

PRELIMINARY OFFICIAL STATEMENT DATED MAY 21, 2026

NEW ISSUE – BOOK-ENTRY ONLY

Moody's: Aa2

S&P: AA

See "RATINGS" herein.

In the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel, under existing law, and assuming continued compliance with various requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2026A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Series 2026A Bonds is not an item of tax preference for purposes of computation of the federal alternative minimum tax imposed on individuals; however, it may be taken into account for the purpose of computing the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Series 2026A Bonds, and any profit made on the sale thereof, are exempt from Massachusetts personal income taxes and the Series 2026A Bonds are exempt from Massachusetts personal property taxes. See "TAX EXEMPTION" herein.

\$27,980,000*



MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

**Project Revenue Bonds
(State University Program)
Series 2026A**

Dated: Date of Initial Delivery

Due: May 1, as shown on the inside cover

The \$27,980,000* Project Revenue Bonds (State University Program), Series 2026A (the "Series 2026A Bonds") of the Massachusetts State College Building Authority (the "Authority"), will be issued as fully registered bonds and will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2026A Bonds. Purchases of the Series 2026A Bonds will be made in book entry form, in the denomination of \$5,000 or any multiple thereof, and no physical delivery of the Series 2026A Bonds will be made to purchasers. So long as Cede & Co. is the registered holder of the Series 2026A Bonds, principal and interest (payable semiannually on May 1 and November 1, commencing November 1, 2026) are payable to DTC by U.S. Bank Trust Company, National Association, as Trustee. See Appendix C - "BOOK-ENTRY ONLY SYSTEM" hereto.

The Series 2026A Bonds shall be subject to redemption prior to maturity as more fully described herein.

The Series 2026A Bonds will be special obligations of the Authority secured by a pledge of revenues, as more fully described herein. In addition, the Series 2026A Bonds will be secured by an intercept of appropriations to the State Universities, as more fully described herein. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Commonwealth Appropriation Intercept."

THE SERIES 2026A BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF MASSACHUSETTS OR OF ANY POLITICAL SUBDIVISION OR INSTRUMENTALITY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THE SERIES 2026A BONDS. THE AUTHORITY DOES NOT HAVE TAXING POWER.

The Series 2026A Bonds are offered when, as and if issued by the Authority and received by the Underwriter, subject to the approval of legality by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed upon for the Authority by its general counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts and for the Underwriter by its counsel Hinckley, Allen & Snyder LLP. Hilltop Securities Inc. is acting as municipal advisor to the Authority in connection with the issuance of the Series 2026A Bonds. It is expected that the Series 2026A Bonds in definitive form will be available for delivery through DTC in New York, New York, or its custodial agent, on or about June __, 2026.

RAYMOND JAMES®

June __, 2026

* Preliminary; subject to change.

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

\$27,980,000*
Massachusetts State College Building Authority

**Project Revenue Bonds
(State University Program)
Series 2026A**

Dated: Date of Initial Delivery

Due: May 1, as shown below

<u>Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP**</u>
2027	\$555,000				
2028	580,000				
2029	610,000				
2030	640,000				
2031	670,000				
2032	705,000				
2033	740,000				
2034	780,000				
2035	815,000				
2036	855,000				
2037	635,000				
2038	665,000				
2039	700,000				
2040	735,000				
2041	770,000				
2042	810,000				
2043	850,000				
2044	895,000				
2045	940,000				
2046	985,000				

\$5,715,000* _____ % Term Bonds Due May 1, 2051* at Price % CUSIP**:
\$7,330,000* _____ % Term Bonds Due May 1, 2056* at Price % CUSIP**:

* Preliminary; subject to change.

** CUSIP is a registered trademark of FactSet Research Systems Inc. ("FactSet"). CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet. The CUSIP numbers are being provided solely for the convenience of owners of the Bonds and the Commonwealth is not responsible for the selection or correctness of the CUSIP numbers printed herein and does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number assigned to a specific security is subject to change after the issuance of such security based on a number of factors including, but not limited to, a refunding or defeasance in whole or in part of such security or the use of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of such security.

No dealer, broker, salesperson or other person has been authorized by the Massachusetts State College Building Authority (the “Authority”), The Commonwealth of Massachusetts (the “Commonwealth”), the Board of Higher Education (the “BHE”), the State Universities (as defined herein) or the Underwriter to give any information or to make any representation with respect to the Series 2026A Bonds other than as contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2026A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain information contained herein has been obtained from the Authority, the BHE, The Depository Trust Company and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Authority, the Commonwealth, the BHE, the State Universities or the Underwriter. The information and expressions of opinion 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 parties referred to above since the date hereof.

U.S. Bank Trust Company, National Association by acceptance of its duties as Trustee under the Trust Agreement described herein has not reviewed this Official Statement and makes no representations as to the information contained herein, including but not limited to any representations as to the use of the proceeds of the Series 2026A Bonds or related activities.

Information included in this Official Statement includes forward-looking statements about the future that are necessarily subject to various risks and uncertainties (“Forward-Looking Statements”). These Forward-Looking Statements are (i) based on the beliefs and assumptions of management of the Authority and on information currently available to such management and (ii) generally identifiable by words such as “estimates,” “expects,” “anticipates,” “plans,” “believes” and other similar expressions. Events that could cause future results to differ materially from those expressed in or implied by Forward-Looking Statements or historical experience include the impact or outcome of many factors that are described throughout this Official Statement. Although the ultimate impact of such factors is uncertain, they may cause future performance to differ materially from results or outcomes that are currently sought or expected by the Authority.

The Underwriter of the Series 2026A Bonds has provided the following sentence for inclusion in this Official Statement. The Underwriter has 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 Underwriter does not guarantee the accuracy or completeness of such information.

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OFFICIAL STATEMENT

\$27,980,000*

MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

Project Revenue Bonds

(State University Program)

Series 2026A

INTRODUCTION

This Official Statement (including the cover page and Appendices attached hereto) provides certain information in connection with the issuance by the Massachusetts State College Building Authority (the “Authority”) of its \$27,980,000* Project Revenue Bonds (State University Program), Series 2026A (the “Series 2026A Bonds”). The Series 2026A Bonds are being issued pursuant to Chapter 703 of the Massachusetts Acts of 1963, as amended (the “Act”), and under the Trust Agreement dated as of November 1, 1994 (as amended, restated and supplemented to the date of issuance of the Series 2026A Bonds, the “Trust Agreement”) between the Authority and U.S. Bank Trust Company, National Association, as successor Trustee (the “Trustee”). Reference is also made to the Contract for Financial Assistance, Management and Services dated as of February 1, 2003, as amended and restated (the “Contract”), between the Authority and the Commonwealth of Massachusetts (the “Commonwealth”), acting by and through its Board of Higher Education (“BHE”), and acknowledged by the Comptroller of the Commonwealth. As used herein, the term “Bonds” means the Series 2026A Bonds, all outstanding bonds issued under the Trust Agreement and all additional parity bonds to be issued under the Trust Agreement in the future. For definitions of certain other capitalized terms used but not defined herein, see the “SUMMARY OF LEGAL DOCUMENTS” in Appendix D.

The Series 2026A Bonds will be special obligations of the Authority secured by a pledge of revenues, as more fully described herein, on a parity with all outstanding Bonds of the Authority. In addition, the Series 2026A Bonds will be secured by an intercept of Commonwealth appropriations to the State Universities, as more fully described herein. The Series 2026A Bonds shall not be deemed to constitute a debt or liability of the Commonwealth or any political subdivision thereof. Neither the faith and credit nor the taxing power of the Commonwealth or of any political subdivision or instrumentality thereof is pledged to the payment of the principal of or premium or interest on the Series 2026A Bonds. The Authority does not have taxing power. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS” herein.

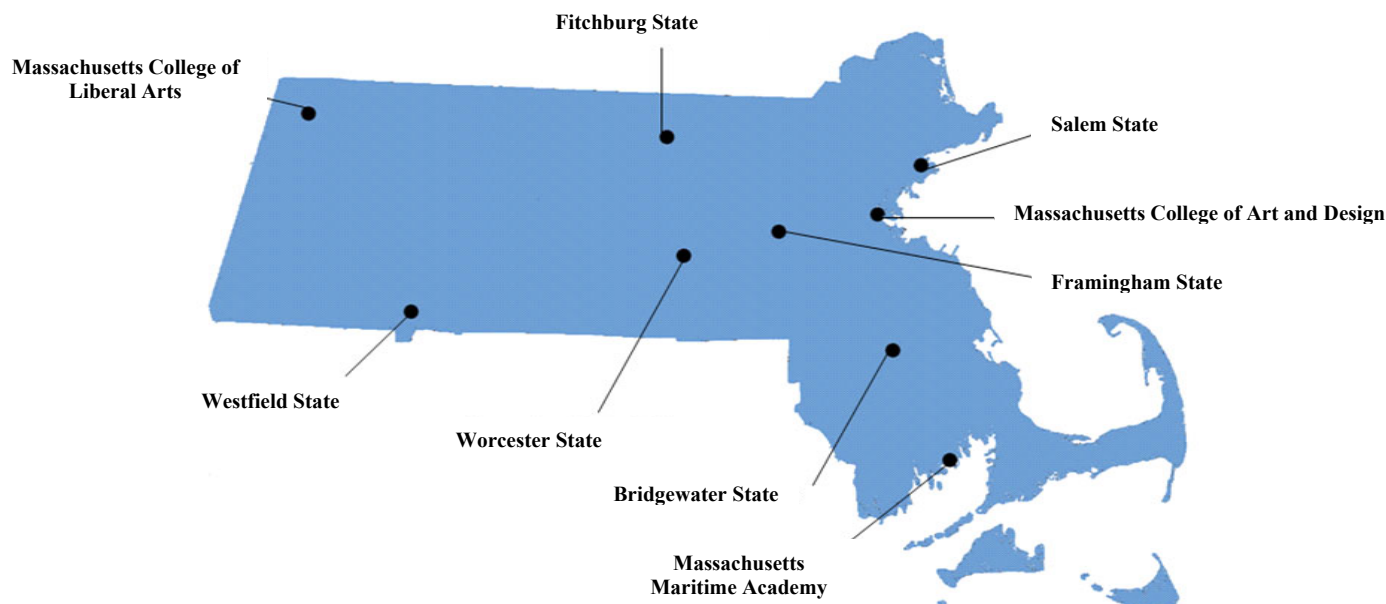
The Series 2026A Bonds are being issued to: (i) finance the certain capital projects as detailed herein, (ii) fund capitalized interest and (iii) pay certain costs of issuance of the Series 2026A Bonds, as set forth in “SOURCES AND USES OF FUNDS – Application of New Money Project Proceeds.”

The Authority

The Authority was created by the Act in 1963 to finance, design and construct residential, dining, parking, athletic, cultural, healthcare, and other revenue-producing facilities for the Massachusetts state colleges, which include the public institutions of higher education in the state university segment and the community college segment. The Authority is also authorized to provide supplemental financing for certain building projects at the State University and Community College campuses owned by the Commonwealth and carried out by the Division of Capital Asset Management and Maintenance (“DCAMM”). See “THE AUTHORITY” herein. The Salem BOLD Project to be funded with a portion of the proceeds of the Series 2026A Bonds will be owned by the Commonwealth and carried out by DCAMM.

The Authority’s residence halls portfolio currently has capacity for approximately 16,616 students in 54 residential complexes. These facilities can house approximately 50% of the undergraduate student population and comprise approximately 4.5 million square feet of space on the nine State University campuses. There are no residence halls on the Community College campuses. See “THE AUTHORITY” herein.

* Preliminary, subject to change.



Purpose and Content of Official Statement

This Official Statement describes the terms and use of proceeds of, and security for, the Series 2026A Bonds. This introduction is subject in all respects to the additional information contained in this Official Statement, including Appendices A through F. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document.

Appendix E attached hereto contains the proposed form of legal opinion of Bond Counsel with respect to the Series 2026A Bonds. Appendix F attached hereto contains the proposed form of the Authority's and BHE's continuing disclosure undertaking to be entered into upon the issuance of the Series 2026A Bonds and referenced in the form of the Series 2026A Bonds to facilitate compliance by the underwriter of the Series 2026A Bonds with the requirements of paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission.

THE SERIES 2026A BONDS

General

The Series 2026A Bonds will be issued as fully registered bonds in the aggregate principal amounts as set forth on the inside cover page hereof, will be dated the date of delivery and will bear interest, calculated on the basis of 30-day months and a 360-day year, from that date to their respective maturities at the rates as set forth on the inside cover page hereof, subject to redemption as described below. Ownership interests in the Series 2026A Bonds will be available in denominations of \$5,000 and integral multiples thereof. Interest on the Series 2026A Bonds will be payable on each May 1 and November 1, commencing November 1, 2026.

So long as Cede & Co. is the registered owner of the Series 2026A Bonds, all payments of principal and interest on the Series 2026A Bonds are payable by wire transfer by the Trustee to Cede & Co. as nominee for The Depository Trust Company ("DTC"), New York, New York, which will, in turn, remit such amounts to the DTC Participants for subsequent disposition to Beneficial Owners. The record date for principal and interest payments will be the fifteenth day of the month next preceding the debt service payment date. See Appendix C – "BOOK-ENTRY ONLY SYSTEM" hereto.

Redemption Provisions *

Optional Redemption. The Series 2026A Bonds maturing on or before May 1, 2036 are not subject to redemption, at option of the Authority, prior to maturity. The Series 2026A Bonds maturing on or after May 1, 2037 are subject to redemption, at the option of the Authority, in whole or in part at any time, on any date on or after May 1, 2036 and in such order of maturity as may be directed by the Authority, at a Redemption Price equal to 100% of the principal amount of such Series 2026A Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2026A Bonds maturing on May 1, 2051 and May 1, 2056 are subject to mandatory sinking fund redemption and shall be redeemed prior to their stated maturity, from Sinking Fund Installments, payable on the dates and in the amounts set forth below, at a Redemption Price equal to 100% of the principal amount of such Series 2026A Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date as follows:

Series 2026A Bonds maturing May 1, 2051

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2047	\$1,035,000	2050	\$1,200,000
2048	1,085,000	2051†	1,255,000
2049	1,140,000		

† Stated Maturity.

Series 2026A Bonds maturing May 1, 2056

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2052	\$1,320,000	2055	\$1,540,000
2053	1,390,000	2056†	1,620,000
2054	1,460,000		

† Stated Maturity.

The Authority is entitled to reduce its mandatory sinking fund redemption obligation in any year by the principal amount of any such Series 2026A Bonds previously purchased or optionally redeemed by the Authority.

Partial Redemption. If less than all of the Series 2026A Bonds of any maturity shall be called for redemption and such Series 2026A Bonds are not held in the book-entry only system, the Series 2026A Bonds to be so redeemed shall be selected by the Trustee by lot or in such other manner as the Trustee in its discretion determines to be fair and appropriate. So long as all of the Series 2026A Bonds are held in the book-entry only system and DTC or its nominee is the sole registered owner of the Series 2026A Bonds, if less than all of the Series 2026A Bonds of any one maturity is to be redeemed, the Series 2026A Bonds will be selected for redemption by lot in accordance with DTC procedures.

Notice of Redemption. The Trustee is required to give notice of redemption of any Series 2026A Bonds, specifying, among other things, the date of redemption, the portions of the principal amounts to be redeemed and the redemption price, by mailing, postage prepaid, not more than 45 days nor less than 30 days prior to the redemption date, copies thereof to the registered holder of any Series 2026A Bonds, or portions thereof, to be redeemed.

Notice having been given as specified above, the Series 2026A Bonds so called for redemption shall be due and payable on the redemption date, interest from and after such date shall cease to accrue thereon and such Series 2026A Bonds shall cease to be entitled to any security under the Trust Agreement except as to payment from funds set apart therefor of the redemption price and interest accrued to the date of redemption. The mailing of notice of redemption shall not be a condition precedent to redemption, and failure to mail any such notice to any particular

* Preliminary, subject to change.

registered holder or any defect therein shall not affect the validity of the proceedings for the redemption of any other Series 2026A Bonds.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Series 2026A Bonds are expected to be applied as follows:

<u>Sources of Funds</u>	<u>Total</u>
Par amount	\$
Original issue premium	\$
Total	\$
<u>Uses of Funds</u>	
Deposit to Series 2026A Project Account	\$
Deposit to Series 2026A Capitalized Interest Account	\$
Costs of issuance*	\$
Total	\$

*Includes Underwriter’s discount.

Application of New Money Project Proceeds

The proceeds of the Series 2026A Bonds are expected to be used to (i) pay Project Costs in the amount of \$27.3 million* for an addition to Meier Hall at Salem State University for modern and flexible teaching labs and support spaces (the “Salem BOLD Project”) and in the amount of \$2 million* for information technology improvements in student residence halls at Westfield State University (the “Westfield Project”), (ii) fund capitalized interest related to the Westfield Project through November 1, 2026, and (iii) pay the costs of issuing the Series 2026A Bonds. The proceeds from the Series 2026A Bonds for the Salem BOLD Project will supplement funding being provided by the Commonwealth, proceeds of the sale of a portion of the south campus at Salem State University and other sources from Salem State University to finance a larger campus unification and modernization project that includes the Salem BOLD Project and the renovation of the Horace Mann Building. The Salem BOLD Project is owned by the Commonwealth and is being constructed by the Division of Capital Asset Management and Maintenance, an agency of the Commonwealth.

SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS

General

The following summary of the security for the Series 2026A Bonds is qualified in its entirety, and reference is hereby made to Appendix D hereto and to the Trust Agreement and the Contract which set forth in further detail the provisions relating to the security for the Series 2026A Bonds.

The Series 2026A Bonds will be issued pursuant to the Act and under the Trust Agreement. The Series 2026A Bonds are special obligations of the Authority payable solely from the Revenues and Pledged Funds provided under the provisions of the Act, the Trust Agreement and the Contract, subject only to the provisions of the Trust Agreement regarding the application of Revenues and Pledged Funds.

Pursuant to the Trust Agreement, the Authority has covenanted to fix, revise and adjust fees, rents, rates and other charges for the use of its projects in accordance with the Trust Agreement to assure the timely payment of debt service on the Bonds and to meet all other requirements with respect to such Bonds. See “Rate Covenant,” below. The Trust Agreement assigns to the Trustee all rights of the Authority under the Contract to receive Revenues payable to the Authority thereunder and pledges the Revenues to the Trustee for the benefit of the Owners of the Bonds.

Bonds

In March 2003, the Authority amended and restated the Trust Agreement and defeased all of the bonds previously issued under the Trust Agreement except for certain senior-lien Commonwealth-guaranteed bonds that are no longer outstanding. All bonds issued by the Authority under the amended and restated Trust Agreement since March 2003, including the Series 2026A Bonds, are secured by a parity lien on the Revenues of the Authority; such bonds, together with bonds to be issued in the future on parity with such bonds under the Trust Agreement, are referred to herein as “Bonds.” After the issuance of the Series 2026A Bonds, there will be approximately \$1.4 billion of Bonds outstanding under the Trust Agreement.

All Bonds are special obligations of the Authority payable solely from the Revenues and Pledged Funds provided under the provisions of the Act, the Trust Agreement and the Contract, subject only to the provisions of the Trust Agreement regarding the application of Revenues and Pledged Funds.

The Series 2026A Bonds, the Trust Agreement and the Contract relate only to the state university segment. Authority financings for the community college segment are undertaken under an entirely separate credit structure.

Pledge of Revenues

Under the Trust Agreement, the Authority has pledged as security for the Bonds (i) all Revenues, (ii) all moneys and securities on deposit in all funds and accounts created under the Trust Agreement (except moneys or securities in the Operating Fund and the Rebate Fund), (iii) all Pledged Funds and (iv) all rights of the Authority under the Contract to receive all Revenues and Pledged Funds payable to the Authority and pledged under the Trust Agreement.

