggregate Bond Debt Service Fund Requirement on Bonds Outstanding during such period, taking into account the following adjustments:

(i) with respect to Variable Rate Bonds, the aggregate Bond Debt Service Fund Requirement thereon shall be determined based upon an interest rate as set forth in the Applicable Supplemental Trust Agreement and as determined to be reasonable at the time of issuance by the Commonwealth; provided, however, if the Commonwealth (1) enters into a Qualified Hedge Agreement with a Hedge Provider pursuant to Section 210 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 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 Fund Requirement 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 Fund 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 Fund 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 and interest of any Refunded Bonds paid or to be paid from an escrow account pursuant to any Supplemental Trust Agreement shall be deducted from the Adjusted Bond Debt Service Fund Requirement for the applicable period; and

(vi) with respect to Balloon Indebtedness, the aggregate Bond Debt Service Fund Requirement shall be calculated as if the Principal Installments with respect to such Bonds amortize over a period of up to twenty (20) years after the date of issuance (i) for substantially level debt service, or (ii) in such a manner as otherwise set forth in the Applicable Supplemental Trust Agreement at an interest rate equal to MMD reflective of the average life of the assumed amortization of such Bonds plus a spread to be determined by the Treasurer that is reflective of approximate current market borrowing costs (or, if such index is no longer published, such other substantially comparable index as may be selected by the Treasurer) as of the most recent date for which such index was published prior to the date of such calculation, or such other rate as set forth in the Applicable Supplemental Trust Agreement.

"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 507.

"Assumed Hedge Rate" shall have the meaning given such term in Section 210(3).

"Authorized Denomination" shall mean $5,000 or any whole multiple thereof or as otherwise specified in an Applicable Supplemental Trust Agreement.

"Authorized Officer" shall mean the Treasurer, the Secretary of Administration and Finance, and the Secretary of Transportation, 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 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 Section 34 of Chapter 383 of the Acts of 2020 and any other provisions of Massachusetts law that permit the Commonwealth to fund Federal Highway Construction Program projects with the use of the Federal Highway Reimbursements, whether or not currently in effect or hereafter enacted under the provisions of the Act.

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

"Bond Debt Service Fund 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 Holder of any Bonds on all Bonds Outstanding during such period; provided, however, for purposes of this definition:

(i) 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; and

(ii) with respect to Variable Rate Bonds, the Bond Debt Service Fund Requirement thereon shall be determined based upon an interest rate as set forth in the Applicable Supplemental Trust Agreement and as determined to be reasonable at the time of issuance by the Commonwealth.

"Bond Payment Date" shall mean the dates specified in the Applicable Supplemental Trust Agreement for payment of interest or Principal Installments of Bonds.

"Bond Related Costs" shall mean all costs, fees and expenses of the Commonwealth, other than Costs of Issuance incurred or related to the administration of the Trust Agreement, including without limitation, costs, fees and expenses 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 the Trust Agreement or Bonds, rating agency fees, 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 the Bonds, 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 Fund Requirement for such Series.

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

"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.

"Bonds" shall mean any of the Federal Highway Grant Anticipation Notes of the Commonwealth authenticated and delivered under this Trust Agreement.

"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.

"Commissioner of Revenue" shall mean the Commissioner of Revenue of the Commonwealth or a Deputy Commissioner or designee acting in the Commissioner's stead.

"Commonwealth" shall mean The Commonwealth of Massachusetts.

"Commonwealth 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.

"Comptroller" shall mean the Comptroller of the Commonwealth or Deputy Comptroller, Assistant to the Comptroller or designee acting in the Comptroller's stead.

"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 rating agencies and 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, initial 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 Funding Trigger Date" shall have the meaning given such term in Section 504(5) hereof.

"Dedicated Transportation Income Surtax Revenue Amount" shall mean the amount defined from time to time as the "dedicated transportation income surtax revenue amount" in Section 2BBBBBB of Chapter 29 of the Massachusetts General Laws as amended to the date hereof and as further amended from time-to-time hereafter.