The term “Revenues” is defined in the Trust Agreement to include the following: (i) all moneys received by the Authority in payment of fees, rents, rates and other charges for the use and occupancy of, and for the services and facilities provided by any Project, including, without limitation, the moneys which the BHE is required to remit to the Authority under the Contract and all other income derived by the Authority from the operation, ownership or control of the Projects and (ii) any other amounts designated as Revenues under the Contract. The term “Revenues” does not include Pledged Funds.

Flow of Funds

The Trust Agreement provides that the Authority shall promptly deposit all Revenues, except earnings on investment of the funds and accounts held under the Trust Agreement, into the Revenue Fund to be applied as follows on or before the last business day of each February and on each October 10 (or the next preceding business day, if October 10 is not a business day):

First, to the Debt Service Fund, an amount which, when added to other amounts on deposit in such Fund and available for such purpose, including amounts in any capitalized interest account that may have been established by the applicable Supplemental Trust Agreement, will equal the interest to become due and payable on Outstanding Bonds on the next interest payment date and any Principal Installment to become due and payable on Outstanding Bonds on or before the next date (within the next twelve months) on which such Principal Installment is payable (and if the amount on deposit in the Debt Service Fund shall be less than such required amount, the Trustee shall notify the Authority and the BHE in writing of the amount of the deficiency and request payment of such amount pursuant to the Contract);

Second, to the Debt Service Reserve Fund, an amount which, together with the amounts on deposit therein, will equal the Debt Service Reserve Fund Requirement (the Debt Service Reserve Fund Requirement is zero, see “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS - Debt Service Reserve Fund” and “SUMMARY OF LEGAL DOCUMENTS – Summary of the Trust Agreement; Debt Service Reserve Fund” in Appendix D);

Third, to the Authority for deposit in the Operating Fund, the amount directed to be deposited therein by an Authorized Officer of the Authority for the purpose of paying Operating Expenses;

Fourth, to the Authority for deposit in the System Projects Capital Improvement Reserve Account or one or more Campus Project Capital Improvement Reserve Accounts in the Capital Improvement Reserve Fund, the amount, if any, directed in writing to be deposited therein by an Authorized Officer of the Authority; and

Fifth, to the Authority for deposit in the Multipurpose Reserve Fund, the amount, if any, directed in writing to be deposited therein by an Authorized Officer of the Authority.

Any balance remaining in the Revenue Fund following the above payments shall be retained in the Revenue Fund to be available for payments therefrom.

Rate Covenant

Pursuant to the Trust Agreement, the Authority covenants to fix, revise, adjust and collect fees, rents, rates and other charges for the use of the Projects of the Authority at least sufficient, with other available funds, to pay or provide for, as the same become due or are payable, (i) all Operating Expenses of the Projects, (ii) all payments of the Principal Installments and Redemption Price of and interest on Outstanding Bonds allocable to the Projects, (iii) all amounts payable to the Debt Service Reserve Fund and allocable to the Projects and (iv) all other amounts that the Authority may by law or contract be obligated to pay from Revenues allocable to the Projects. When fixing fees, rents, rates and other charges for the State Universities pursuant to the Trust Agreement, the Authority is required, insofar as consistent with the rate covenant, to maintain reasonable uniformity of charges for like rooms or other accommodations, facilities and services at the State Universities whether or not contained in or provided by a Project of the Authority. To the extent the Act requires the approval of the BHE for the fixing, revision or adjustment of fees, rents, rates or other charges by the Authority, the Authority also covenants to use its best efforts to obtain such approval.

Under the Act and the Contract, in the event that the BHE does not approve the Authority's proposed schedule of fees, rents, rates and charges by March 31 of a particular year and if the BHE has not proposed an alternative schedule of fees, rents, rates and charges by March 1 in such year that will produce sufficient revenues to pay debt service and other costs described above, the Authority may proceed to fix fees, rents, rates and other charges without BHE approval if necessary to provide sufficient revenues to pay debt service and such other required costs described above. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – The Contract; Annual Budget and the Fixing of Rents and Fees" and "THE BOARD OF HIGHER EDUCATION."

Debt Service Reserve Fund

The Trust Agreement establishes a Debt Service Reserve Fund as security for all Bonds and requires it to be funded in an amount equal to the Debt Service Reserve Fund Requirement. Upon the issuance of the Authority's Refunding Revenue Bonds, Series 2019C (Federally Taxable), the consent of a majority of the Owners of the Bonds was obtained to amend the Trust Agreement to eliminate the Debt Service Reserve Fund Requirement by reducing the amount of the Debt Service Reserve Fund Requirement to zero. Although the Authority currently has amounts on deposit in the Debt Service Reserve Fund, it is no longer obligated under the Trust Agreement to continue to retain such amounts in the Debt Service Reserve Fund or to make any additional deposits to such Fund. The Authority may determine at any time and from time to time to transfer moneys from the Debt Service Reserve Fund as permitted under the Trust Agreement.

See "SUMMARY OF LEGAL DOCUMENTS – Summary of the Trust Agreement; Debt Service Reserve Fund" in Appendix D.

Other Reserves

The Trust Agreement also establishes a Capital Improvement Reserve Fund and a Multipurpose Reserve Fund. Moneys on deposit in the Capital Improvement Reserve Fund and the Multipurpose Reserve Fund are available to pay debt service on Bonds. The Contract requires each State University to maintain an operating reserve within the trust fund for the Projects on its campus to provide for extraordinary and unexpected operating, maintenance and repair costs for its Projects (with the exception of non-residential Projects for which the requirement may be waived). See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – The Contract; Trust Funds and Reserves of State

Universities.” See also “SUMMARY OF LEGAL DOCUMENTS – Summary of the Trust Agreement; Capital Improvement Reserve Fund” and “SUMMARY OF LEGAL DOCUMENTS – Summary of Contract for Financial Assistance, Management and Services; Operating Reserves” and “SUMMARY OF LEGAL DOCUMENTS – Summary of Contract for Financial Assistance, Management and Services; Capital Improvement Reserve Accounts” in Appendix D.

Capital Improvement Reserve Fund. The Trust Agreement establishes the Capital Improvement Reserve Fund, including the following accounts within such fund: the “System Projects Capital Improvement Reserve Account” and separate “Campus Project Capital Improvement Reserve Accounts” for each State University at which a Campus Project is located. The Capital Improvement Reserve Fund is funded from amounts required by the Contract to be deposited by the State Universities at the times specified by the Authority’s annual operating budget, which is required by the Contract to be submitted to the BHE by February 1 of each year (the “Annual Budget”). The Authority may apply amounts in the System Projects Capital Improvement Reserve Account to Project Costs of any System Project and may apply amounts in a Campus Project Capital Improvement Reserve Account to Project Costs of any Campus Project located at the State University to which said account relates. The Authority may, in its discretion, transfer amounts in the Capital Improvement Reserve Fund to the Trustee for deposit in the Revenue Fund or the Multipurpose Reserve Fund. Under the Trust Agreement, the Authority has covenanted to cause its architects and engineers to make regular inspections of the Authority’s Projects and periodically to assess the state of repair of the Projects. If the Authority’s architects and engineers find that any of the Projects has not been maintained in good repair, the Authority has further covenanted that it will, to the extent consistent with sound business judgment, restore such Project to good repair as expeditiously as practicable and will make adequate provision therefor in its capital improvements budget.

System Projects Capital Improvement Reserve Account. “System Projects” are projects financed with Bonds issued before 1998. Amounts held in the System Projects Capital Improvement Reserve Account are maintained to make Capital Improvements to System Projects. Under the Contract, the System Projects Capital Improvements Reserve Account requirement for each fiscal year is an amount equal to 7.5% of the total Revenues collected with respect to System Projects during such fiscal year or such greater amount as may be specified by the Authority’s Annual Budget as being required by the Trust Agreement to be so deposited.

Campus Project Capital Improvement Reserve Accounts. “Campus Projects” are projects financed and those to be financed in the future with Bonds issued after 1998. Amounts held in each Campus Project Capital Improvement Reserve Account are maintained to make Capital Improvements to Campus Projects. Separate Campus Project Capital Improvement Reserve Accounts are held for each State University at which a Campus Project is located. Under the Contract, commencing with the second full fiscal year after completion of a Campus Project (with the exception of non-residential Projects for which the requirement has been waived), each applicable State University is required to pay to the Trustee for deposit in the applicable Campus Project Capital Improvement Reserve Account the greater of the amount specified in the Authority’s Annual Budget as being required by the Trust Agreement to be so deposited or an amount not less than the following percentages of Revenues collected with respect to each such Campus Project during the fiscal year: (i) in the second fiscal year after completion of the Campus Project, and in each of the next seven fiscal years, 2.5%, (ii) in each of the next five fiscal years, 5%, and (iii) in each year thereafter, 7.5%.

Multipurpose Reserve Fund. The Multipurpose Reserve Fund is funded from the Revenue Fund at the discretion of the Authority to the extent provided in any Supplemental Trust Agreement or as directed in a certificate of an Authorized Officer of the Authority. Amounts not subject to the lien of the Trust Agreement may be deposited by the Authority in the Multipurpose Reserve Fund at any time. The Authority may apply amounts in the Multipurpose Reserve Fund to any lawful purpose. Except for fiscal year 2021, the Authority has previously directed \$1.4 million to be funded to the Multipurpose Reserve Fund annually.

Campus Project Operating Reserves. The Contract requires each State University with a Campus Project (with the exception of non-residential Projects for which the requirement may be waived) to maintain within its trust fund for the Projects a minimum balance as an operating reserve. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – The Contract; Trust Funds and Reserves of State Universities.” Pursuant to the Authority’s Annual Budget, and at such time or times in each fiscal year as may be specified in the Annual Budget, commencing with the second full Fiscal Year after completion of a Campus Project, the applicable State University is required to add to the balance in such trust fund held as an operating reserve the amount, if any, necessary to cause such reserve amount to equal the following percentages of the operating expenses for the Campus Project for the fiscal year prior to the year

in which the deposit is to be made: (i) in the second full fiscal year after completion of the Campus Project, 1%, (ii) in the third year, 2%, (iii) in the fourth year, 3%, (iv) in the fifth year, 4%, and (v) in the sixth year and thereafter, 5%.

Moneys held in the operating reserve may be expended by a State University for the payment of extraordinary and unexpected operating, maintenance and repair costs or to meet budgetary shortfalls with respect to the applicable Campus Project resulting from an unexpected decline in use of the Campus Project, damage to or destruction of a portion of the Campus Project or any other unexpected occurrence with respect to the Campus Project. Moneys withdrawn from the operating reserve must be replenished by the State University by the end of the next fiscal year after such withdrawal, in addition to the annual deposits described above.

The Contract

The Authority and the BHE have entered into the Contract in order to provide Revenues and Pledged Funds for the payment of debt service on the Bonds. The BHE, acting in the name of the Commonwealth, is authorized by the Act to enter into the Contract and to offer the services of the various State Universities. The Trust Agreement assigns to the Trustee all rights of the Authority under the Contract to receive Revenues payable to the Authority thereunder.

Annual Budget and the Fixing of Rents and Fees. The Contract requires the Authority to submit its Annual Budget to the BHE by February 1 of each year detailing, among other things, projected costs of operating, maintaining and repairing the Projects, the Authority's projected debt service costs, the Authority's projected operating and administrative costs, any projected required deposits to reserves, any projected payments to the Commonwealth pursuant to the Act and any additional reserves the Authority may propose to create or augment consistent with the Trust Agreement. The Contract also requires the Authority to include in its Annual Budget a fixing of fees, rents, rates and other charges for the use of the Projects by the State Universities. The fees, rents, rates and other charges for the use of the Projects are required to be sufficient, in the aggregate, together with other available moneys, to cover all of the costs (including debt service) and transfers to reserves as aforesaid allocable to the Projects. When fixing rents and fees in the case of a Campus Project that is not a Campus Residence Hall Project, such fees, rents, rates and other charges are required by the Contract to be fixed so as to be sufficient, in the aggregate, to cover all of the debt service and operating costs and transfers to reserves described above, provided that, in the case of operating and maintenance costs, the fees, rents, rates and other charges need only be sufficient to cover costs that are borne directly by the Authority. Under the Act and the Contract, the fixing or revision of fees, rents, rates and other charges by the Authority requires the prior approval of the BHE. However, if the BHE does not approve the Authority's proposed schedule of fees, rents, rates and charges by March 31 in a particular year and if the BHE has not proposed an alternative schedule of fees, rents, rates and charges by March 1 in such year that will produce sufficient revenues to pay debt service and other required costs described above, the Authority may proceed to fix fees, rents, rates and other charges without BHE approval if necessary to provide sufficient revenues to pay debt service and other required costs as described above. Under the Contract, the State Universities remain responsible for collecting rents and for the day-to-day operation of the Authority's projects, though the Authority reserves the power to contract with third parties for the operation of particular Projects.

Pledged Funds. As additional security for all Bonds, the BHE under the Contract pledges a portion of each State University's non-appropriated funds or other revenues legally available to the State University, including without limitation tuition, fees and other charges (the "Trust Funds") in an amount equal to 25% of the average annual aggregate debt service costs allocable to such State University's Projects. The aggregate amount of Trust Funds of a particular State University that are pledged are referred to herein as the "Pledged Trust Funds" of the State University. See "THE STATE UNIVERSITIES – Pledged Trust Funds" for the aggregate amount of Pledged Trust Funds pledged by each of the various State Universities.

The BHE under the Contract also pledges the entirety of the annual appropriations made by the Legislature on behalf of each State University ("Pledged Appropriations") to secure Bonds. The pledge of appropriations and the payment mechanisms associated with it are sometimes referred to as an "appropriation intercept." See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Commonwealth Appropriation Intercept." Pledged Trust Funds and Pledged Appropriations are collectively referred to herein as "Pledged Funds."

The Contract requires the BHE to make payments from Pledged Funds if and to the extent Revenues related to a particular State University and other moneys received by the Authority or otherwise available pursuant to the Trust

Agreement in connection with the Projects of such State University are insufficient to pay debt service on the Bonds allocable to such Projects and the Authority's expenses in connection with such Bonds or such Projects. Upon receipt from the Authority or the Trustee of notice of any such insufficiency relating to a particular State University, the BHE is required, as promptly as practicable, to pay to the Trustee, or to cause the applicable State University to pay to the Trustee, from the Pledged Funds of such State University the amount of such insufficiency. The Pledged Trust Funds of one State University may not be used to make payments on behalf of any other State University. However, if the Pledged Trust Funds of the applicable State University have been exhausted and the Pledged Appropriations of such State University are insufficient to cover the insufficiency, the BHE is required to pay to the Trustee, or cause the Trustee to be paid, the amount of the remaining insufficiency from the Pledged Appropriations of all of the State Universities, ratably, according to the percentage of outstanding Bonds then allocable to each particular State University. In order to comply with the provisions of the Contract or to effectuate the pledge of Pledged Funds, the BHE is required to take all actions necessary or desirable to effectuate transfers from funds made available for expenditure on behalf of an applicable State University pursuant to an appropriation or other spending authorization in the Commonwealth's annual operating budget, including supplemental and deficiency budgets.

Under the Contract, the BHE and/or any State University is permitted to grant a lien on Pledged Funds on a parity with the pledge made to the holders of the Bonds if the BHE or the applicable State University, as the case may be, certifies in writing to the Authority that the total revenues available for expenditure by the applicable State University during each of the three most recently completed fiscal years (including the Pledged Funds, but excluding any Revenues, in respect of such State University) were not less than 200% of the maximum annual debt service requirements on all outstanding debt obligations allocable to such State University, all other outstanding debt obligations issued by the Authority to finance or refinance Projects for such State University and any debt obligation being issued in connection with the creation of such parity pledge.

As additional security for all Bonds, the Act and the Contract provide for an intercept of legislative appropriations to the State Universities, if the Authority lacks sufficient funds to pay debt service. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Commonwealth Appropriation Intercept." See Appendix D – "SUMMARY OF LEGAL DOCUMENTS – Summary of Contract for Financial Assistance, Management and Services; Payments from Pledged Funds."

Trust Funds and Reserves of State Universities. The Contract requires each State University to hold all revenues derived from Projects separate and apart from all other moneys and to deposit all revenues derived from Projects into a trust fund held by such State University. State Universities that have Campus Projects also are required, pursuant to the Contract, to maintain a minimum balance as an operating reserve within such trust fund for the Projects (with the exception of non-residential Projects for which the requirement may be waived). See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Other Reserves; Campus Project Operating Reserves." Such trust funds are held by the State Universities in trust for the Authority and are distinct from the Pledged Trust Funds described above which consist of the State Universities' own assets and which are pledged as additional security for the Bonds. Such trust funds are accounted for in the financial statements of the individual State Universities and not in the financial statements of the Authority.

The Contract also requires each State University to make a deposit into the Capital Improvement Reserve Fund held under the Trust Agreement in the amount and at the times specified in the Authority's Annual Budget. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Other Reserves; Capital Improvement Reserve Fund" above.

Commonwealth Appropriation Intercept

As additional security for all Bonds, the Act and the Contract provide for an intercept of legislative appropriations to the State Universities, if the Authority lacks sufficient funds to pay debt service.

The Authority is required to keep an accurate account of the sufficiency of available funds to pay debt service on its outstanding indebtedness, including without limitation Pledged Funds, and to provide the BHE and the Comptroller with reports as to the sufficiency of available funds to pay debt service no later than September 30, in the case of payments due November 1, and no later than January 31, in the case of payments due May 1. If such report is not received by the Comptroller by September 30 or January 31, as the case may be, the Act requires the Comptroller to prevent any amounts from being expended from the appropriation account of any State University until such time

as the Comptroller has determined whether there is an insufficiency of available funds to pay debt service. If such report indicates that there is an insufficiency of funds available to pay debt service, or if, in the absence of a report, the Comptroller ascertains that there is such an insufficiency, the Comptroller shall, within five days, but not later than the last business day in February (in the case of a May 1 debt service payment) or October 10 (in the case of a November 1 debt service payment), transfer amounts, without further allotment, from the appropriation account of one or more State Universities, as appropriate, to cure such insufficiency. If the Pledged Trust Funds of the applicable State University have been exhausted and the Pledged Appropriations of such State University are insufficient to cover the insufficiency, the BHE is required to pay to the Trustee, or cause the Trustee to be paid, the amount of the remaining insufficiency from the Pledged Appropriations of all of the State Universities, ratably, according to the percentage of outstanding Bonds then allocable to each particular State University.

In addition, the Trustee is required to give notice directly to the BHE and the Comptroller if there is an insufficiency of funds on any such deposit date. See Appendix D – “SUMMARY OF LEGAL DOCUMENTS – Summary of the Trust Agreement; Pledged Funds.”

Total Budgeted Appropriations for the System of Public Higher Education. The following table sets forth appropriation information for the system of public higher education for fiscal years 2016-2026 as enacted in the original budgets for the related fiscal years. The Commonwealth makes budgetary adjustments over the course of each fiscal year which have resulted in increases and decreases to the original budgeted amounts. The Commonwealth is not obligated to continue to appropriate such money on an annual basis, and the Legislature may fail to make or may reduce appropriations in the future. Commonwealth appropriations for State Universities are disbursed evenly throughout the year to cover payroll costs.

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Total Budgeted Appropriations for the System of Public Higher Education
(Fiscal 2016 – 2026)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Bridgewater	\$42,461,139	\$43,592,400	\$44,027,968	\$45,569,315	\$48,394,114	\$51,141,209	\$52,628,005	\$58,124,389	\$60,739,987	\$68,417,701	\$73,640,807
Fitchburg	28,474,577	29,109,894	29,400,755	30,430,027	32,009,925	33,197,515	33,771,458	36,634,034	37,687,632	41,993,969	45,487,590
Framingham	26,466,879	27,637,347	27,913,495	29,890,701	31,341,005	32,545,150	34,693,587	37,587,625	38,587,442	42,790,595	44,573,333
Mass. College of Art	17,201,537	17,899,354	18,078,201	18,711,090	19,665,615	20,413,215	20,783,873	22,482,084	23,163,212	25,862,609	27,956,353
Mass. College of Liberal Arts	15,523,258	16,233,085	16,319,534	16,888,607	17,745,143	18,354,298	18,734,535	20,319,258	20,943,485	23,114,994	24,663,380
Mass. Maritime Academy	15,541,878	16,344,745	16,344,745	16,929,177	18,335,358	18,974,172	19,355,243	21,413,427	22,041,908	24,311,925	26,239,769
Salem	43,129,420	44,004,594	44,444,281	46,000,203	48,463,307	50,183,983	51,250,658	55,463,164	56,889,874	63,026,026	68,066,535
Westfield	26,034,463	26,875,492	27,094,027	28,117,028	29,515,559	30,992,952	31,621,476	34,336,799	35,424,405	39,637,534	42,750,329
Worcester	<u>25,276,495</u>	<u>26,368,898</u>	<u>26,632,372</u>	<u>27,564,727</u>	<u>28,923,383</u>	<u>30,471,800</u>	<u>31,201,398</u>	<u>33,836,414</u>	<u>34,859,139</u>	<u>38,924,136</u>	<u>42,276,179</u>
Total State Universities	<u>\$240,109,646</u>	<u>\$248,065,809</u>	<u>\$250,255,378</u>	<u>\$260,100,875</u>	<u>\$274,393,409</u>	<u>\$286,274,294</u>	<u>\$294,040,233</u>	<u>\$320,197,194</u>	<u>\$330,337,084</u>	<u>\$368,079,489</u>	<u>\$395,654,275</u>
Community Colleges	<u>260,880,694</u>	<u>271,266,283</u>	<u>276,593,627</u>	<u>284,643,883</u>	<u>295,291,787</u>	<u>309,400,797</u>	<u>316,542,347</u>	<u>328,524,385</u>	<u>338,728,644</u>	<u>377,913,291</u>	<u>406,353,049</u>
University of Massachusetts	<u>537,807,373</u>	<u>509,492,447</u>	<u>515,460,371</u>	<u>522,557,080</u>	<u>561,534,794</u>	<u>563,554,919</u>	<u>574,858,384</u>	<u>669,784,465</u>	<u>700,865,395</u>	<u>764,695,874</u>	<u>854,138,051</u>
Total	<u>\$1,038,797,713</u>	<u>\$1,028,824,539</u>	<u>\$1,042,309,376</u>	<u>\$1,067,301,838</u>	<u>\$1,131,219,990</u>	<u>\$1,159,230,010</u>	<u>\$1,185,440,964</u>	<u>\$1,318,506,044</u>	<u>\$1,369,931,123</u>	<u>\$1,510,688,654</u>	<u>\$1,656,145,375</u>

Source: Commonwealth of Massachusetts enacted General Appropriations Act for the related fiscal year.

THE AUTHORITY

General

The Authority was created in 1963 as a body politic and corporate and a public instrumentality placed in the Commonwealth's Department of Education, but not subject to the supervision or regulation of that Department or of any other department, commission, board, bureau or agency of the Commonwealth except as specifically provided in the Act.

The Authority was established for the general purpose of aiding and contributing to the performance of the educational and other purposes of the Massachusetts state colleges by providing dormitories, dining commons and other buildings, structures and facilities designed primarily for housing, feeding, medical care, parking, athletics and cultural and extracurricular and other student life activities and services primarily (i) for the use of the colleges, their students, staff and their dependents, (ii) for lease to or use by an organization or association of students or others, the activities of which are a part of the activities at one or more state colleges and subject to regulation by the BHE, or (iii) for lease to or use by any other entity the activities of which are approved by the BHE as furthering the purposes of one or more of the state colleges. Under the Act, the term "state colleges" includes the public institutions of higher education in the state university segment and the community college segment. The state university segment includes: Bridgewater, Fitchburg, Framingham, Salem, Westfield and Worcester State Universities, Massachusetts College of Liberal Arts, Massachusetts College of Art and Design, and Massachusetts Maritime Academy. The community college segment includes: Berkshire, Bristol, Bunker Hill, Cape Cod, Greenfield, Holyoke, Massachusetts Bay, Massasoit, Middlesex, Mount Wachusett, North Shore, Northern Essex, Quinsigamond, Roxbury, and Springfield Technical Community Colleges. The Series 2026A Bonds, the Trust Agreement and the Contract relate only to the state university segment. Authority financings for the community college segment are undertaken under an entirely separate credit structure.

Under the Act, the Authority must obtain a written request made by authority of the BHE and written approval from the Commonwealth's Secretary of Administration and Finance and Commissioner of Higher Education before initiating a project. The Act also requires the Authority to obtain the written approval of the BHE prior to refunding any of its outstanding bonds or notes.

The Authority is empowered, among other things, to acquire, construct, remove, demolish, add to, alter and do other work upon any building or structure and to provide and install furnishings, furniture, equipment and other facilities therein. The Act authorizes the Authority, among other things, to acquire property from the Commonwealth or others (but the Authority has no eminent domain power), to rent or lease as lessor or lessee any portion of a project, to operate projects, to employ experts and other persons, to enter into contracts, to borrow money to finance and refinance projects it undertakes and to issue and sell its revenue bonds and notes therefor payable solely from its revenues.

Pursuant to Section 156 of Chapter 131 of the Acts of 2010 ("Section 156"), the Authority is also authorized to provide supplemental financing for certain state university and community college projects under the Act that were authorized for funding by the Commonwealth pursuant to Chapter 258 of the Act of 2008, including the Salem BOLD Project being financed by the Series 2026A Bonds.

The Act does not limit the amount of debt of the Authority that may be issued or outstanding. The Act requires approval by the Treasurer and Receiver-General of the Commonwealth and the Secretary of Administration and Finance of the Commonwealth of the sale and terms of bonds or notes sold by the Authority.

On January 21, 2025, Governor Healey introduced "*An Act To Build Resilient Infrastructure to Generate Higher-Ed Transformation*" (the "BRIGHT Act") which includes proposed amendments to the Act, including (i) permitting the Authority to control and supervise certain Commonwealth building projects involving structural or mechanical work with an estimated cost of less than \$10 million and (ii) expanding the general purposes of the Authority to include providing state colleges and community colleges with academic and administrative facilities, campus infrastructure and improvements related to energy efficiency and decarbonization. Certain amendments introduced to the BRIGHT Act also change the composition of the Board of the Authority. The legislation is currently pending.

Members, Officers and Staff

The Authority consists of nine members appointed by the Governor of the Commonwealth, three of whom are to be appointive members of the BHE. Pursuant to the Act, each member (other than the appointive members) continues in office for a term expiring on June thirtieth in the sixth calendar year after the calendar year in which the term of office of such member began, except that a person appointed to fill a vacancy in any such membership shall serve only for the unexpired term. Members serve until a successor is appointed and qualified. The members of the Authority are sometimes referred to as the Authority's board. The Authority annually elects a chairman and vice-chairman from its members and also elects a secretary-treasurer and may elect an assistant secretary-treasurer, neither of whom need be a member. The present members of the Authority are listed below and there is currently one vacancy in the appointive members of the BHE.

Michael Fallon, Chair (member since 2017). Mr. Fallon, Chief Executive Officer of The Fallon Company, is responsible for creating, communicating, and implementing The Fallon Company's vision, mission, and strategic direction. As CEO, Michael leads the firm's growth and geographic expansion throughout the U.S., manages the investment portfolio, and directs the executive team. Mr. Fallon brings expertise in real estate development, permitting, acquisition, and financing, as well as experience with State and Federal regulatory agency real estate and marine permitting. Previously, Mr. Fallon served as Materials Expediter and subsequently as an Engineer for Turner Construction of Boston, involved in the scheduling, fabrication, and construction of all major structural components. Mr. Fallon holds a Bachelor of Arts degree in International Relations and European Business and Economics from Boston University, a Master's Degree in Finance from Bentley University, and a master's degree in construction management from Wentworth Institute of Technology.

James M. Karam, Vice Chair/interim Secretary-Treasurer (member since 2014). Mr. Karam is Co-Managing CEO of First Bristol Corporation of Fall River, Massachusetts, a firm that develops and manages large scale commercial real estate projects throughout New England. Mr. Karam serves as President of the Board of Directors of the Fall River Boys and Girls Club, Treasurer of the Board of Directors of the Fall River Office of Economic Development and board member of the Saint Anne's Hospital. He is a graduate of Providence College.

Rosalind Gorin (member since 2018). Ms. Gorin is the third generation to lead her family's 105-year old real estate company, HN Gorin, Inc., a real estate investment and development company that acquires, develops, manages, and owns commercial, multi-family residential, industrial, and retail real estate.

Barbara Stern (member since 2018). Ms. Stern has spent her professional career leading transformation in human resources, diversity and inclusion, talent management, and organizational development. She was Global Director of Talent Management and Human Resources at McKinsey & Company through 2017; previously she served as Chief of Staff for the CEO of Harvard Pilgrim Health Care.

James H. Collins (member since 2023). Mr. Collins is a Massachusetts native and a graduate of Boston University with a degree in mechanical and aerospace engineering. Mr. Collins has spent the past two years working for Dean Kamen at DEKA in New Hampshire. He worked as a product design engineer focusing on medical devices and regenerative medicine research. Mr. Collins currently works in Cambridge, MA at Helbling Precision Engineering as a project manager and technical lead. At Helbling, he works as a biomedical engineer designing novel research equipment and surgical devices. Mr. Collins is looking to the future, working to return to school for an MBA and study real estate management and development.

Bill Walczak (member since 2023). Mr. Walczak is most associated with the re-development of the Codman Square area of Boston, a multi-cultural community which founded in the 1970s and became an area known for racial unrest and economic disintegration. Mr. Walczak was founding president and CEO of the Codman Square Health Center, a major factor in the regeneration of the community, is founding president of Codman Academy Charter School, and most recently was CEO of the South End Community Health Center in Boston.

Mr. Walczak is chair of the Board of Trustees of Bunker Hill Community College, and chair of the Massachusetts Business Alliance for Education. He is a trustee of the Massachusetts Board of Higher Education. He was founding president of the Massachusetts Nonprofit Network, a founder of the Edward Kennedy Health Careers Academy, a founder of the Center for Community Health, Education, Research and Service at Northeastern University, and founding president of Boston HealthNet. He is a past President of the UMass/Boston Alumni Association. He

serves on the boards of the Rappaport Center at Boston College Law School, Daily Table, HealthWorks at Codman, and The American City Coalition. Mr. Walczak served on both Governors Deval Patrick's and Charlie Baker's Health Care Transition Committees, and on Acting Mayor Kim Janey's Transition Committee. Mr. Walczak has worked on community regeneration efforts in a number of countries around the world and was involved with the Northern Irish peace process for over a decade. He has been a President and/or CEO of health care organizations for 42 years. He is currently retired from regular employment and writes regular columns for his community newspaper.

Dr. Lisa B. Battaglini, PHD (member since 2025). Dr. Battaglini is Dean Emeritus of the College of Education and Health Sciences at Bridgewater State University and currently serves as Vice Chairperson on the Bridgewater State University Board of Trustees. She was recently elected to serve on the Massachusetts Board of Higher Education as the Segmental Representative of the State Universities. She played a key leadership role at BSU and promoted the advancement of applicable technology including Propel-BSU, the first BSU tablet initiative, meaningful inner city public school partnerships, the development of projects focused on increasing science, technology, engineering and math teachers in the region, and service-learning. Prior to her role as dean, she spent 20 years as a special education professor and chairperson of the Special Education and Communication Disorders Department where she championed the values of globalizing the curriculum, social justice, diversity, and inclusion.

Mr. James F. Vaughan (member since 2026), Mr. Vaughan is the Business Manager and Financial Secretary-Treasurer of Plumbers and Gasfitters Local Union 12 in Boston, bringing over four decades of experience in the plumbing and construction industry. Beginning his career as a union plumber, he has held a wide range of roles—including foreman, estimator, superintendent, inspector, business agent, and business manager; giving him a deep, well-rounded understanding of the trade. Known for his steady leadership and collaborative approach, James has built a reputation for successfully negotiating contracts, strengthening labor relations, and advocating for both workers and industry standards. He currently oversees daily operations for more than 2,500 union members, ensuring continued growth, compliance, and excellence across the organization.

In addition to its Executive Director, the Authority employs capital project and financial management personnel for the purpose of managing its overall affairs. The Authority's staff, 14 in total, is responsible for management of facility planning, design and construction, strategic asset management, financial management, including overseeing operating budgets and advising the Authority in connection with setting rates and user fees, and implementing operating procedures. The present key staff members are listed below.

Brian P. Golden, Executive Director. Mr. Golden joined the Authority in January 2026 and is responsible for managing the real estate portfolio of the Authority on nine campuses, coordinating strategic and other planning to ensure future capacity and occupancy, overseeing assessments and disbursements and liaising with the state universities and community colleges. Prior to joining the Authority, Mr. Golden was engaged in the private practice of law, with a focus on real estate development. From 2014 to 2022, he served as Director of the Boston Redevelopment Authority (d/b/a Boston Planning and Development Agency), which has responsibility for city planning, the review of major development proposals, and management of 20 million square feet of agency-owned property. Mr. Golden served as New England Regional Director of the U. S. Department of Health and Human Services, Commissioner at the Massachusetts Department of Telecommunications & Energy, and State Representative for the Allston-Brighton neighborhood of Boston and part of the Town of Brookline. He served for thirty years in the United States Army (active and reserve), including tours of duty in Iraq, Bosnia, Jerusalem, and the West Bank and with the Pentagon. Mr. Golden is a graduate of the Boston Latin School, Harvard College, and the College of William & Mary School of Law.

James Rust, Deputy Director and Chief Financial Officer. Mr. Rust joined the Authority in March 2025, and is responsible for the financial operations of the Authority, managing the Authority's financial controls, insurance program, accounting, reporting, debt and rate-setting process and providing general financial oversight and strategic direction. Mr. Rust has been serving public issuers since 2001, working on debt financing, capital planning, and financial management. Mr. Rust joined the Massachusetts Bay Transportation Authority as the Director of Financial Planning in 2004. Subsequently, he served as the Finance Manager with the Authority and Chief Financial Officer and Chief Procurement Officer with the Commonwealth's Group Insurance Commission. Mr. Rust has a Bachelor of Arts in Economics from the University of Massachusetts Boston and a joint Master's degree in Public Policy and Urban Planning from Harvard University's Kennedy School of Government and Graduate School of Design. He holds a Series 65 license as a Registered Financial Advisor.

The Authority also engages the services of several advisors, including CohnReznick LLP, certified public accountants; and Darov & Associates, project counsel. Various architects, engineers, project managers and cost estimators are engaged from time to time to assist in project activities.

Authority Operations

The Authority's principal operations consist of financing and constructing Projects at the State Universities and overseeing their operation and maintenance. Under the Contract, each State University is required to operate and maintain the Projects located on its campus and to keep them in good order and repair. The State Universities collect rents and fees from students for the use of the Projects, procure all necessary equipment, materials and supplies, and make necessary repairs. The Authority establishes the operating budget for each of its Projects, including the fees, rents, rates and charges for their use, and maintains close oversight over the operations and maintenance of Projects. Under the Contract, the Authority retains the right to contract directly with a third party to operate and maintain its Projects, except for Projects with respect to which the Authority has neither legal title nor a leasehold interest. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Commonwealth-owned Projects."

Each year the Authority sets the fees, rents, rates and other charges for the use of its Projects and approves operating budgets for its Projects providing for the payment of all of the projected costs of operating and maintaining the Projects, projected debt service costs, the Authority's projected operating and administrative costs, and any projected required deposits to reserves. Under the Act, the Authority's fees, rents, rates and charges must be sufficient to pay all costs of its Projects, including maintenance, operations, financing and administration (and the funding of reserves and capital renewal). The annual setting of Project fees, rents, rates and charges is subject to the approval of the BHE, but if the BHE does not approve the Authority's proposed schedule of charges by March 31 of a particular year, the Authority may proceed to fix charges without BHE approval. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – The Contract; Annual Budget and the Fixing of Rents and Fees" and "THE BOARD OF HIGHER EDUCATION."

The Authority regularly updates a strategic plan to determine the number, type and location of facilities to support the State Universities, as well as a facility renewal plan to maintain quality facilities over time. Once the need for a project is determined, the staff of the Authority oversees feasibility studies that determine the revenue and expense associated with the construction and operation of the proposed facility. Once financial feasibility is determined, the project is approved by the Authority and the BHE and a project manager on the staff of the Authority is assigned to coordinate master planning and architectural design services. The planning and design process is closely coordinated with a construction management firm to control budget and schedule. Detailed design and construction site activity is managed through the use of an owner's project manager, a qualified individual or professional firm that provides quality control and assurance and assists in ensuring compliance with contract documents, budget and schedule. Throughout the study, planning and construction period, the Authority prepares monthly reports to track the progress of each project which are reviewed by the design and construction committee of the Authority board on a monthly basis and by the full board. After completion of a facility, the Authority continues to assist with its operation and management through the review of occupancy reports, the preparation of budgets, the development of rent assessments, the payment of debt service, the payment of insurance premiums and the annual review of all facilities to schedule facility renewal projects.

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Management’s Discussion and Analysis

The following table sets forth the receipts and disbursements related to Authority Projects during fiscal years 2021 through 2025. The table combines receipts and disbursements of the various State Universities and of the Authority and, because it presents cash receipts and disbursements with no accruals of revenues or expenses, it has not been prepared in a manner consistent with either the Authority’s or the State Universities’ financial statements, which are prepared in accordance with generally accepted accounting standards.

Authority Project Receipts and Disbursements⁽¹⁾

	Fiscal 2021 Actual	Fiscal 2022 Actual	Fiscal 2023 Actual	Fiscal 2024 Actual	Fiscal 2025 Actual
Combined Beginning Fund Balance⁽²⁾	<u>\$43,210,417</u>	<u>\$50,738,039</u>	<u>\$71,889,759</u>	<u>\$72,489,593</u>	<u>\$76,516,112</u>
Building Receipts					
Room rents	60,285,668	104,443,747	111,328,167	116,471,203	123,495,519
Non-residential Campus Project fees	4,536,875	15,419,005	23,270,802	21,572,242	25,248,260
Other Receipts	<u>1,979,336</u>	<u>4,947,195</u>	<u>5,482,240</u>	<u>7,660,380</u>	<u>6,843,581</u>
	<u>\$66,801,879</u>	<u>\$124,809,948</u>	<u>\$140,081,210</u>	<u>\$145,703,824</u>	<u>\$155,587,361</u>
Other Receipts					
Investment earnings	4,130,022	3,569,785	4,389,415	3,200,741	4,462,290
Debt Service Reserve Fund releases ⁽³⁾	16,211,820	7,705,310	9,064,199	724,841	2,943,038
Federal support ⁽⁴⁾	17,310,542	14,577,330	4,000,000	-	8,324
Transfers from Capitalized Interest Accounts	298,222	369,549	240,154	407,310	-
State University contributions	5,083,825	3,089,859	2,617,093	6,384,506	6,023,817
Build America Bond subsidy	<u>1,999,325</u>	<u>1,999,325</u>	<u>1,966,403</u>	<u>1,880,509</u>	<u>1,778,744</u>
	<u>\$45,033,757</u>	<u>\$31,311,158</u>	<u>\$22,277,263</u>	<u>\$12,597,907</u>	<u>\$15,216,214</u>
Total Receipts	<u>\$111,835,636</u>	<u>\$156,121,106</u>	<u>\$162,358,472</u>	<u>\$158,301,732</u>	<u>\$170,803,575</u>
Building Disbursements					
Residence hall operations and staff ⁽⁵⁾	21,462,930	23,212,443	24,394,327	26,808,157	27,388,356
Facility maintenance and repair ⁽⁵⁾	8,987,105	8,038,420	8,134,861	10,384,728	11,510,146
Facility renewal	8,269,492	10,650,474	7,029,274	10,314,864	9,926,854
Utilities ⁽⁵⁾	9,524,041	11,107,406	11,512,337	12,761,800	13,271,704
Administration ⁽⁵⁾	<u>720,707</u>	<u>826,132</u>	<u>1,571,919</u>	<u>1,047,346</u>	<u>1,060,854</u>
	<u>\$48,964,275</u>	<u>\$53,834,875</u>	<u>\$52,642,718</u>	<u>\$61,316,895</u>	<u>\$63,157,914</u>
Debt Service					
Parity Bonds	48,104,439	73,548,230	99,953,073	83,365,324	99,520,364
	<u>\$48,104,439</u>	<u>\$73,548,230</u>	<u>\$99,953,073</u>	<u>\$83,365,324</u>	<u>\$99,520,364</u>
Other Disbursements					
Authority operating expenses and insurance	3,468,684	3,585,328	4,167,648	4,183,643	4,791,716
Housing Grant Scholarship Program ⁽⁵⁾	<u>3,770,616</u>	<u>4,000,952</u>	<u>4,995,200</u>	<u>5,409,352</u>	<u>4,478,264</u>
	<u>\$7,239,300</u>	<u>\$7,586,280</u>	<u>\$9,162,848</u>	<u>\$9,592,995</u>	<u>\$9,269,980</u>
Total Disbursements	<u>\$104,308,014</u>	<u>\$134,969,385</u>	<u>\$161,758,638</u>	<u>\$154,275,213</u>	<u>\$171,948,258</u>
Net Change	<u>7,527,622</u>	<u>21,151,721</u>	<u>599,834</u>	<u>4,026,518</u>	<u>(1,144,683)</u>
Combined Ending Fund Balance	<u>\$50,738,039</u>	<u>\$71,889,759</u>	<u>\$72,489,593</u>	<u>\$76,516,112</u>	<u>\$75,371,428</u>

Source: Authority.