"Dedicated Transportation Revenue Bonds" or **"DTR Bonds"** shall mean the bonds of the Commonwealth issued under and secured by the DTR Trust Agreement, which bonds are secured by a lien on Pledged Commonwealth Revenues, including the issuance of subordinate bonds in accordance with the terms thereof.

"Dedicated Transportation Revenue Trust Agreement" or **"DTR Trust Agreement"** shall mean the Trust Agreement, dated as of October 1, 2026, by and between the Commonwealth and the DTR Trustee, as from time to time amended and supplemented.

"Dedicated Transportation Revenue Trustee" or **"DTR Trustee"** shall mean The Bank of New York Mellon Trust Company, N.A., and its successors and assigns.

"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(6) hereof.

"Direct Payment" shall mean any refundable tax credit paid to the Commonwealth by the federal government related to any Tax-Advantaged Bond. The actual percentage of the interest expected to be received by the Commonwealth shall be set forth in the Applicable Supplemental Trust Agreement.

"Federal Fiscal Year" shall mean the period beginning on October 1 of any calendar year and ending on September 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 United States.

"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 (so long as any Bonds remain Outstanding) the date of execution of this Trust Agreement.

"Federal Highway Grant Anticipation Note Trust Fund" shall mean the Federal Highway Grant Anticipation Note Trust Fund established by Section 10 of Chapter 11 of the Acts of 1997, as amended by Chapter 121 of the Acts of 1998.

"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.

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

"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.

"Governor" shall mean the Governor of the Commonwealth or the Lieutenant Governor of the Commonwealth at any time that under the laws of Commonwealth the Lieutenant Governor is permitted to act in the Governor's stead.

"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 and the Applicable Supplemental Trust Agreement.

"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.

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

"Notice of Redemption or Defeasance" shall have the meaning given such term in Section 504(9).

"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) 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;

(v) (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 at least one Rating Agency, 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;

(vi) Repurchase agreements collateralized by securities described in subparagraphs (i), (ii), (iii), (iv) or (v) 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 a 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 is at least equal to 102% of the amount of the repurchase obligation, including principal and interest;

(vii) Money market funds rated in the highest short-term Rating Category by at least one Rating Agency;

(viii) Commercial paper rated in the highest short-term Rating Category by at least one Rating Agency;

(ix) Advance Refunded Municipal Bonds;

(x) Short-term or long-term obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state that are rated in one of the three highest Rating Categories by at least one Rating Agency then maintaining a rating on such obligations;

(xi) 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 at least one Rating Agency then maintaining a rating on the unsecured debt or claims-paying ability of such bank or financial institution; or

(xii) shares or obligations of the Massachusetts Municipal Depository Trust.

"Pledged Commonwealth Revenues" shall mean and include the following revenues and moneys, after the application thereof in accordance with the provisions of the DTR Trust Agreement and, other than with respect to items (i), subject in all respects to the lien granted under the CTF Trust Agreement:

(i) the Dedicated Transportation Income Surtax Revenue Amount

(ii) all moneys received or to be received by the Commonwealth from the portion of the Motor Fuels Tax equal to twenty-three and nine hundred sixty four thousandths cents ($0.23964) per gallon with respect to the excise tax imposed on fuel (other than aviation fuel) by the provisions of Chapter 64*A*[1], equal to $0.24 per gallon

[1]Fuel subject to the provisions of Chapter 64*A* 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.

with respect to the excise tax imposed on fuel (other than liquified gas) by the provisions of Chapters 64*E* and 64*F*, 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 liquified gas;

(iii) all Registry Fees;

(iv) to the extent permitted by law, Direct Payments received by the Commonwealth under the DTR Trust Agreement (as therein defined); and

(v) to the extent permitted in the DTR Trust Agreement and the CTF Trust Agreement, such Additional Pledged Funds (as defined in each agreement) as the Commonwealth may, by a subsequent supplemental trust agreement, pledge to the DTR Trustee as security for the DTR Bonds or to the CTF Trustee as security for the CTF Bonds, as applicable.