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Fund balance includes the trust funds (operating reserves) held by the State Universities, the Capital Improvement Reserve Funds, and certain supplementary reserves held by the Authority. The debt service, debt service reserve, rebate, and project funds maintained under the Trust Agreement are excluded.

⁽³⁾ Debt Service Reserve Fund corpus release to provide fiscal relief to the State Universities in fiscal years 2021 and 2022 to offset the impacts of COVID-19. See Appendix A.

⁽⁴⁾ The State Universities received certain federal funds related to mitigating the impacts of COVID-19. Such funds were fully expended in fiscal year 2023.

⁽⁵⁾ Denotes disbursements made directly by the State Universities before Revenues are transferred to the Authority for deposit in the Revenue Fund under the Trust Agreement.

Specific reference is made to the Authority’s audited financial statements for the year ended June 30, 2025, included as Appendix B to this Official Statement, and to the audited financial statements for each of the State Universities for the year ended June 30, 2025 which have been filed with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”). Revenues and expenses related to the Authority’s Projects are reported as auxiliary enterprise income and expenses in the financial statements of the individual State Universities. The Authority’s financial statements include the revenues paid to the Authority by the State Universities, which are used by the Authority to defray its debt service costs, certain operating and insurance premium costs for the Projects and the Authority’s own operating expenses, and certain deposits to reserves. The

financial statements of the Authority for the year ended June 30, 2025 have been examined by CohnReznick LLP, certified public accountants, to the extent and for the periods indicated in its report thereon. Such financial statements have been included in reliance upon the report of CohnReznick LLP and the authority of such firm as experts in accounting and auditing. CohnReznick LLP has not been requested to consent, nor has it consented, to inclusion of its report in this Official Statement. CohnReznick LLP has not been engaged to perform and has not performed, since the date of its report referenced herein, any procedures on the financial statements included in that report. CohnReznick LLP has also not performed any procedures relating to this Official Statement.

The foregoing table summarizes a number of trends in Authority operations and developments over the past several years, including the following:

Receipts. *Room Rents* – These are the revenues for the Authority’s residence hall projects. To ensure affordability and full occupancy, Authority room rents are typically maintained at or below the off-campus market rental rates in the applicable geographic area. Increases in revenue from year to year reflect the increased number of beds. In addition, regular modest increases to room rents permit the Authority to fund increases in operating expenses (salaries and utilities) and debt service and additions to capital improvement reserves. Occupancy during fiscal years 2021, 2022 and 2023 was lower than previous years in part due to lower density for public health purposes/student needs and some classes being taught remotely impacting class sizes as student groups proceed through their academic programs toward graduation. See Appendix A – “STATE UNIVERSITIES SELECTED FINANCIAL AND STATISTICAL INFORMATION – COVID 19” herein.

Non-residential Project fees – These are the amounts collected to fund debt service (as well as insurance and reserves, in the case of Authority-owned projects) for non-residential projects. These projects include new construction and improvements to or renovations of campus center, dining, athletic and parking facilities, which improve the overall campus environment for student recruitment and retention. In limited circumstances, they also include other types of facilities on campus for which the Authority provides supplemental financing pursuant to Section 156, such as academic facilities. The source of this fee revenue to pay debt service includes fees generated from the use of the financed facilities, an assessment on student fees, and assessments charged to the State Universities payable from any available funds of the University, as specified in the Contract. The changes from year to year reflect the financing schedules of student activity facilities.

Other Receipts – This includes primarily revenue from summer room rental, conferences, commissions, and miscellaneous sources. The reduced amounts in fiscal year 2021 and fiscal year 2022 reflect reduced summer room rentals and conferences due to the impact of the COVID-19 pandemic.

Investment earnings – This category includes interest earnings on investments. Year-to-year changes are a function of the amounts invested and the effective interest rates.

Debt Service Reserve Fund releases – This category includes releases from the Debt Service Reserve Fund. The Debt Service Reserve Fund requirement is now zero. The Authority may release portions of the Debt Service Reserve Fund to pay debt service on the Bonds from time to time, or as requested by a State University.

Transfers from Capitalized Interest Accounts – These figures reflect capitalized interest which is used to pay debt service before the revenues of a given Project are sufficient to cover all of its associated costs.

State University contributions – These figures include funding from the State Universities in order to support the residence life programs at the campuses. Prior to fiscal year 2020, the majority of these contributions supported initial operations of new residence halls. Since fiscal year 2020, some State Universities contributed campus funds or federal aid to support the operations or reserve balances in the residence hall trust funds to offset reduced room rent receipts resulting from the COVID-19 pandemic. See Appendix A – “STATE UNIVERSITIES SELECTED FINANCIAL AND STATISTICAL INFORMATION – COVID 19”.

Build America Bond subsidy – These figures represent credit payments received by the Authority from the United States Treasury pursuant to the American Recovery and Reinvestment Act of 2009 as a result of designating certain Bonds issued in 2009 and 2010 as Build America Bonds. The credit payments were to equal 35% of the interest payable on such Bonds, but were reduced beginning in federal fiscal year 2014, with reductions of 5.9% in fiscal year 2020 and 5.7% in fiscal years 2021 through 2030 due to federal government sequestration.

Disbursements. *Residence hall operations and staff* – These amounts include salary and benefit costs for the staff who manage, operate and maintain the residence halls. Year-to-year increases reflect the use and occupancy of the new residence halls as well as funding for new collective bargaining agreements.

Facility maintenance and repair – These are the amounts spent for routine upkeep of the residence halls and for annual contracts for service and operations support.

Facility renewal – These figures reflect the use of Capital Improvement Reserve Funds to fund planned renewal and unexpected repair projects at Authority facilities.

Utilities – These figures represent the annual expense of utilities for Authority projects. Year-to-year increases reflect increases in utility rates and the increases in consumption to support new residence halls.

Housing Grant Scholarship Program – Starting in fiscal year 2005, in an effort to maintain the affordability of residence hall room rents, the Authority implemented a general rent increase sufficient to fund a \$300,000 housing grant scholarship program. This program has grown each year and has recently been increasing at approximately the same rate as the average rent increase.

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Debt Service Obligations

The following table sets forth for each fiscal year the amounts required for the payment of debt service for all outstanding Bonds.

Year Ending (June 30)	Existing Debt Service on Outstanding Bonds*	Principal of the Series 2026A Bonds	Interest on the Series 2026A Bonds	Total Debt Service on the Series 2026A Bonds	Total Combined Debt Service*
2026	\$97,357,783				
2027	97,148,081				
2028	98,640,931				
2029	94,077,804				
2030	92,180,441				
2031	89,334,259				
2032	87,295,310				
2033	83,905,971				
2034	79,366,773				
2035	76,311,724				
2036	74,148,952				
2037	70,372,164				
2038	69,041,033				
2039	60,817,872				
2040	52,359,947				
2041	43,829,180				
2042	26,731,206				
2043	23,308,654				
2044	14,939,003				
2045	8,436,866				
2046	8,436,113				
2047	8,438,604				
2048	8,439,032				
2049	4,647,244				
2050	1,319,563				
2051	1,314,988				
2052	504,400				
2053	-				
2054	-				
2055	-				
2056	-				
Total	\$1,372,703,898				

* Excludes the receipt of any Federal subsidies on the Series 2009C and Series 2010A Build America Bonds.

Project Delivery and Capital Improvement Program

In addition to the standard public procurement procedures, the Authority is permitted to use an alternate means of procurement for design and construction management services which has resulted in improved quality and reduced time and cost of delivering new and renovated facilities. The Authority's procurement methodology is considered exemplary in the public sector in its ability to provide high-quality, cost-effective facilities in critical timeframes while providing for the public solicitation of architectural design and construction management services and for the public bidding of trade contractor work.

The Authority maintains a facility renewal database to identify the required periodic reinvestment necessary to maintain its facilities, including the estimated cost, desired frequency and anticipated funding source for these projects. There was an estimated deferred maintenance need for Authority projects of \$93.5 million in 2025 which is a combined amount for both system and campus projects. Campus projects which were built starting in 2002 have been included in the Facility Condition Index (FCI) calculation as of 2022. Typical renewal projects include the repair, replacement or extended use of building exterior components, mechanical systems and interior finishes. Specifically, these include replacement of roofing and windows, re-pointing of masonry and repainting of exterior trim; replacement of domestic water heaters, plumbing fixtures, boilers, electrical equipment and fixtures, fire alarm systems and elevators; repainting of interior walls and ceilings, replacement of flooring and repair of doors and hardware. Typical adaption projects include the provision of sprinkler systems where they are not required by code and the improvement of access for individuals with disabilities.

The continuous improvement in facility condition and the expedited procurement model achieve best practices in facility renewal, reduce deferred maintenance, improve quality and cost control and mitigate the need for future borrowings.

Projects Financed by Bonds

Since 1999, the Authority has financed approximately \$744.83 million for new residence hall capacity and approximately \$299.81 million for repairs and major renovations at residence halls at numerous State Universities with bond proceeds. Such projects have included hazardous material abatement, fire safety improvements, access for the physically disabled, sprinklers and fire alarms, elevator replacement, bathroom renovations, mechanical, electrical and plumbing upgrades, masonry and roof repairs, common area improvements, interior finishes, and exterior and interior renewals. The Authority also has financed approximately \$139.51 million of student life projects and \$256.15 million (exclusive of the proceeds of the Series 2026A Bonds) to support projects owned by the Commonwealth for the state university segment with bond proceeds.

Commonwealth-Owned Projects

The Authority's residence halls and certain parking structures and property acquisitions are owned by the Authority and, in some cases, located on land that the Authority has leased from the Commonwealth. Approximately 50 student life facilities (or portions of such facilities) constitute Commonwealth-owned Projects, including: a parking facility and a student center at Bridgewater State; a dining hall, campus center and athletic fields at Fitchburg State; athletic fields, and a campus center at Framingham State; a dining hall and art gallery at the Massachusetts College of Art and Design; tennis courts, a gymnasium and the Ashland Street Facility at the Massachusetts College of Liberal Arts; parking lots and athletic facilities at Salem State; and a dining hall and a campus center at Westfield State. Under limited circumstances, the Authority may also provide supplemental financing for certain Commonwealth-owned academic facilities. To date, these projects include science centers at Framingham and Westfield State, a Center for Design + Media at Massachusetts College of Art and Design, and a wellness (athletic) center at Worcester State. The Salem BOLD Project being financed with the proceeds of the Series 2026A Bonds is owned by the Commonwealth and will be managed by DCAMM.

The Authority has no responsibility for the operation or maintenance of Commonwealth-owned Projects, although the Authority has agreed in the Contract to maintain certain insurance policies with respect to such Projects upon written request of the Commissioner of the Division of Capital Asset Management and Maintenance of the Commonwealth. The Authority's fees, rents, rates and charges with respect to Commonwealth-owned Projects generally consist of an assessment on student fees sufficient to pay the Authority's debt service costs and direct

administrative costs, without regard to the Project's overall operating costs and without any requirement of maintaining operating or capital improvement reserves.

Demand for Authority Residence Facilities

Actual occupancy of the Authority's residence halls during academic year 2025-2026 was 75.8% of design capacity. As part of the strategic planning process, the Authority is working with the campuses to identify the expected level of demand in the future and explore alternative uses for some residence halls. The predictable schedule, quality and funding of facility improvement projects reduces the likelihood of substantial unanticipated project requirements and their attendant inconvenience and expense. The revenue stream from the System Projects directly funds a system capital improvement reserve, and the revenue stream from the Campus Projects, implemented after 1999, directly funds a designated capital improvement reserve for these projects. For further information relating to demand for Authority residence facilities, see Appendix A – "STATE UNIVERSITIES SELECTED FINANCIAL AND STATISTICAL INFORMATION."

THE BOARD OF HIGHER EDUCATION

The BHE is established under Chapter 15A of the General Laws of the Commonwealth. The purpose of the BHE is to define the mission of and coordinate the system of public higher education of the Commonwealth. The system includes, in addition to the State Universities, the five-campus University of Massachusetts and 15 community colleges. See "THE STATE UNIVERSITIES" herein for additional information on the State Universities. The University of Massachusetts, with campuses in Amherst, Boston, Dartmouth, Lowell and Worcester, offers four-year undergraduate programs and a broad range of graduate degrees. The 15 community colleges serve each region of the Commonwealth and offer two-year programs leading to associate degrees. Each institution in the system of public higher education is governed by a separate board of trustees. Under Chapter 15A, the BHE is responsible for working with each of the boards of trustees to hold the system accountable for achieving its goals and measuring its performance.

In addition to its powers under Chapter 15A, the BHE has certain powers with respect to the Authority under the Act. Among other things, the Authority may not initiate any project except upon written request made by authority of the BHE and may not issue refunding bonds or notes without the prior written approval of the BHE. The Authority's power to establish rules and regulations ensuring the use and occupancy of its projects and to fix and revise fees, rents, rates and other charges sufficient to cover all the costs of its projects is also subject to approval of the BHE. If the BHE does not approve the Authority's proposed schedule of fees, rents, rates and charges, the Authority may proceed without BHE approval. The BHE has the power under the Act to convey or lease to the Authority certain property owned by the Commonwealth, to provide utilities and services necessary for the operation and maintenance of Authority projects and to cooperate with the Authority in carrying out the purposes of the Authority.

The BHE consists of 13 members, nine of whom are appointed by the Governor of the Commonwealth, three of whom are chosen as described below to represent public institutions of higher education and one of whom is the Secretary of Education of the Commonwealth, serving *ex officio*. The Governor appoints one of the members to be the chairman. Of the members appointed by the Governor, at least one must be a representative of organized labor, one must be a representative of the business community, and one must be a full-time undergraduate student at an institution within the higher education system. These appointed members are also to reflect regional geographic representation. Of the three members chosen to represent public institutions of higher education, one must be a member of the board of trustees of the University of Massachusetts, selected by such board, one must be a member of the board of trustees of one of the State Universities, chosen by a vote of the chairs of the boards of trustees of the State Universities, and one must be a member of the board of trustees of a community college, chosen by a vote of the chairs of the boards of trustees of the community colleges. Three of the board members appointed by the Governor serve for terms that are coterminous with that of the Governor. The remaining appointed members serve five-year terms, except the student member, who serves for a one-year term. Appointments to the student position are cycled among community college, state university and University of Massachusetts students every three years. No member may be appointed for more than two consecutive full terms, and a student member may serve only one term. Under state law, members of the BHE whose terms have expired continue to serve until a successor is appointed.

The present members of the BHE are as follows:

Chris Gabrieli, Chair
Harneen Chernow, Vice Chair
Danielle Allen, Pd.D
Dr. Lisa B. Battaglinio
Mary Burns
Ann Christensen
Veronica Conforme
Alex Cortez
Mike Hannigan, Student Voting Member
Bill Walczak
Stephen Zrike, ex officio, Secretary of Education
Noe Ortega, Ph.D.*
Hannah Rosenkrantz*

* *non-voting member*

The Commonwealth's Secretary of Education appoints a Commissioner of Higher Education, who must be nominated by a two-thirds vote of the BHE. The Commissioner of Higher Education serves as the executive and administrative head of the Commonwealth's Department of Higher Education and as the secretary to the BHE and its chief executive officer and the chief school officer for higher education. The Commissioner is responsible for carrying out the policies established by the BHE. The Commissioner serves at the pleasure of the BHE and may be removed by majority vote of the BHE. The current Commissioner is Noe Ortega, Ph.D.

Budget Process

The board of trustees of each institution of public higher education in the Commonwealth submits operating and capital budget requests annually to the BHE. The BHE uses the data to prepare operating and capital outlay budgets for the statewide system of public higher education. The BHE submits its operating budget to the Budget Director in the Executive Office for Administration and Finance and also to the House and Senate Committees on Ways and Means. The Legislature appropriates funds for the public higher education system in the Commonwealth's annual operating budget in various line items for each institution. Capital budget requests of the various State Universities are reviewed by the BHE and the Commonwealth's Division of Capital Asset Management, and then by the Executive Office for Administration and Finance, which maintains a rolling five-year capital finance plan for the Commonwealth. Capital outlay authorization requests are filed with the Legislature periodically by the Governor.

THE STATE UNIVERSITIES

General

The State Universities are nine Massachusetts institutions of higher learning under the jurisdiction of the BHE. Each institution is under the direct administration of its own board of trustees. The State Universities are Bridgewater, Fitchburg, Framingham, Salem, Westfield and Worcester State Universities, the Massachusetts College of Art and Design, the Massachusetts College of Liberal Arts, and the Massachusetts Maritime Academy. State law empowers the State Universities generally to provide educational programs, research, extension and continuing education services in the liberal, fine and applied arts and sciences and other related disciplines through the master's degree level and to offer doctoral programs in cooperation with the University of Massachusetts.

Bridgewater State University is located on a 278-acre campus in the town of Bridgewater, 28 miles south of Boston. The University was founded as a teacher-training institution in 1840 and now offers 43 graduate degree programs, five graduate certificate programs and 53 undergraduate programs with 90 concentrations.

Fitchburg State University, located in North Central Massachusetts, was founded in 1894. Originally a teacher-training institution, today the University offers more than 50 undergraduate programs in 23 academic disciplines, and more than 30 pre-professional and graduate programs. Its offerings emphasize career-orientated learning that is firmly grounded in the liberal arts. The University features small class sizes, hands-on professional education, and an accessible faculty dedicated to teaching.

Framingham State University was founded in 1839 as the first public normal school in America. The University now offers a wide variety of programs in fields ranging from business to the sciences to fashion. In recent years, the University has begun positioning itself as a leader in the areas of STEM (Science, Technology, Engineering, and Mathematics) education as employers increasingly seek to hire graduates with these skill sets. The University offers 39 undergraduate majors and 35 graduate programs with the breadth of programs offered reflecting diverse faculty expertise.

The Massachusetts College of Art and Design, the only publicly supported professional college of the arts in the United States, was established in 1873 and is presently located on campuses on Longwood and Huntington Avenues in the city of Boston. It grants Bachelor of Fine Arts degrees in 24 concentrations and offers Master of Fine Arts and Master of Science in art education degrees.

Massachusetts College of Liberal Arts (“MCLA”) is the Commonwealth’s designated public liberal arts college. The College is located in Berkshire County on a 26-acre campus in the city of North Adams in northwestern Massachusetts. It was founded in 1894 and offers Bachelor of Arts and Bachelor of Science degrees in 22 academic disciplines complemented by 44 areas of concentration. MCLA offers graduate programs (M.Ed. and CAGS) in Education and launched a Professional Master of Business Administration (“PMBA”) graduate program in 2010. As the Commonwealth’s designated public liberal arts college, MCLA is a member of the Council for Public Liberal Arts Colleges (“COPLAC”).

The Massachusetts Maritime Academy was founded in 1891 and is now the largest maritime academy in the United States. It is located on 55 acres in the village of Buzzards Bay on Cape Cod. Bachelor of Science degrees are offered in seven fields, including the traditional marine engineering and marine transportation programs that prepare cadets for qualification as licensed merchant marine officers able to sail the biggest merchant ships afloat or handle tug boats in local harbors. The Academy also grants Master of Science degrees in facilities management, maritime business management, and emergency management.

Salem State University is located in the city of Salem on five campuses totaling 115 acres. Established in 1854, it grants Bachelor of Arts and Bachelor of Science degrees in 32 disciplines. At the graduate level, the University grants eight Master’s degrees. Continuing education courses are also available for credit or non-credit.

Westfield State University was founded as a teacher-training institution in 1838 by noted educator and social reformer Horace Mann. The school was the first public co-educational college in America that accepted students without consideration of race, gender or class background. The University is located in the city of Westfield, a few miles west of Springfield, in the Connecticut River valley. It occupies a 256-acre campus and grants Bachelor of Arts and Bachelor of Science degrees in 32 majors as well as Master of Arts, Master of Science, Master of Public Administration, and Master of Education degrees. Certificates of advanced graduate study are also available.

Worcester State University was established in 1874 and is located on a 57-acre campus in the city of Worcester. It offers 60 undergraduate majors and minors, 29 master’s degrees, post-baccalaureate certificates, and graduate programs, and real-time access to online, noncredit professional training. It grants Bachelor of Arts or Bachelor of Science degrees in 24 disciplines and a Bachelor of Science in education. It also grants Master of Science degrees in seven disciplines, Master of Occupational Therapy, Master of Education in 10 disciplines, and a certificate of graduate studies in psychology.

Certain financial and statistical information about the State Universities is provided in Appendix A. For additional information about the State Universities, specific reference is made to the audited financial statements for each of the State Universities for the fiscal year ended June 30, 2025. Copies of such financial statements have been filed with the MSRB through EMMA.

Amounts Paid by State Universities to the Authority

Under the Contract, all moneys received by a State University as payment of fees, rents, rates or other charges for the use and occupancy of a Project of the Authority are held in trust for the Authority in a trust fund at that State University. The moneys in the trust fund are expended by the State University in accordance with the Authority's annual operating budget and are remitted to the Authority or to the Trustee at such times and in such amounts as may be directed by the Authority. In circumstances where the Authority is providing supplemental funding for a Commonwealth-owned Project and the Authority's assessments for debt service and administrative costs are payable from any available funds of the applicable State University, the Authority may waive the requirement for a trust fund under the Contract, as it has done for the Salem BOLD Project being financed with a portion of proceeds of the Series 2026A Bonds.

The following table shows the amounts paid to the Authority by each of the State Universities in each of the fiscal years 2021 through 2025 and expected amounts in 2026. The amounts received by the Authority were used to pay debt service on the Bonds and all other expenses of the Authority. Amounts shown exclude debt service paid from capitalized interest on certain projects, earnings on the Debt Service Fund and Debt Service Reserve Fund, and Build America Bond interest subsidies, as well as the debt service expected on the Series 2026A Bonds.

State University	Fiscal 2021 ⁽¹⁾	Fiscal 2022 ⁽¹⁾	Fiscal 2023	Fiscal 2024	Fiscal 2025	Estimated Fiscal 2026 ⁽²⁾
Bridgewater	\$6,034,998	\$11,070,678	\$18,795,495	\$15,452,485	\$19,091,440	\$19,696,486
Fitchburg	3,644,709	9,178,993	11,356,392	9,633,290	11,375,327	11,290,158
Framingham	4,435,820	10,802,240	11,854,492	11,495,043	11,995,570	11,634,368
Mass. College of Art and Design	2,648,659	8,044,544	9,864,384	9,607,695	10,347,790	10,523,423
Mass. College of Liberal Arts	1,594,123	2,631,960	3,027,048	3,074,097	3,350,274	3,460,570
Mass. Maritime Academy	2,555,002	6,213,818	9,565,937	8,009,405	10,169,216	10,219,593
Salem	4,848,504	12,822,054	14,977,514	12,669,354	15,021,579	14,090,832
Westfield	4,677,282	10,250,575	12,094,589	10,708,333	14,208,128	14,337,072
Worcester	<u>4,360,392</u>	<u>5,798,927</u>	<u>8,613,038</u>	<u>8,265,348</u>	<u>10,027,175</u>	<u>9,870,819</u>
Total	<u>\$34,799,489</u>	<u>\$76,813,789</u>	<u>\$100,148,890</u>	<u>\$88,915,050</u>	<u>\$105,586,499</u>	<u>\$105,123,324</u>

Source: Authority.

⁽¹⁾ During fiscal years 2021 and 2022, the Authority reduced assessments and provided fiscal relief to the Universities by using amounts on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement to pay debt service costs, and reducing or eliminating certain other funding requirements for operations and reserves. See Appendix A – "STATE UNIVERSITIES SELECTED FINANCIAL AND STATISTICAL INFORMATION – COVID 19".

⁽²⁾ Does not reflect the estimated impact of future bond issues, including the issuance of Series 2026A Bonds.

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Pledged Trust Funds

The following table sets forth, for each State University, the amount of Pledged Trust Funds (which is an amount equal to 25% of the average annual principal and interest due on the State University's allocable share of debt service on Bonds) as of December 1, 2025. The table does not include the estimated impact of the issuance of the Series 2026A Bonds. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – The Contract; Pledged Funds."

<u>State University</u>	<u>Pledged Trust Funds Authority-owned Projects</u>	<u>Pledged Trust Funds Commonwealth-owned Projects</u>	<u>Total Pledged Trust Funds</u>
Bridgewater	\$4,332,263	\$171,312	\$4,503,575
Fitchburg	1,467,737	786,373	2,254,110
Framingham	2,671,492	542,762	3,214,254
Mass. College of Art and Design	1,797,975	706,432	2,504,407
Mass. College of Liberal Arts	480,449	126,797	607,246
Mass. Maritime Academy ⁽¹⁾	1,606,426	386,401	1,992,827
Salem	2,982,614	257,251	3,239,865
Westfield	2,205,713	338,867	2,544,580
Worcester	<u>2,000,831</u>	<u>205,752</u>	<u>2,206,583</u>
Total	\$ 19,545,500	\$ 3,521,947	\$ 23,067,447

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

⁽¹⁾ Subordinate to the lien granted to Bank of America, N.A. in connection with the loan obtained from the Massachusetts Health and Educational Facilities Authority ("HEFA") financed by HEFA's Variable Rate Demand Revenue Bonds, Capital Asset Program Issue, Series M-2 (Pool 2).

LEGAL MATTERS

All legal matters related to the authorization and issuance of the Series 2026A Bonds are subject to the approval of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel to the Authority. The approving opinion of Bond Counsel, substantially in the form attached hereto as Appendix E, will be delivered on the date of delivery of the Series 2026A Bonds. Certain matters will be passed upon for the Authority by its counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts. Certain matters will be passed upon for the Underwriter, by its counsel, Hinckley, Allen & Snyder LLP, Boston, Massachusetts.

LITIGATION

There is no litigation of any nature now pending or, to the knowledge of the Authority, threatened seeking to restrain or enjoin or restraining or enjoining the issuance, sale, execution or delivery of the Series 2026A Bonds or in any way contesting the validity of the Series 2026A Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or of the Contract, or any proceedings of the Authority or of the BHE taken with respect thereto, or of the pledge of any moneys or security provided for the payment of the Series 2026A Bonds or the existence or powers of the Authority or the titles of its officers to their offices.

LEGALITY FOR INVESTMENT

As declared by the Act, the Series 2026A Bonds are securities in which all public officers and public bodies of the Commonwealth and its political subdivisions, all Massachusetts savings banks, insurance companies, trust companies in their commercial departments, and, within the limits set by Section 54 of Chapter 172 of the General Laws of the Commonwealth, banking associations, investment companies, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereto be authorized to invest in bonds or other obligations of a similar nature, may properly and legally invest funds, including capital, in their control or belonging to them. The Series 2026A Bonds are securities which may properly and legally be deposited with and received by any state or

municipal officer or any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or other obligations of the Commonwealth is now or may hereto be authorized by law.

TAX EXEMPTION

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel to the Authority (“Bond Counsel”), is of the opinion that, under existing law, interest on the Series 2026A Bonds is excludable from gross income of holders thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). This opinion is expressly conditioned upon compliance with certain requirements imposed by the Code, which requirements must be satisfied subsequent to the date of issuance of the Series 2026A Bonds in order to ensure that interest on the Series 2026A Bonds is and continues to be excludable from the gross income of the holders thereof. Failure to comply with certain of such requirements could cause interest on the Series 2026A Bonds to be includable in the gross income of holders thereof, retroactive to the date of issuance of the Series 2026A Bonds. In particular, and without limitation, these requirements include restrictions on the use, expenditure and investment of Series 2026A Bond proceeds and the payment of rebate, or penalties in lieu of rebate, to the United States, subject to certain exceptions. The Authority has provided covenants and certificates as to continued compliance with such requirements.

In the opinion of Bond Counsel, under existing law, interest on the Series 2026A Bonds is not an item of tax preference for purposes of computation of the federal alternative minimum tax imposed on individuals, however it may be taken into account for the purpose of computing the federal alternative minimum tax imposed on certain corporations. Bond Counsel has not opined as to any other matters of federal tax law relating to the Series 2026A Bonds. However, prospective purchasers should be aware that certain collateral consequences may result under federal tax law for certain holders of the Series 2026A Bonds, including but not limited to the requirement that certain recipients of Social Security and railroad retirement benefits take into account receipts or accruals of interest on the Series 2026A Bonds in determining gross income. The nature and extent of these other tax consequences depends on the particular tax status of the holder and the holder’s other items of income or deduction. Holders should consult their own tax advisors with respect to such matters.

Interest paid on tax-exempt obligations such as the Series 2026A Bonds is generally required to be reported by payors to the Internal Revenue Service (the “IRS”) and to recipients in the same manner as interest on taxable obligations. In addition, such interest may be subject to “backup withholding” if the Bondholder fails to provide the information required on IRS Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the Bondholder as being subject to backup withholding because of prior underreporting. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Series 2026A Bonds from gross income for federal tax purposes.

For federal and Massachusetts income tax purposes, interest includes original issue discount, which with respect to a Series 2026A Bond is equal to the excess, if any, of the stated redemption price at maturity of such Series 2026A Bond over the initial offering price thereof to the public, excluding underwriters and other intermediaries, at which price a substantial amount of all such Series 2026A Bonds with the same maturity was sold. Original issue discount accrues based on a constant yield method over the term of a Series 2026A Bond. Holders should consult their own tax advisors with respect to the computation of original issue discount during the period in which any such Series 2026A Bond is held.

An amount equal to the excess, if any, of the purchase price of a Series 2026A Bond over the principal amount payable at maturity constitutes amortizable bond premium for federal and Massachusetts tax purposes. The required amortization of such premium during the term of a Series 2026A Bond will result in reduction of the holder’s tax basis in such Series 2026A Bond. Such amortization also will result in reduction of the amount of the stated interest on the Series 2026A Bond taken into account as interest for tax purposes. Holders of Series 2026A Bonds purchased at a premium should consult their own tax advisors with respect to the determination and treatment of such premium for federal income tax purposes and with respect to the state or local tax consequences of owning such Series 2026A Bonds.

In the opinion of Bond Counsel, under existing law, interest on the Series 2026A Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes and the Series 2026A Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Series 2026A Bonds. Prospective purchasers should be aware, however, that the Series 2026A Bonds

are included in the measure of Massachusetts estate and inheritance taxes, and the Series 2026A Bonds and the interest thereon are included in the measure of Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, under the laws of any state other than Massachusetts.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel has not undertaken to update or supplement its opinions in the future to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any events that occur after the date of issuance of the Series 2026A Bonds, including legislation, court decisions, or administrative actions, whether at the federal or state level, that may affect the tax-exempt status of interest on the Series 2026A Bonds, the tax consequences of ownership of the Series 2026A Bonds, or the market value or marketability of the Series 2026A Bonds. Moreover, Bond Counsel's opinions are not a guarantee of a particular result and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgement based on its review of existing law and its reliance on the representations and covenants that it deems relevant to such opinions. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly reduce or eliminate the benefit of the exclusion of the interest on the Series 2026A Bonds from gross income for federal income tax purposes or any state tax benefit of the Series 2026A Bonds. Holders should consult their own tax advisors with respect to any of the foregoing tax consequences.

Opinion of Bond Counsel

On the date of delivery of the Series 2026A Bonds, the Underwriter of the Series 2026A Bonds will be furnished with the opinion of Bond Counsel substantially in the form shown in "PROPOSED FORM OF OPINION OF BOND COUNSEL" attached hereto as Appendix E.

RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned the Series 2026A Bonds an enhanced rating of "Aa2," with a stable outlook, based in part on the Pledged Appropriations. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – The Contract; Pledged Funds" and "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Commonwealth Appropriation Intercept." S&P Global Ratings ("S&P") has assigned the Series 2026A Bonds a rating of "AA," with a stable outlook, based on the state aid intercept. Such ratings reflect only the respective views of such organizations, 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 particular rating will continue for any given period of time or that a rating will not be revised or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any revision or withdrawal of the rating could have an adverse effect on the market price of the Series 2026A Bonds.

MUNICIPAL ADVISOR

Hilltop Securities Inc. (the "Municipal Advisor") is acting as municipal advisor to the Authority in connection with the issuance of the Series 2026A Bonds. The Municipal Advisor has not independently verified the factual information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. In addition, the Municipal Advisor has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the tax status of the Series 2026A Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies. The Municipal Advisor's fee for services rendered with respect to the sale of the Series 2026A Bonds is contingent upon the issuance and delivery of the Series 2026A Bonds, and receipt by the Authority of payment therefor. The participation of the Municipal Advisor should not be seen as a recommendation to buy or sell the Series 2026A Bonds and investors should seek the advice of their accountants, lawyers and registered representatives for advice as appropriate.

UNDERWRITING

The underwriter identified on the cover page hereof (the "Underwriter"), Raymond James & Associates, Inc., has agreed to purchase the Series 2026A Bonds from the Authority at a price of \$ _____ (which amount

represents the principal amount of the Series 2026A Bonds, plus original premium of \$_____, less an underwriting discount of \$_____). The Underwriter may offer and sell the Series 2026A Bonds to certain dealers and others (including dealers depositing bonds into investment trusts) at prices lower than the public offering prices (or yields higher than the offering yields) stated on the inside cover hereof. The purchase contract provides that the Underwriter will purchase all of the Series 2026A Bonds, and the obligation to make such purchase is subject to certain terms and conditions set forth in the purchase contract.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriter and its affiliates have provided, and may, including with respect to this transaction, provide, a variety of these services to the Authority and to persons and entities with relationships with the Authority, for which they received or will receive customary fees and expenses. Under certain circumstances, the Underwriter and their affiliates may have certain creditor and/or other rights against the Authority and its affiliates in connection with such activities.

In the ordinary course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationship with the Authority. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research reviews in respect of 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.

CONTINUING DISCLOSURE

The Authority and the BHE will undertake to provide annual reports and notices of certain events. A description of these undertakings is set forth in Appendix F attached hereto.

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MISCELLANEOUS

All quotations from and summaries and explanations of the Act, Chapter 15A, the Trust Agreement and the Contract contained herein do not purport to be complete and reference is made to said laws and documents for full and complete statements of their provisions. The Appendices attached hereto are a part of this Official Statement. Copies, in reasonable quantity, of the Act, the Trust Agreement and the Contract may be obtained upon request directed to the Massachusetts State College Building Authority, 10 High Street, Suite 201, Boston, Massachusetts 02110, Attention: Deputy Director and Chief Financial Officer.

Any statements in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Series 2026A Bonds.

The execution and delivery of this Official Statement by its Deputy Director and Chief Financial Officer have been duly authorized by the Authority.

MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

By: _____
James Rust
Deputy Director and Chief Financial Officer

June __, 2026

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STATE UNIVERSITIES SELECTED FINANCIAL AND STATISTICAL INFORMATION**COVID-19**

From March 10, 2020 to June 15, 2021, the Commonwealth was in a state of emergency as a result of the outbreak of COVID-19. During the state emergency, the Governor and his administration took action through a series of orders and advisories intended to reduce the spread of COVID-19. Certain of these orders had a significant impact on the local economy and on the operations of the State Universities and the Authority, including, but not limited to: an order mandating that all non-essential businesses and organizations close their physical facilities and workspaces to customers; a stay-at-home advisory; an order limiting the size of gatherings in public and private venues; and an advisory from the Department of Higher Education and the Department of Public Health strongly recommending that all public and private colleges and universities pursue strategies to reduce the need for students, faculty and staff to be on campus, including suspending in-person classes and shifting to remote learning.

The State University campuses took steps to comply with the advisory relating to public and private colleges and universities referenced above, including a shift to online instruction. There were no changes to the assessments by the Authority for fiscal year 2020. The Universities utilized reserves, campus contributions, and federal aid to fund operations for the remainder of academic year 2019-2020. In fiscal years 2021 and 2022, the Authority was able to reduce the operating and reserve assessments to the Universities. In addition, the Authority issued the Series 2020A Bonds on July 1, 2020 in part to refund Bonds maturing in fiscal years 2021 and 2022 to lower the debt service assessments to the Universities in such fiscal years. All nine State Universities reopened the residence halls beginning with the fall 2020 semester with public health procedures in place for testing and quarantine.

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APPENDIX A

State University Revenue Sources

To illustrate the relative importance of State University revenue sources in recent years, the following table sets forth revenues for each of the State Universities for fiscal years 2021 through 2025. Fees collected by State Universities for the use of Authority projects are included in auxiliary enterprise income in the table below and on the financial statements of the individual State Universities. Tuition receipts are generally remitted to the Commonwealth, and the tuition figures below include such remitted receipts. Recent state budgets have authorized the Massachusetts College of Art and Design and the Massachusetts Maritime Academy to retain all tuition and fees received by such institutions rather than remitting tuition to the state treasury. The Massachusetts College of Liberal Arts has been similarly authorized to retain out-of-state tuition and fees. The figures for state support in the table below include all unrestricted funds received by the State Universities from the Commonwealth, including appropriations and fringe benefit support, less tuition remitted to the Commonwealth.