For purposes of this definition of "Pledged Commonwealth Revenues," the DTR Trust Agreement permits the Commonwealth to modify the revenues and moneys constituting Pledged Funds, as defined in the DTR Trust Agreement. To the extent that the revenues and moneys constituting Pledged Funds in the DTR Trust Agreement are amended or revised in accordance with the DTR Trust Agreement, this definition of "Pledged Commonwealth Revenues" shall be deemed likewise amended or revised to reflect the new revenues and moneys constituting Pledged Funds under the DTR Trust Agreement and a Supplemental Trust Agreement shall be adopted reflecting such amendment or revision.

"Pledged Funds" shall have the meaning given such term under Section 501 hereof.

"Principal Installment" shall mean, for any Series and any future date, the aggregate of (i) the principal amount of Outstanding Bonds that mature on said future date, reduced by the aggregate Sinking Fund Payments of such Outstanding Bonds due before said future date, plus (ii) any Sinking Fund Payment payable on said future date.

"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 at least one 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 the Bonds Outstanding (without regard to Credit Enhancement) subject to such hedge agreement that is in effect prior to entering into such hedge agreement.

"Qualified Hedge Payment" shall mean amounts due and payable under any Qualified Hedge Agreement.

"Rating Agency" shall mean Moody's Investors Service, Inc., Standard & Poor's Global Ratings, Fitch Ratings Inc., Kroll Bond Rating Agency, LLC, 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.

"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.

"Refunded Bonds" shall mean any of the Bonds identified in Section 207(2)(v).

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

"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 209 hereof.

"Required Pledged Commonwealth Revenues" shall, for any Commonwealth Fiscal Year, have the meaning set forth in Section 507(1).

"Revenue Account" shall mean the account so designated and created as part of the Federal Highway Grant Anticipation Note Trust 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 the Secretary's stead.

"Secretary of Transportation" shall mean the Secretary of the Massachusetts Department of Transportation or any designee acting in the Secretary's stead.

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

"Sinking Fund Payment" shall mean, for any Series and as of any future date, the amount of money required by the Applicable 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 not including any amount payable by the Commonwealth by reason of the redemption of Bonds at the election of the Commonwealth.

"Statement of Available Revenues" shall have the meaning given such term in Section 504(2).

"Treasurer" shall mean the Treasurer and Receiver-General of the Commonwealth or any Deputy Treasurer of the Commonwealth acting on the Treasurer's behalf.

"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-Advantaged Bond" shall mean a Tax-Exempt Bond, a federally taxable Bond that provides a federal tax credit to the investor, a federally taxable Bond that provides a refundable federal tax credit payable directly to the Commonwealth under section 6431 of the Code, or any similar Bond that provides a federal tax benefit that reduces the Commonwealth's borrowing costs.

"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.

"Trust Agreement Obligations" shall mean, with respect to any period or date of calculation, the sum of the Bond Debt Service Fund Requirement during such period or on such date, plus all Bond Related Costs due or to become due during such period or on such date, plus required deposits, if any, to the Rebate Fund during such period or on such date.

"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.

EXHIBIT B

FORM OF STATEMENT OF AVAILABLE REVENUES

Reference is made to the Trust Agreement dated as of October 1, 2026, by and between The Commonwealth of Massachusetts (the "*Commonwealth*") and U.S. Bank Trust Company, National Association, as trustee, (the "*Trustee*"), relating to Federal Highway Grant Anticipation Notes (as amended and from time to time, the "*Trust Agreement*"). Capitalized terms not defined herein shall have the meanings set forth in the Trust Agreement.

Date of Certificate: [_____], 20[__]
Current Federal/Commonwealth Fiscal Year: 20[__]
Following Federal/Commonwealth Fiscal Year: 20[__]

The undersigned, Treasurer and Receiver General of the Commonwealth, hereby certifies as follows pursuant to Section 504(2) of the Trust Agreement:

A.	Amount of Federal Highway Reimbursements expected to be received by the Commonwealth during the Current Federal Fiscal Year		$ _____
B.	Deficiency in any funds and accounts with respect to Trust Agreement Obligations due and payable in the Current Federal Fiscal Year		$ _____
C.	Trust Agreement Obligations expected to be due and payable during the Following Commonwealth Fiscal Year:		
	(i)	Bond Debt Service Fund Requirement – Principal Component	$
	(ii)	Bond Debt Service Fund Requirement – Interest Component	
	(iii)	Bond Related Costs	
	(iv)	Deposit to Rebate Fund	_____
	(v)	Total	$
D.	Amount of Federal Highway Reimbursements expected to be used to pay principal payments for Federal Highway Grant Anticipation Notes in the Following Commonwealth Fiscal Year ***(equal to C(i))***		$ _____
E.	Projected coverage of the Trust Agreement Obligations expected to be due and payable during the Following Commonwealth Fiscal Year by Federal Highway Reimbursements ***(equal to A divided by C(v))***[1]		_____ %
F.	If E is less than 100%, Section 507 of the Trust Agreement shall apply and Required Pledged Commonwealth Revenues shall be calculated as follows pursuant to Section 507(1) of the Trust Agreement:		
	(i)	Trust Agreement Obligations due in the following Commonwealth Fiscal Year ***(equal to C(v))***	$
	(ii)	Less: Available funds in the Federal Highway Grant Anticipation Note Trust Fund, Debt Service Fund and the Bond Related Costs Fund minus amounts expected to be expended prior to the beginning of the following Commonwealth Fiscal Year	
	(iii)	Less: Federal Highway Reimbursements expected to be received (and not spent) prior to the beginning of the following Commonwealth Fiscal Year	_____
	(iv)	Total	$

[1] If E is at least 100%, Sections 504(4) and 504(5) of the Trust Agreement shall apply. If E is less than 100%, Section 504(6) and 507 shall apply.

THE COMMONWEALTH OF MASSACHUSETTS

By:_____

[redacted]

[_____], 20[__]

CONCURRENCE

The undersigned, Secretary of the Executive Office for Administration and Finance of The Commonwealth of Massachusetts and Interim Secretary of Transportation of The Commonwealth of Massachusetts pursuant to Section 504(2) of the Trust Agreement, hereby concur as of the date hereof with the Statement of Available Revenues of the State Treasurer.

By:_____

[____], 20[__]

By:_____

[____], 20[__]

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PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the 2026 Bonds described below, Bond Counsel proposes to deliver an opinion substantially in the following form:

Troutman Pepper Locke LLP
111 Huntington Avenue, 9th Floor
Boston, MA 02199-7613

troutman.com

[Date of Delivery]

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

The Commonwealth of Massachusetts
$100,000,000* Federal Highway Grant Anticipation Notes
2026 Series A
Dated Date of Delivery

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 notes (the "2026 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 2*O*, 2ZZZ, and 2BBBBBB 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 October 1, 2026 (the "Trust Agreement"), between the Commonwealth and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), as supplemented by the First Supplemental Trust Agreement dated as of October 1, 2026 (the "First 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 2026 Bonds are issued pursuant to the Agreement. Bonds issued under the Agreement, including the 2026 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.

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 and other applicable law to enter into the Trust Agreement and the First Supplemental Trust Agreement, and each 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.

* Preliminary, subject to change.

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 and other applicable law, the Agreement creates the valid pledge which 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 2026 Bonds on a parity with other Bonds issued under the Agreement.

4. The 2026 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 2026 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 2026 Bonds are payable solely from the sources provided therefor in the Agreement.