	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>	<u>Fiscal 2023</u>	<u>Fiscal 2024</u>	<u>Fiscal 2025</u>
<u>Bridgewater State</u>					
Tuition and fees	\$110,514,093	\$104,993,317	\$105,795,481	\$109,294,014	\$114,047,931
Grants and contracts	25,320,236	25,455,875	29,262,334	43,985,796	53,645,761
State support	70,562,036	79,219,174	82,684,885	95,591,577	104,491,866
Auxiliary enterprises	15,422,689	34,940,605	36,792,690	38,241,074	41,617,721
Other revenues	19,482,162	29,896,940	648,877	889,633	1,542,036
Scholarship allowance (credit)	<u>(27,135,063)</u>	<u>(31,809,718)</u>	<u>(27,960,590)</u>	<u>(45,299,888)</u>	<u>(52,134,345)</u>
Total revenues	<u>\$214,166,153</u>	<u>\$242,696,193</u>	<u>\$227,223,677</u>	<u>\$242,702,206</u>	<u>\$263,210,970</u>
<u>Fitchburg State</u>					
Tuition and fees	\$49,534,322	\$47,294,541	\$46,740,334	\$45,773,827	\$40,291,968
Grants and contracts	15,686,580	19,439,712	8,270,526	9,598,089	10,971,131
State support	45,829,701	51,097,469	52,188,530	58,875,784	62,480,324
Auxiliary enterprises	8,582,870	11,383,959	10,963,496	11,902,765	12,802,812
Other revenues	5,300,419	3,018,438	2,903,840	4,204,767	3,184,989
Scholarship allowance (credit)	<u>(6,182,413)</u>	<u>(7,835,655)</u>	<u>(5,294,046)</u>	<u>(5,722,395)</u>	<u>(7,777,548)</u>
Total revenues	<u>\$118,751,479</u>	<u>\$124,398,464</u>	<u>\$115,772,680</u>	<u>\$124,632,837</u>	<u>\$121,953,676</u>
<u>Framingham State</u>					
Tuition and fees	\$41,444,412	\$38,359,877	\$34,286,586	\$33,552,305	\$36,419,702
Grants and contracts	8,023,243	12,658,227	16,291,586	19,210,715	22,120,176
State support	43,364,246	50,648,041	54,994,262	59,394,011	61,765,910
Auxiliary enterprises	6,416,628	19,119,319	19,782,478	21,208,092	22,759,218
Other revenues	2,861,237	5,170,409	4,900,775	3,913,751	3,046,592
Scholarship allowance (credit)	<u>(8,800,319)</u>	<u>(10,930,592)</u>	<u>(8,335,449)</u>	<u>(8,977,886)</u>	<u>(10,341,447)</u>
Total revenues	<u>93,309,447</u>	<u>\$115,025,281</u>	<u>\$121,820,238</u>	<u>\$128,300,988</u>	<u>\$135,770,151</u>
<u>Massachusetts College of Art and Design</u>					
Tuition and fees	\$34,955,541	\$35,946,972	\$38,265,245	\$40,729,987	\$42,438,722
Grants and contracts	4,305,010	4,804,700	8,017,581	8,693,573	9,345,019
State support	30,857,673	33,868,481	34,857,751	39,677,928	41,964,576
Auxiliary enterprises	9,567,811	14,513,306	16,615,238	16,482,408	16,726,449
Other revenues	3,754,922	3,075,604	3,567,321	4,797,378	3,049,264
Scholarship allowance (credit)	<u>(9,543,061)</u>	<u>(12,449,752)</u>	<u>(11,217,848)</u>	<u>(13,092,604)</u>	<u>(13,804,138)</u>
Total revenues	<u>\$73,897,896</u>	<u>\$79,759,311</u>	<u>\$90,105,288</u>	<u>\$97,288,670</u>	<u>\$99,719,892</u>

APPENDIX A

	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>	<u>Fiscal 2023</u>	<u>Fiscal 2024</u>	<u>Fiscal 2025</u>
<u>Mass. College of Liberal Arts</u>					
Tuition and fees	\$12,711,389	\$10,522,117	\$9,883,863	\$10,629,498	\$10,436,062
Grants and contracts	6,050,124	5,894,449	8,392,400	7,278,333	7,113,568
State support	25,824,653	28,194,832	28,425,244	31,648,758	33,513,479
Auxiliary enterprises	4,871,395	4,977,937	5,507,351	6,339,085	5,938,289
Other revenues	2,852,706	18,263,792	1,710,450	1,958,739	2,761,784
Scholarship allowance (credit)	<u>(4,605,276)</u>	<u>(4,186,958)</u>	<u>(4,755,447)</u>	<u>(5,096,243)</u>	<u>(5,059,970)</u>
Total revenues	<u>\$47,704,991</u>	<u>\$63,666,169</u>	<u>\$49,163,861</u>	<u>\$52,758,170</u>	<u>\$54,703,212</u>
<u>Massachusetts Maritime Academy</u>					
Tuition and fees	\$30,629,712	\$32,861,889	\$33,483,055	\$33,495,231	\$37,318,693
Grants and contracts	3,488,263	4,920,334	5,980,072	5,374,257	8,278,101
State support	26,361,024	30,172,141	29,921,260	33,206,619	35,001,812
Auxiliary enterprises	11,946,140	19,440,055	19,248,920	19,520,518	22,320,944
Other revenues	1,748,024	658,241	897,884	759,069	1,208,690
Scholarship allowance (credit)	<u>(7,344,855)</u>	<u>(8,205,800)</u>	<u>(8,759,755)</u>	<u>(9,261,529)</u>	<u>(11,591,368)</u>
Total revenues	<u>\$66,828,308</u>	<u>\$79,846,860</u>	<u>\$80,771,436</u>	<u>\$83,094,165</u>	<u>\$92,536,872</u>
<u>Salem State</u>					
Tuition and fees	\$80,468,545	\$77,629,014	\$74,159,486	\$70,736,948	\$73,152,530
Grants and contracts	19,842,915	21,529,646	21,808,569	27,712,954	37,458,662
State support	67,962,635	77,309,109	78,474,052	89,565,045	93,849,763
Auxiliary enterprises	12,100,426	20,063,176	22,710,462	23,360,468	24,708,941
Other revenues	12,209,854	21,108,404	1,524,436	1,488,770	840,706
Scholarship allowance (credit)	<u>(18,694,682)</u>	<u>(20,255,085)</u>	<u>(18,611,121)</u>	<u>(19,445,696)</u>	<u>(20,684,653)</u>
Total revenues	<u>\$173,889,693</u>	<u>\$197,384,264</u>	<u>\$180,065,884</u>	<u>\$194,035,212</u>	<u>\$209,325,949</u>
<u>Westfield State</u>					
Tuition and fees	\$53,243,430	\$49,972,964	\$49,258,184	\$48,620,207	\$51,547,618
Grants and contracts	12,905,962	13,299,863	15,924,343	22,844,665	23,147,437
State support	41,889,628	46,984,608	48,107,868	55,470,355	57,982,834
Auxiliary enterprises	8,590,132	21,508,596	23,811,504	22,817,978	25,454,956
Other revenues	9,594,747	16,858,000	3,470,317	4,536,476	4,146,662
Scholarship allowance (credit)	<u>(10,236,061)</u>	<u>(10,975,319)</u>	<u>(12,706,931)</u>	<u>(18,402,400)</u>	<u>(20,392,094)</u>
Total revenues	<u>\$115,987,838</u>	<u>\$137,648,712</u>	<u>\$127,865,285</u>	<u>\$135,887,281</u>	<u>\$141,887,413</u>
<u>Worcester State</u>					
Tuition and fees	\$46,997,815	\$45,003,788	\$43,977,503	\$47,092,996	\$49,271,832
Grants and contracts	11,566,478	13,230,956	13,309,051	20,075,449	21,354,339
State support	42,192,196	46,843,303	48,616,049	55,212,761	58,195,227
Auxiliary enterprises	7,798,550	12,850,325	12,837,603	12,785,822	12,997,951
Other revenues	8,467,581	14,736,582	3,553,961	5,294,523	6,525,924
Scholarship allowance (credit)	<u>(8,458,224)</u>	<u>(7,247,315)</u>	<u>(7,632,116)</u>	<u>(13,496,003)</u>	<u>(15,840,981)</u>
Total revenues	<u>\$108,564,396</u>	<u>\$125,417,639</u>	<u>\$114,662,051</u>	<u>\$126,965,548</u>	<u>\$132,504,292</u>

Source: University Financial Statements

APPENDIX A

Enrollment

The following table sets forth enrollment information for the system of public higher education for the fall semesters of 2021 through 2025 for the state university segment on the basis of full-time equivalent students and headcount. Both degree and non-degree students are included.

	<u>Fall 2021</u>	<u>Fall 2022</u>	<u>Fall 2023</u>	<u>Fall 2024</u>	<u>Fall 2025</u>
<u>Full-Time Equivalent</u>					
Bridgewater	7,897	7,774	7,786	7,913	8,466
Fitchburg	4,169	4,026	3,928	3,714	3,569
Framingham	3,598	3,220	3,121	3,180	3,047
Mass. College of Art and Design	1,707	1,733	1,803	1,843	1,825
Mass. College of Liberal Arts	889	799	785	761	741
Mass. Maritime Academy	1,559	1,431	1,368	1,478	1,602
Salem	5,564	5,144	4,889	4,891	4,776
Westfield	4,270	3,989	3,863	3,928	3,956
Worcester	<u>4,224</u>	<u>4,018</u>	<u>4,083</u>	<u>4,162</u>	<u>4,016</u>
State Universities	<u>33,878</u>	<u>32,134</u>	<u>31,626</u>	<u>31,870</u>	<u>31,998</u>
Community Colleges	<u>37,244</u>	<u>34,491</u>	<u>37,315</u>	<u>42,767</u>	<u>48,979</u>
University of Massachusetts	<u>63,669</u>	<u>63,433</u>	<u>63,618</u>	<u>63,835</u>	<u>63,631</u>
Total	<u>134,790</u>	<u>130,058</u>	<u>132,559</u>	<u>138,472</u>	<u>144,607</u>
<u>Headcount</u>					
Bridgewater	9,942	9,604	9,550	9,727	10,349
Fitchburg	6,674	6,554	6,293	5,892	5,801
Framingham	4,495	4,111	4,028	4,002	3,529
Mass. College of Art and Design	1,907	1,939	1,986	1,989	1,957
Mass. College of Liberal Arts	994	938	933	896	923
Mass. Maritime Academy	1,531	1,426	1,362	1,493	1,577
Salem	7,131	6,539	6,239	6,230	6,009
Westfield	5,013	4,661	4,554	4,578	4,607
Worcester	<u>5,417</u>	<u>5,311</u>	<u>5,611</u>	<u>5,771</u>	<u>5,259</u>
State Universities	<u>43,104</u>	<u>41,082</u>	<u>40,556</u>	<u>40,578</u>	<u>40,011</u>
Community Colleges	<u>64,988</u>	<u>62,344</u>	<u>67,744</u>	<u>77,489</u>	<u>86,130</u>
University of Massachusetts	<u>73,131</u>	<u>72,472</u>	<u>72,103</u>	<u>71,977</u>	<u>71,117</u>
Total	<u>181,223</u>	<u>175,898</u>	<u>180,403</u>	<u>190,044</u>	<u>197,258</u>

Source: Massachusetts Department of Higher Education
 Totals may not add due to rounding.

Tuition and Fees

The following are the tuition rates and fees for Massachusetts residents for each of the State Universities, the Community Colleges and the University of Massachusetts for the academic years 2021-2022 through 2025-2026. Fees which are payable by some students but not others, including fees for the use of Authority residence halls and other Authority projects, are not included.

	Academic Year <u>2021-2022</u>		Academic Year <u>2022-2023</u>		Academic Year <u>2023-2024</u>		Academic Year <u>2024-2025</u>		Academic Year <u>2025-2026</u>	
	<u>Tuition</u>	<u>Fees</u>	<u>Tuition</u>	<u>Fees</u>	<u>Tuition</u>	<u>Tuition</u>	<u>Tuition</u>	<u>Fees</u>	<u>Tuition</u>	<u>Fees</u>
Bridgewater	\$910	\$9,822	\$910	\$10,146	\$910	\$10,480	\$910	\$10,824	\$910	\$11,284
Fitchburg	970	9,684	970	9,950	970	10,074	970	10,374	970	10,914
Framingham	970	10,410	970	10,410	970	10,660	970	10,950	970	11,250
Mass. College of Art and Design	1,030	13,170	1,030	13,540	1,030	13,930	1,030	14,370	1,060	14,800
Mass. College of Liberal Arts	1,030	10,276	1,030	10,560	1,030	10,854	1,030	11,256	1,030	11,718
Mass. Maritime Academy	1,946	8,570	1,994	8,782	2,054	9,038	2,116	9,304	2,180	9,622
Salem	910	10,764	910	11,068	910	11,068	910	11,428	910	11,798
Westfield	970	10,170	970	10,530	970	10,912	970	11,210	970	11,646
Worcester State Universities*	<u>\$1,001</u>	<u>\$10,149</u>	<u>\$1,004</u>	<u>\$10,435</u>	<u>\$1,005</u>	<u>\$10,726</u>	<u>\$1,007</u>	<u>\$11,090</u>	<u>\$1,017</u>	<u>\$11,527</u>
Community Colleges*	<u>\$731</u>	<u>\$6,067</u>	<u>\$731</u>	<u>\$6,231</u>	<u>\$731</u>	<u>\$6,406</u>	<u>\$732</u>	<u>\$6,731</u>	<u>\$732</u>	<u>\$6,961</u>
University of Massachusetts*	<u>\$15,093</u>	<u>\$609</u>	<u>\$15,486</u>	<u>\$719</u>	<u>\$15,887</u>	<u>\$720</u>	<u>\$16,280</u>	<u>\$725</u>	<u>\$16,855</u>	<u>\$844</u>

Source: Board of Higher Education

* Represents the average, weighted by number of students

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APPENDIX A

Room Rates of Residence Facilities at State Universities

The following table shows the range of annual rates charged for the Authority’s residence facilities for the academic years 2021-2022 through 2025-2026. The Authority conducts a biennial market evaluation to ensure that rents are at or below the cost of off-campus housing in the area served by each university. In addition, a program for housing financial aid makes about \$4 million available annually as part of financial aid for students with need. See “THE AUTHORITY – Management’s Discussion and Analysis; Debt Service – Housing Grant Scholarship Program.” Regular modest rent increases are implemented to ensure adequate funding for debt service, operating cost increases and to fund capital improvements:

<u>State University</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>	<u>2024-2025</u>	<u>2025-2026</u>
Bridgewater	\$8,100-10,220	\$8,140-10,480	\$8,301-10,691	\$8,384-11,279	\$8,981-12,613
Fitchburg	\$6,600-10,000	\$6,600-10,484	\$6,998-10,484	\$7,138-10,694	\$7,424-11,112
Framingham	\$8,040-13,640	\$8,040-13,640	\$8,280-13,880	\$8,500-14,100	\$8,790-14,390
Mass. College of Art and Design	\$9,210-14,280	\$9,490-14,710	\$9,780-15,150	\$10,073-15,605	\$10,445-16,145
Mass. College of Liberal Arts	\$7,040-7,340	\$7,300-8,400	\$8,200-9,400	\$8,800-10,500	\$9,250-11,150
Mass. Maritime Academy	\$8,200	\$8,410	\$8,662	\$8,921	\$9,198
Salem	\$8,680-12,000	\$8,897-12,013	\$9,208-12,800	\$9,484-13,184	\$9,958-13,843
Westfield	\$7,700-9,700	\$8,300-10,300	\$8,550-10,550	\$8,810-11,810	\$9,030-11,030
Worcester	\$7,878-9,278	\$8,098-9,498	\$8,098-9,498	\$8,400-10,200	\$8,800-10,800

Source: Authority

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Occupancy as a Percentage of Design Capacity at Residence Facilities of State Universities

The following table shows for the academic years 2021-2022 through 2025-2026 the occupancy rates of the Authority's residence facilities at State Universities expressed as a percentage of design capacity. Actual occupancy can exceed 100% of design capacity when, for example, a double room is occupied by three students and/or when lounge spaces are converted to residence space (consistent with prevailing codes).

	<u>2021-2022*</u>	<u>2022-2023*</u>	<u>2023-2024</u>	<u>2024-2025</u>	<u>2025-2026</u>
Bridgewater	81.2%	88.6%	91.2%	92.3%	96.5%
Fitchburg	57.8	52.3	58.2	56.9	54.1
Framingham	64.0	69.3	62.3	64.4	65.5
Mass. College of Art and Design	97.9	100.9	99.9	98.6	95.4
Mass. College of Liberal Arts	42.6	42.2	42.6	37.8	33.7
Mass. Maritime Academy	94.5	87.0	79.2	88.2	95.7
Salem	63.1	79.1	75.8	78.6	75.0
Westfield	66.4	66.4	62.1	65.3	66.8
Worcester	<u>77.6</u>	<u>84.2</u>	<u>84.2</u>	<u>80.6</u>	<u>82.4</u>
State University Average	<u>71.4%</u>	<u>74.5%</u>	<u>73.7%</u>	<u>74.9%</u>	<u>75.8%</u>

Source: Authority

* Occupancy in 2021-2022 and 2022-2023 reflect ongoing impacts from COVID-19 due to smaller class sizes as student groups who began their academic career during the height of the public health emergency proceed through their academic programs toward graduation.

Total Number of Residence Hall Beds by State University

The following table shows the total number of residence hall beds by State University for the academic years 2021-2022 through 2025-2026:

	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>	<u>2024-2025</u>	<u>2025-2026</u>
Bridgewater	3,298	3,298	3,298	3,298	3,298
Fitchburg	1,705	1,705	1,705	1,705	1,705
Framingham	1,972	1,972	1,972	1,972	1,972
Mass. College of Art and Design	919	919	919	919	919
Mass. College of Liberal Arts	1,026	1,026	1,026	1,026	1,026
Mass. Maritime Academy	1,434	1,434	1,506	1,506	1,506
Salem	2,282	1,926	1,926	1,926	1,926
Westfield	2,680	2,680	2,680	2,680	2,680
Worcester	<u>1,584</u>	<u>1,584</u>	<u>1,584</u>	<u>1,584</u>	<u>1,584</u>
Total State Universities	<u>16,900</u>	<u>16,544</u>	<u>16,616</u>	<u>16,616</u>	<u>16,616</u>

Source: Authority

APPENDIX A

State Higher Education Admissions Data

The following table sets forth freshman application, acceptance and the percentage registered information for the system of public higher education for fall 2022 through fall 2025. This information is based solely on fall semester statistics.

	Fall 2022			Fall 2023			Fall 2024			Fall 2025		
	<u>Applied</u>	<u>Accepted</u>	<u>% Registered</u>	<u>Applied</u>	<u>Accepted</u>	<u>% Registered</u>	<u>Applied</u>	<u>Accepted</u>	<u>% Registered</u>	<u>Applied</u>	<u>Accepted</u>	<u>% Registered</u>
Bridgewater	8,641	7,605	21.38%	8,371	7,431	21.64%	9,177	7,992	19.82%	9,391	8,266	21.84%
Fitchburg	3,084	2,654	18.31%	4,353	3,915	15.76%	4,582	3,983	13.53%	3,831	3,404	12.40%
Framingham	4,526	3,956	12.39%	4,342	3,685	13.54%	4,532	3,789	15.52%	4,917	3,923	13.79%
Mass. College of Art and Design	2,598	2,043	20.02%	3,027	2,345	18.42%	2,756	2,102	17.27%	2,410	2,003	16.53%
Mass. College of Liberal Arts	1,456	1,346	13.15%	1,543	1,425	13.40%	1,207	1,083	11.45%	1,128	1,030	13.79%
Mass. Maritime Academy	1,010	932	34.01%	1,073	1,014	35.11%	1,294	1,227	37.33%	1,329	1,223	35.40%
Salem	5,093	4,719	18.29%	4,852	4,637	17.47%	7,953	7,625	11.27%	7,496	7,188	10.82%
Westfield	6,621	5,394	14.80%	4,799	3,119	32.13%	5,857	5,489	15.36%	5,953	5,691	14.78%
Worcester	<u>4,718</u>	<u>4,136</u>	<u>19.34%</u>	<u>4,745</u>	<u>4,264</u>	<u>21.41%</u>	<u>5,157</u>	<u>4,538</u>	<u>16.75%</u>	<u>5,078</u>	<u>4,474</u>	<u>17.75%</u>
Total State Universities	<u>37,747</u>	<u>32,785</u>	<u>18.20%</u>	<u>37,105</u>	<u>31,835</u>	<u>24.08%</u>	<u>42,515</u>	<u>37,828</u>	<u>16.17%</u>	<u>41,533</u>	<u>37,202</u>	<u>16.36%</u>
Community Colleges	30,296	27,264	44.04%	32,314	29,815	43.64%	39,164	36,839	42.54%	41,901	38,553	44.04%
University of Massachusetts	<u>86,192</u>	<u>62,608</u>	<u>18.02%</u>	<u>94,006</u>	<u>66,251</u>	<u>16.93%</u>	<u>96,006</u>	<u>68,708</u>	<u>15.58%</u>	<u>101,061</u>	<u>72,872</u>	<u>15.30%</u>
Total	<u>154,235</u>	<u>118,064</u>	<u>23.98%</u>	<u>163,425</u>	<u>127,901</u>	<u>26.31%</u>	<u>177,685</u>	<u>143,375</u>	<u>22.67%</u>	<u>184,495</u>	<u>148,627</u>	<u>23.02%</u>

State University Faculty Levels

The following table sets forth for each State University the number of full-time faculty members for the fall semester of the academic years 2020-2021 through 2024-2025. Data for academic year 2025-2026 is not yet available.

	Academic Year <u>2020-2021</u>	Academic Year <u>2021-2022</u>	Academic Year <u>2022-2023</u>	Academic Year <u>2023-2024</u>	Academic Year <u>2024-2025</u>
Bridgewater	337	338	330	331	338
Fitchburg	200	191	189	189	180
Framingham	189	179	173	166	167
Mass. College of Art and Design	114	119	111	113	119
Mass. College of Liberal Arts	87	81	79	79	78
Mass. Maritime Academy	96	90	94	92	85
Salem	293	294	295	296	299
Westfield	226	207	198	196	188
Worcester	<u>203</u>	<u>208</u>	<u>202</u>	<u>197</u>	<u>197</u>
Total	<u>1,745</u>	<u>1,707</u>	<u>1,671</u>	<u>1,659</u>	<u>1,644</u>

Source: Integrated Postsecondary Education Data System

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FINANCIAL STATEMENTS OF THE AUTHORITY

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**Massachusetts State College Building Authority
(A Component Unit of the
Commonwealth of Massachusetts)**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Reports**

June 30, 2025 and 2024

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

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Independent Auditor's Report

To the Board
Massachusetts State College Building Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the fiduciary fund of the Massachusetts State College Building Authority (the "Authority"), a component unit of the Commonwealth of Massachusetts, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Index.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund of the Authority as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Massachusetts State College Building Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Massachusetts State College Building Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Massachusetts State College Building Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and OPEB benefit schedules on pages 5 to 17 and 65 to 74, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information. The other information comprises the statistical section contained on pages 75 to 78 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CohnReznick LLP

Sacramento, California
January 29, 2026

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

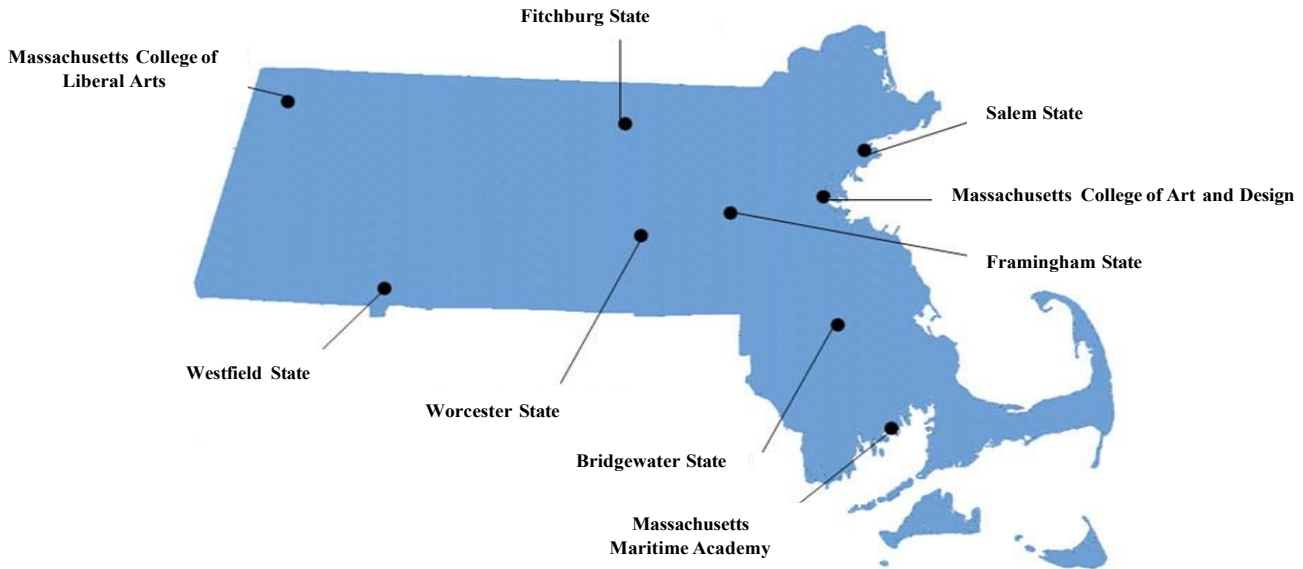
**Management's Discussion and Analysis
For the Years Ended June 30, 2025 and 2024
(Unaudited)**

The following discussion and analysis provide management's overview of the financial position of the Massachusetts State College Building Authority (the "Authority" or "MSCBA") as of June 30, 2025 and 2024, and the results of its operations and cash flows for the years then ended. This management's discussion and analysis is unaudited and should be read in conjunction with the Authority's audited financial statements and notes, which are attached hereto.

Introduction

The Massachusetts State College Building Authority is a public instrumentality of the Commonwealth of Massachusetts (the "Commonwealth") charged with financing, designing, constructing, and overseeing the management of revenue-funded facilities - housing, dining, athletic, parking, and other student activity facilities - for the nine State Universities. Recent amendments to the enabling legislation expand the mission of the Authority to include the 15 Community Colleges, as well as enabling the Authority to finance certain academic facility projects located at the State Universities and Community Colleges. The Authority was created pursuant to Chapter 703 of the Acts of 1963 (the "Act") of the Commonwealth of Massachusetts.

The State University segment of the public institutions of higher education includes Bridgewater, Fitchburg, Framingham, Salem, Westfield, and Worcester State Universities, Massachusetts College of Liberal Arts, Massachusetts College of Art and Design, and Massachusetts Maritime Academy.



The Community College segment includes the following institutions: Berkshire, Bristol, Bunker Hill, Cape Cod, Greenfield, Holyoke, Massachusetts Bay, Massasoit, Middlesex, Mount Wachusett, North Shore, Northern Essex, Quinsigamond, Roxbury, and Springfield Technical Community Colleges. There is one loan outstanding under the Community College program for Mount Wachusett Community College and one loan outstanding for Bunker Hill Community College.

As required by statute, the offices of the Authority are in Boston, Massachusetts. The nine board members of the Authority are appointed by the Governor; three members must be appointive members of the Commonwealth's Board of Higher Education.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis
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Summary

The Authority's Fiscal Year 2025 (FY25) financial statements, and the related variances from prior years, reflect a deliberate, structured approach by the Authority to continue to reinvest in the capital facilities while providing financial stability to the campuses.

FY25 had no new financing activities, as compared to Fiscal Year 2024 (FY24), which issued a total of \$42.7 million of new project financing in Series 2023A, 2024A and Community College Series 3.

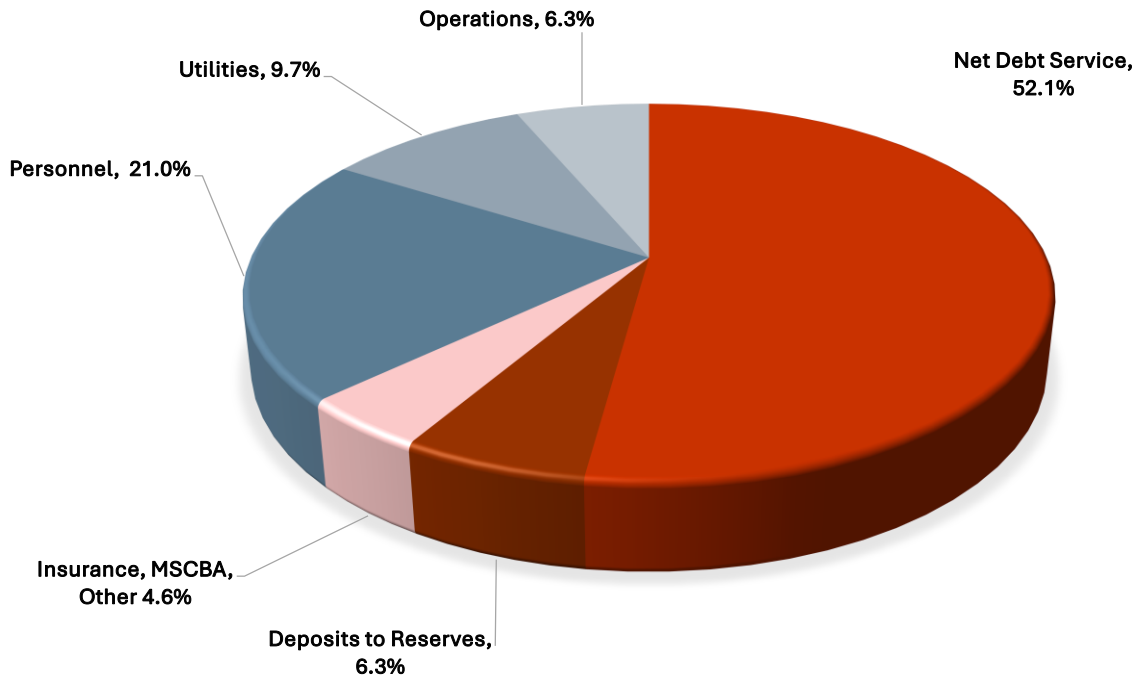
**Massachusetts State College Building Authority
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Revenue

The Authority receives no appropriation from the Commonwealth; all revenues to support facility design, construction, and operation are derived from the rents and fees paid by students for the use of these facilities and services. Pursuant to the Act and a Contract for Financial Assistance, Management and Services between the Commonwealth acting by and through the Board of Higher Education ("BHE") (the "Contract"), the Authority annually sets and assesses rents and fees sufficient to provide for the payment of all costs of its facilities. The average budgeted rent in academic year 2024/25 was \$9,186 and covered expenses in the categories of maintenance, operations, administration, reserves, and related debt service on revenue bonds issued to finance its projects.

FY25 Use of Rent Revenue by Expense Category



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Enrollment and Occupancy

The State Universities certify residence hall occupancy to the Authority and to the Commonwealth's Department of Higher Education on a semi-annual basis. For the academic years 2024/25, 2023/24, and 2022/23, the number of students housed in on-campus housing owned by the Authority was 75%, 74%, and 74% of design occupancy, respectively.

At the beginning of the spring 2025 semester, 11,988 students resided in the 54 residential complexes owned by the Authority. These facilities can house 53% of the fall semester full-time undergraduate students and comprise about 4.5 million square feet of space on the nine State University campuses. In addition, the Authority owns three parking structures that provide spaces for 2,114 vehicles.

The following table shows average annual residence hall occupancy from academic year 2015/16 through 2024/25. The Authority maintained consistent occupancy of 16,616 beds from FY24 to FY25.

<u>State University</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
Bridgewater	97%	96%	95%	95%	96%	37%	81%	89%	91%	92%
Fitchburg	101%	96%	92%	85%	76%	50%	58%	52%	58%	57%
Framingham	98%	94%	93%	90%	88%	33%	64%	64%	63%	64%
Mass. College of Art and Design	98%	99%	99%	96%	100%	65%	98%	101%	100%	99%
Mass. College of Liberal Arts	79%	77%	74%	71%	73%	46%	43%	42%	43%	38%
Mass. Maritime Academy	101%	105%	102%	102%	101%	57%	95%	87%	79%	88%
Salem	100%	96%	96%	90%	79%	37%	63%	79%	76%	79%
Westfield	102%	99%	94%	86%	82%	38%	66%	66%	62%	65%
Worcester	94%	92%	96%	96%	96%	50%	78%	84%	84%	81%
Average Occupancy	98%	96%	94%	91%	88%	43%	71%	74%	74%	75%
Design Occupancy	17,289	16,857	16,957	16,922	16,939	17,001	16,900	16,544	16,616	16,616

Financial Statements

The Authority's financial statements (pages 18 to 25 of this report) have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB").

The Statement of Net Position (Deficiency in Net Position) presents assets and deferred outflows of resources, less liabilities and deferred inflows of resources, with the residual balance being reported as net position (deficiency in net position). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (Deficiency in Net Position) presents information showing how the Authority's net position changed during the fiscal year presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., the payment for accrued compensated absences, or the receipt of amounts due from state colleges (includes State Universities and Community Colleges) and others for services rendered).

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The Statement of Cash Flows is reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g., income from contracts for financial assistance, management, and services) and disbursements (e.g., cash paid to employees, contractors, consultants, or vendors for services). GASB Statements 34 and 35 require this method to be used.

The notes to the financial statements describe significant accounting policies adopted by the Authority and provide additional information that is essential to a full understanding of the data provided in the financial statements.

New or Recent Governmental Accounting Standards Board (GASB) Statements

- **GASB Statement 87, Leases:** In FY22, the Authority implemented GASB Statement No. 87, Leases, which establishes requirements for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority's lease receivables are largely attributable to the use of the residence halls that are owned by the Authority but utilized by the state universities. With the implementation of GASB 87, all the outstanding debt of the Authority falls into either the Accounts Receivable category for campus/Commonwealth-owned buildings or Lease Receivable for MSCBA-owned buildings. The implementation of this standard has had a significant impact (\$1.0 Billion) on both lease receivables and associated capital asset accounting and does make trend analysis difficult as prior years' statements (including FY20) do not account for this significant adjustment. This change is reflected in both the FY25 financial statements and the FY24 financial statements.
- **GASB Statement 101, Compensated Absences:** In FY25, the Authority implemented GASB Statement No. 101, which establishes uniform recognition and measurement guidance for compensated absences, such as vacation and sick leave, to enhance consistency and comparability across governmental financial statements. It simplifies accounting by requiring that a liability be recognized only when the leave is earned and attributable to past service, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash. The implementation did not have a material impact on the financial statements.
- **GASB Statement 102, Certain Risk Disclosures:** In FY25, the Authority implemented GASB Statement No. 102, Certain Risk Disclosures, which requires state and local governments to include a disclosure assessing whether a concentration or constraint could cause substantial impact - either currently, or within 12 months of the issuance of financial statements. The implementation did not have a material impact on the financial statements.

Financial Highlights

- Total assets of the Authority declined \$109 million, from \$2.004 billion at June 30, 2024 to \$1.895 billion at June 30, 2025. This decline largely relates to the amortization of GASB 87 lease receivables, which decreased by \$37.5 million, depreciation exceeding investment in new capital assets on Authority-owned facilities by \$30.0 million, and a decline in cash and investments of \$21.1 million due to no debt issuance in FY25. Details of capital assets are provided in Footnote 4.

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- Total liabilities decreased \$80.4 million, from \$1.202 billion at June 30, 2024 to \$1.122 billion at June 30, 2025. The decrease is primarily due to decreases of \$59.0 million in bond payables and \$17.1 million in payables for funds received from campuses or the Commonwealth for campus-owned projects and/or new money borrowing for campus-owned projects.
- FY25 operating revenues increased \$15.4 million from FY24's \$104.4 million to \$119.8 million in FY25. Operating revenues reflect assessments to the campuses for debt service payments and increase is consistent to the increase in debt service paid from FY24 to FY25.

Financial Analysis

Statements of Net Position (Deficiency in Net Position)

The Authority's net position reflects its investment in capital assets, including land, buildings, furniture and equipment, less accumulated depreciation and related outstanding debt used to acquire those assets. These assets provide on-going services to the State Universities and consequently they are generally not available to be used to liquidate liabilities. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets in accordance with guidelines established by the Commonwealth.

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The Authority's net position is as follows:

Summary - Statements of Net Position at June 30, 2025, 2024, and 2023

	2025	2024	2023
Current assets	\$ 129,974,990	\$ 144,090,852	\$ 132,906,622
Capital assets, net	728,184,130	758,201,844	778,618,852
Long-term leases receivable	823,271,491	863,798,571	917,192,070
Other noncurrent assets	213,391,815	237,668,463	222,999,178
Total assets	<u>1,894,822,426</u>	<u>2,003,759,730</u>	<u>2,051,716,722</u>
Deferred outflows of resources	<u>4,564,314</u>	<u>5,275,760</u>	<u>28,065,657</u>
Current liabilities	79,163,500	97,705,555	84,979,384
Bonds payable, net of current portion	1,033,948,559	1,094,655,146	1,119,903,105
Other noncurrent liabilities	8,668,621	9,770,849	10,823,190
Total liabilities	<u>1,121,780,680</u>	<u>1,202,131,550</u>	<u>1,215,705,679</u>
Deferred inflows of resources	<u>681,027,760</u>	<u>748,628,650</u>	<u>834,921,888</u>
Net position			
Net investment in capital assets	(171,631,911)	(133,097,606)	(131,117,106)
Unrestricted	<u>268,210,211</u>	<u>191,372,896</u>	<u>160,271,918</u>
Total net position (deficiency in net position)	<u>\$ 96,578,300</u>	<u>\$ 58,275,290</u>	<u>\$ 29,154,812</u>

Current assets include cash related to project spending, debt service, and Authority operations, current accounts receivable and leases receivable, and prepaid expenses.

- For the year ended June 30, 2025, total current assets decreased \$14.1 million, or 9.8%. Unrestricted cash increased by \$6.3 million while current restricted cash, cash equivalents, and investments decreased by \$22.6 million. These decreases in cash and investments are primarily related to no bond issuances in FY25, and the spenddown of bond funds issued and project funds received in prior years. The current portion of accounts receivable and lease receivables increased by \$2.3 million, reflecting a year of debt payments without new debt issuance. The Authority sustains a capital reserve program consistent with the requirements of the Contract to ensure adequate reserves for building renewal. This reserve program is funded through annual assessments based on building age. Total capital reserves were \$50.1 million at June 30, 2025.
- The current portion of net accounts receivable related to university-owned assets was decreased by \$783 thousand from the year ended June 30, 2024 to June 30, 2025. This decrease reflects the collection of FY25 receivables without corresponding new bond issuance.

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Capital assets include land, buildings and furniture and equipment, net of depreciation. Due to the reduction in Authority capital spending on Authority-owned assets in recent years and the impact of current year depreciation, capital assets have decreased \$30.0 million, or 4.0% in FY25. Further detail of capital assets is discussed in Footnote #4.

Other non-current assets include the non-current portion of restricted cash and investments, including debt service reserve funds, pension reserves, the net OPEB asset, and long-term accounts receivable related to debt service on university-owned assets.

- Non-current restricted cash, cash equivalents, and investments, excluding investments related to the retirement fund, decreased by \$5.2 million. These decreases in cash and investments are primarily related to campus funds received for projects in prior years disbursed in FY25, and releases of debt service reserve funds to pay debt service or fund project costs. Restricted investments relating to the retirement fund increased due to investment earnings, to \$5.8 million as of June 30, 2025 as compared to \$5.3 million as of June 30, 2024.
- Debt service reserve fund balances are represented in the restricted cash and cash equivalents and restricted investments line items. For the year ended June 30, 2025, total debt service reserve fund balances decreased by \$1.8 million, or 5.0%. This decrease reflects the use of debt service reserve funds to pay campus assessments, offset by interest earnings.
- The non-current portion of net accounts receivable related to university-owned assets decreased by \$19.5 million from the year ended June 30, 2025 versus June 30, 2024, which reflects the collection of FY25 receivables without corresponding new bond issuances.
- Deferred outflows of resources at June 30, 2025 includes deferred outflows for pensions and net OPEB liability (asset) of \$1.1 million and deferred losses on refunding of debt of \$3.5 million. Total deferred outflows of resources was \$4.6 million at June 30, 2025, a decrease from June 30, 2024 of \$711 thousand or 13.5%, which is primarily attributable to the impact of the amortization of refunding on debt.
- Beginning in FY18, the Authority implemented GASB 75 which requires the Authority to report the OPEB liability, which is the difference between the total liability and the value of the assets available to pay other postemployment benefits. As of June 30, 2025, the value of assets available to pay the OPEB liability exceeded the net OPEB liability by \$19 thousand. This excess is considered a non-current asset. As of June 30, 2024, the balance was an asset of \$86 thousand. The overall swing between the prior year asset and current year asset was a reduction of \$68 thousand.

Total liabilities include debt service, accounts payable, payroll related liabilities, liabilities related to university funds held by the Authority, and the net pension liability of the Authority.