5. Interest on the 2026 Bonds is excluded from the gross income of the owners of the 2026 Bonds for federal income tax purposes. In addition, interest on the 2026 Bonds is not a specific preference item for purposes of the federal individual alternative minimum taxes. However, interest on the 2026 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 2026 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 2026 Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the 2026 Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the 2026 Bonds.

6. Interest on the 2026 Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the 2026 Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the 2026 Bonds or any tax consequences arising with respect to the 2026 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 2026 Bonds and the enforceability of the 2026 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.

TROUTMAN PEPPER LOCKE LLP

CONTINUING DISCLOSURE UNDERTAKING

Commonwealth of Massachusetts

Federal Highway Grant Anticipation Notes

2026 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 Federal Highway Grant Anticipation Notes, 2026 Series A (the "2026 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, 2026, (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 __, 2026 (the "Official Statement") relating to the 2026 Bonds, 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
Actual Pledged Commonwealth Revenues on a ten-year comparative basis, concluding with the prior Commonwealth Fiscal Year	PLEDGED COMMONWEALTH REVENUES
Summary presentation of Apportionments, Obligation Authority and Federal Highway Reimbursements to the Commonwealth and on a ten-year comparative basis, concluding with the prior Federal Fiscal Year.	COMMONWEALTH PARTICIPATION IN THE FEDERAL-AID HIGHWAY PROGRAM – History of Apportionments, OA and Federal Highway Reimbursements to the Commonwealth of Massachusetts

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 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 including separately stated information with respect to the Federal Highway Grant Anticipation Note Trust Fund 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 2026 Bonds to provide in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to EMMA notice of any of the following events with respect to the 2026 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 determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2026 Bonds, or other material events affecting the tax status of the 2026 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 2026 Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Commonwealth[2];

(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;

(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[3] 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 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 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 2026 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 2026 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 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 2026 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

[2] 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.

[3] 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.

owners of 2026 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 2026 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 2026 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 2026 Bonds affected thereby at or prior to the time of such amendment.

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BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the 2026 Bonds. The 2026 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 2026 Bond certificate will be issued for each maturity of the 2026 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 issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2026 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 2026 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 2026 Bonds, except if use of the book-entry system for the 2026 Bonds is discontinued.

To facilitate subsequent transfers, all 2026 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 2026 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 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 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 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026 Bonds, such as redemptions, defaults, and proposed amendments to the 2026 Bond documents. For example, Beneficial Owners of 2026 Bonds may wish to ascertain that the nominee holding the 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 Bonds will not receive or have the right to receive physical delivery of such 2026 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 2026 Bonds, as nominee of DTC, references herein to the holders or registered owners of the 2026 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2026 Bonds, except as otherwise expressly provided herein.

DTC may discontinue providing its services as depository with respect to the 2026 Bonds at any time by giving reasonable notice to the Commonwealth or the Trustee. Under such circumstances, if a successor depository is not obtained, 2026 Bonds will be delivered and registered as designated by the Beneficial Owners. The Beneficial Owner, upon registration of 2026 Bonds held in the Beneficial Owner's name, will become the Bondowner. 2026 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, 2026 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 2026 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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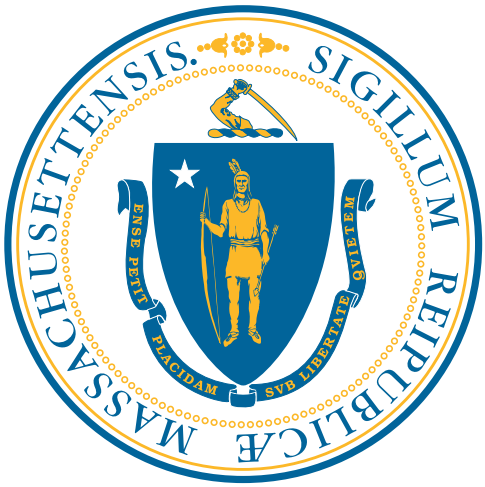

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