- For the year ended June 30, 2025, total liabilities decreased \$80.4 million, or 6.7%.
- Beginning with FY15, the Authority implemented GASB 68 which requires the Authority to report the net pension liability, which is the difference between the total pension liability and the value of the assets available in the pension plan's trust to pay pension benefits. The Commonwealth calculated the Authority's proportional share of the Commonwealth's net pension liability in FY25 to be \$3.7 million compared to \$4.0 million in FY24. The Authority invests its retirement trust fund with the Commonwealth's Pension Reserve Investment Trust (PRIT). This investment was valued at \$5.8 million as of June 30, 2025, which is \$2.1 million greater than the liability assigned to the Authority by the Commonwealth.

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- University-owned student activity facilities are not carried as capital assets of the Authority. Project funds associated with university-owned assets are carried as interagency payable liabilities of the Authority. Debt associated with university-owned facilities is carried as receivables due from the college. Interest payments received from the colleges are reflected as Interest income - interagency.
- Debt administration is discussed further on page 16.
- Net position improved significantly from \$58.3 million at June 30, 2024 to \$96.6 million at June 30, 2025. This increase reflects the impact of a year of debt service payments, and related deferred lease revenue without a new debt issuance.

Statements of Revenues, Expenses and Changes in Net Position (Deficiency in Net Position)

Authority revenue is primarily derived from assessments of state college residence hall rents and student activity fees pursuant to the Contract, in which the BHE commits the state colleges to meet the statutory and financial obligations related to the projects undertaken by the Authority. The assessments provide sufficient revenue to fund annual debt service requirements associated with bonds issued to finance capital projects, capital improvement reserve deposits, insurance premiums, and Authority operating expenses.

The Authority's Operating and Non-Operating Revenues and Expenses are as follows:

Summary - Operating and Non-Operating Revenues and Expenses

	2025	2024	2023
Total operating revenues	\$ 119,766,835	\$ 104,402,128	\$ 107,296,964
Total operating expenses	49,571,110	50,354,052	49,174,963
Operating income	<u>70,195,725</u>	<u>54,048,076</u>	<u>58,122,001</u>
Nonoperating expenses, net	(31,892,715)	(24,927,598)	(23,476,286)
Increase (decrease) in net position	38,303,010	29,120,478	34,645,715
Net position - beginning of the year	58,275,290	29,154,812	(5,490,903)
Net position - end of the year	<u>\$ 96,578,300</u>	<u>\$ 58,275,290</u>	<u>\$ 29,154,812</u>

Operating revenues include contracts for assistance, management and services, management fees on campus owned projects, and other miscellaneous revenue.

For the year ended June 30, 2025, total operating revenue increased by \$15.4 million, or 14.7%. The increase reflects the increased assessment revenue for Authority-owned debt service payments in FY25.

Operating expenses include depreciation, insurance premium costs and general operating expenses of Authority-owned facilities, as well as pension and OPEB-related expenses. For the year ended June 30, 2025, operating expenses decreased by \$0.8 million or 1.6% from the prior year, reflecting a depreciation expense decrease of \$1.3 million offset by smaller increases in insurance costs and authority operating expenses.

Non-operating revenues (expenses) include interest expense on bonds payable and other debt, offset by investment income and Build America Bonds federal interest subsidies. Non-operating revenues (expenses) increased by \$(7.0) million or 27.9% from \$(24.9) million to \$(31.9) million. This increase

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reflects the reduction of non-operating revenues, mainly in campus interest income and net transfers from state universities, which is offset by smaller decreases in interest expense and bond issuance costs, net.

Statements of Cash Flows

Authority cash inflows are primarily generated from assessments received from the State Universities and proceeds from bond issuances. Cash out-flows are primarily from continued payments for additions to Authority capital assets, payments for additions to university-owned assets, and payment of principal and interest on Authority debt.

The Authority's Statements of Cash Flows are as follows:

Summary - Statements of Cash Flows

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cash received from operations	\$ 87,816,044	\$ 74,669,218	\$ 83,043,014
Cash expended for operations	(5,317,045)	(5,571,534)	(4,428,204)
Net cash provided by operating activities	<u>82,498,999</u>	<u>69,097,684</u>	<u>78,614,810</u>
Net cash used in capital and related financing activities	(108,934,977)	(72,446,903)	(109,435,904)
Net cash provided by (used in) investing activities	<u>27,952,039</u>	<u>(9,612,982)</u>	<u>25,640,715</u>
Net increase (decrease) in cash, restricted cash, and cash equivalents	1,516,061	(12,962,201)	(5,180,379)
Cash and cash equivalents, beginning of the year	<u>69,715,795</u>	<u>82,677,996</u>	<u>87,858,375</u>
Cash and cash equivalents, end of the year	<u>\$ 71,231,856</u>	<u>\$ 69,715,795</u>	<u>\$ 82,677,996</u>

- Cash and cash equivalents were \$71.2 million at June 30, 2025 compared to \$69.7 million at June 30, 2024.

Cash provided by operations includes cash received for contract revenue from campus and other miscellaneous revenues. Cash provided by operations also includes cash spent on insurance, operating, and Authority expenses.

- Net cash provided by operations increased \$13.4 million, or 19%, which reflects an increase in assessment payments for debt service due from campuses, due to an increase in debt service.

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Cash used in capital and related financing activities includes proceeds and cash paid related to bond issuances and refunding, payments for capital assets, payments and transfers for interagency payments and receipts between the Authority and the Universities, and principal and interest paid on capital debt.

- In FY25, net cash used in capital and related financing activities was \$108.9 million compared to \$72.4 million in FY24. This increase reflects an increase in payments for debt service of \$16.2 million and the impact of the Series 2024A proceeds on the FY24 cash inflows for capital and related financing activities.

Cash provided by (used in) investing activities includes proceeds from sales and maturities of investments, purchases of investments, and interest earned on investments.

- For the year ended June 30, 2025, net cash provided by investing activities was \$28.0 million as compared to net cash used of \$9.6 million in FY24. This increase in cash provided is consistent with the decrease in investments and relates to the use of bond project funds issued in prior years not offset by new debt in FY25.

Capital Assets

The Authority's investment in capital assets as of June 30, 2025 was \$728.2 million, net of accumulated depreciation, compared to \$758.2 million as of June 30, 2024. Capital assets include land, buildings, building improvements, furnishings, and equipment. Capital assets comprised approximately 38.4% of total assets at June 30, 2025 and 37.8% at June 30, 2024. During the year ended June 30, 2025, the Authority had a net reduction of capital assets of \$30 million, inclusive of depreciation, vs. a reduction of \$20.4 million in FY24. During FY25, depreciation exceeded new capital asset additions causing the overall reduction. The major components of capital assets are presented below (see Footnote #4 for additional information):

- Construction in progress (CIP) represents the balance of additions to Authority assets for projects currently underway. The CIP balance was \$7.056 million at June 30, 2025 compared to \$7.064 million at June 30, 2024.
- The buildings and improvements balances were \$1.43 billion at June 30, 2025, compared to the balance at June 30, 2024 of \$1.41 billion. The primary increase was due to new projects, combined with \$5.7 million of completion of projects previously in the CIP category.
- The furnishings and equipment balance was \$59.5 million at June 30, 2025, compared to \$59.1 million at June 30, 2024. This increase was due to new assets placed in service during the year.
- The Authority has entered various commitments for the purchase of equipment, construction of certain facilities and other improvements relating to both Authority assets and university-owned assets. As of June 30, 2025, such commitments were approximately \$9.8 million.

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Debt Administration

The Act authorizes the Authority to issue bonds to finance the design and construction of residence facilities, dining commons, parking, athletic, cultural, and other student activity facilities at the state colleges. Also, under certain circumstances, the Authority may provide financing for certain projects that are managed by the Commonwealth. Authority bonds are special obligations of the Authority, payable solely from revenues and certain pledged funds provided under the provisions of the Act, the Contract and the Trust Agreement between the Authority and trustee. Annually, the Authority collects assessments from each state college in amounts sufficient for the payment of, among other things, the debt service on the Authority's bonds. These assessments are primarily derived from the rents and fees on the Authority's facilities, and on university-owned facilities financed by the Authority, as annually set by the Authority. As additional security for the Authority's bonds, the Act and the Contract provide for an intercept of legislative appropriations to the state colleges, if the Authority otherwise lacks sufficient funds to pay debt service in full and on time. This intercept mechanism was clarified and streamlined by amendments to the Act in 2009 and 2011 and the Contract was amended to conform to the statutory changes. As of June 30, 2025, the Authority had \$1.05 billion in principal amount of bonds outstanding compared to \$1.10 billion and \$1.14 billion at June 30, 2024 and 2023, respectively.

The outstanding bond obligations carried unamortized premium balances of \$47.2 million, \$54.1 million, and \$42.5 million, respectively, as of June 30, 2025, 2024, and 2023.

All the outstanding bonds carry fixed interest rates payable semi-annually on May and November 1st, except for the 2003B CABs which have annual payments on May 1st through May 1, 2028. For State University program bonds, principal is payable annually on May 1st and November 1st, with a final maturity of May 1, 2052. Principal is payable semi-annually on May 1st and November 1st for the Community College program bonds with a final maturity of May 1, 2053. Additional information regarding the Authority's Bonds Payable is available in Footnote #7.

The Authority's outstanding debt has no associated interest rate exchange agreements. The Authority has no Commonwealth-guaranteed debt outstanding and no authorization to issue any.

Of the amount outstanding, \$83.2 million are taxable Build America Bonds for which the Authority was to receive a 35% interest rate subsidy directly from the U.S. Treasury. In each of the federal fiscal years 2025, 2024, and 2023, a portion of the Authority's interest rate subsidy was reduced by approximately 5.7%, due to the federal government budgetary sequestration.

The Authority's State University program bonds are rated Aa2 by Moody's and AA by S&P Global as of both June 30, 2024 and 2025. Community College program bonds have also been rated Aa2 by Moody's and AA by S&P Global.

Required Supplementary Information (RSI)

In addition to the basic financial statements and accompanying notes, this report also presents certain RSI on the pension liability, OPEB liability, and statistical information.

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Requests for Information

The Authority's financial statements are designed to present readers with a general overview of the Authority's finances. Additional financial information, including official statements relating to the Authority's bonds, can be found on the Authority's website www.mscba.org. Questions concerning the financial statements or requests for additional financial information should be addressed to the Executive Director, Massachusetts State College Building Authority, 10 High Street, Suite 201, Boston, Massachusetts 02110.

Massachusetts State College Building Authority
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Statements of Net Position (Deficiency in Net Position)
June 30, 2025 and 2024

	<u>Assets</u>	
	2025	2024
Current assets		
Cash and cash equivalents	\$ 54,679,941	\$ 48,419,781
Restricted cash and cash equivalents, current	16,111,903	19,530,393
Restricted investments, including amounts held by trustee, current	2,050,349	21,264,163
Current portion of accounts receivable, net	16,576,443	17,359,920
Current portion of leases receivable	40,527,086	37,466,678
Prepaid expenses	29,268	49,917
	129,974,990	144,090,852
Noncurrent assets		
Restricted cash and cash equivalents	440,012	1,765,621
Restricted investments, including amounts held by trustee	30,644,670	34,531,138
Restricted investments, retirement fund	5,823,922	5,311,726
Accounts receivable, net	176,464,667	195,973,501
Capital assets, net	728,184,130	758,201,844
Net OPEB asset	18,544	86,477
Long-term leases receivable	823,271,491	863,798,571
	1,764,847,436	1,859,668,878
	1,894,822,426	2,003,759,730
Deferred outflows of resources		
Deferred outflows for pensions	649,399	906,001
Deferred outflows for OPEB	461,462	363,584
Deferred losses on refunding of debt	3,453,453	4,006,175
	4,564,314	5,275,760

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**Statements of Net Position (Deficiency in Net Position)
June 30, 2025 and 2024**

Liabilities and Net Position (Deficiency in Net Position)

	<u>2025</u>	<u>2024</u>
Current liabilities		
Accounts payable and accrued liabilities	\$ 11,096,642	\$ 14,871,786
Accrued payroll	68,168	61,594
Interagency payables, current portion	6,872,214	23,313,107
Current portion of lease payable	250,493	237,535
Current compensated absences	170,171	248,525
Current portion of bonds payable	60,705,812	58,973,008
	<hr/>	<hr/>
Total current liabilities	79,163,500	97,705,555
	<hr/>	<hr/>
Noncurrent liabilities		
Compensated absences	51,257	39,702
Interagency payables, long-term	3,409,102	4,031,169
Lease payable	1,462,067	1,712,560
Bonds payable, net of current portion	1,033,948,559	1,094,655,146
Net pension liability	3,746,195	3,987,418
	<hr/>	<hr/>
Total noncurrent liabilities	1,042,617,180	1,104,425,995
	<hr/>	<hr/>
Total liabilities	1,121,780,680	1,202,131,550
	<hr/>	<hr/>
Deferred inflows of resources		
Deferred inflows for pensions	356,618	443,099
Deferred inflows for OPEB	2,881,370	3,337,071
Deferred lease revenue	677,789,772	744,848,480
	<hr/>	<hr/>
Total deferred inflows of resources	681,027,760	748,628,650
	<hr/>	<hr/>
Net position (deficiency in net position)		
Net investment in capital assets	(171,631,911)	(133,097,606)
Unrestricted	268,210,211	191,372,896
	<hr/>	<hr/>
Total net position (deficiency in net position)	\$ 96,578,300	\$ 58,275,290
	<hr/>	<hr/>

See Notes to Financial Statements.

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Statements of Revenues, Expenses and Changes in Net Position (Deficiency in Net Position)
Years Ended June 30, 2025 and 2024

	2025	2024
Operating revenues		
Income from contracts for financial assistance, management, and services, net	\$ 118,961,773	\$ 103,434,808
Other miscellaneous revenues	805,062	967,320
Total operating revenues	119,766,835	104,402,128
Operating expenses		
Insurance costs	2,099,741	1,820,788
Authority operating expenses	2,886,312	2,666,897
Depreciation	44,792,198	46,048,579
Pension and OPEB expenses	(207,141)	(182,212)
Total operating expenses	49,571,110	50,354,052
Operating income	70,195,725	54,048,076
Nonoperating revenues (expenses)		
Net investment income (loss)	4,797,473	5,015,498
Interest income - interagency	1,631,870	6,814,784
Interest expense	(40,726,158)	(42,789,516)
Bond issuance costs, net	(13,924)	(1,514,445)
Net transfers to/from State Universities	658,018	5,527,766
Build America Bonds interest subsidy	1,760,006	2,018,315
Net nonoperating revenues (expenses)	(31,892,715)	(24,927,598)
Increase (decrease) in net position	38,303,010	29,120,478
Net position (deficiency in net position)		
Beginning of year	58,275,290	29,154,812
Net position (deficiency in net position)		
End of year	\$ 96,578,300	\$ 58,275,290

See Notes to Financial Statements.

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Cash received from contracts for financial assistance, management, and services	\$ 87,009,772	\$ 73,702,485
Other miscellaneous receipts	806,272	966,733
Payments for insurance costs	(2,105,477)	(1,812,171)
Payments for operating expenses	(1,587,053)	(1,432,864)
Payments to employees	(1,356,586)	(1,564,967)
Payments for other expenses	(267,929)	(761,532)
Net cash provided by operating activities	82,498,999	69,097,684
Cash flows from capital and related financing activities		
Proceeds from bond issuance	-	43,425,960
Cash paid to bond trustee related to advanced refunding	-	(6,091,196)
Build America Bonds interest subsidy	889,372	2,130,482
Payments of bond issuance costs	(13,924)	(1,342,473)
Payments for capital assets	(16,910,406)	(24,596,508)
Collections of debt service receivables	20,289,432	17,530,619
Transfer of funds from State Universities	4,282,992	5,990,687
Deposits to funds held for others	(17,952,079)	(26,129,150)
Principal paid on capital debt	(52,038,595)	(37,302,907)
Interest paid on capital debt	(47,481,769)	(46,062,417)
Net cash used in capital and related financing activities	(108,934,977)	(72,446,903)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	61,433,119	42,550,204
Purchases of investments	(38,143,306)	(57,582,216)
Interest on investments	4,662,226	5,419,030
Net cash provided by (used in) investing activities	27,952,039	(9,612,982)
Net increase (decrease) in cash, restricted cash, and cash equivalents	1,516,061	(12,962,201)
Cash, restricted cash, and cash equivalents, beginning of year	69,715,795	82,677,996
Cash, restricted cash, and cash equivalents, end of year	\$ 71,231,856	\$ 69,715,795

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 70,195,725	\$ 54,048,076
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	44,792,198	46,048,579
Amortization of deferred inflow of resources from campuses	(31,955,559)	(29,732,323)
Amortization of lease liability - office lease	(250,118)	(296,095)
Change in net pension liability	(241,223)	(1,053,084)
Changes in assets and liabilities		
Accounts receivable, net	(10,884)	(261,225)
Prepaid expenses	(20,649)	9,127
Accounts payable and accrued liabilities	(5,015)	293,215
Accrued payroll and compensated absences	(5,477)	41,414
	\$ 82,498,999	\$ 69,097,684

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

**Statements of Cash Flows
Years Ended June 30, 2025 and 2024**

Supplemental cash flows information

Schedule of noncash investing, capital and financing activities

	2025	2024
Acquisition of capital assets	\$ 15,024,602	\$ 25,881,689
Accounts payable thereon:		
Beginning of year	5,238,579	3,953,398
End of year	(3,352,775)	(5,238,579)
Payments for capital assets	\$ 16,910,406	\$ 24,596,508
Contractor accounts payable related to State University capital projects on State University-owned property	\$ 834,341	\$ 2,345,524
Unrealized (loss) gain on investment securities	\$ (464,146)	\$ 657,522
Additions of bonds payable and premiums, par	\$ -	\$ 209,656,635
Noncash issuance of bonds payable	-	(166,230,675)
Proceeds from bond issuance	\$ -	\$ 43,425,960
Reductions of bonds payable, par	\$ (52,038,595)	\$ (225,232,907)
Noncash repayments of bonds payable	-	187,930,000
Principal paid on capital debt	\$ (52,038,595)	\$ (37,302,907)
Noncash deferred gains on bond refundings and premiums refunded	\$ -	\$ (21,699,325)

See Notes to Financial Statements.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

**Statements of Fiduciary Net Position - Fiduciary Fund
June 30, 2025 and 2024**

	<u>Assets</u>	
	OPEB Trust Fund	
	2025	2024
Investments		
Mutual Funds		
Restricted cash and cash equivalents, current		
PRIT Fund Core Asset Allocation	\$ 1,190,996	\$ 1,104,518
Total Assets	\$ 1,190,996	\$ 1,104,518
	<u>Net Position</u>	
Restricted for		
OPEB Benefits	\$ 1,190,996	\$ 1,104,518
Total Net Position	\$ 1,190,996	\$ 1,104,518

See Notes to Financial Statements.

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Statements of Changes in Fiduciary Net Position - Fiduciary Fund
Years Ended June 30, 2025 and 2024

	OPEB Trust Fund	
	2025	2024
Additions		
Investment income (loss)		
Changes in fair value of investments	\$ 46,986	\$ 49,816
Realized gains (losses)	34,798	25,432
Interest and dividends	28,792	28,681
Total investment income (loss)	110,576	103,929
Less investment expenses	(5,408)	(5,555)
Net investment income (loss)	105,168	98,374
Total additions	105,168	98,374
Deductions		
Employer	(18,690)	(30,647)
Total deductions	(18,690)	(30,647)
Change in net position	86,478	67,727
Net position, beginning of the year	1,104,518	1,036,791
Net position, end of year	\$ 1,190,996	\$ 1,104,518

See Notes to Financial Statements.

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements
June 30, 2025 and 2024

Note 1 - Summary of Significant Accounting Policies Organization

Massachusetts State College Building Authority ("MSCBA" or the "Authority") was created pursuant to Chapter 703 of the Acts of 1963 of the Commonwealth of Massachusetts (the "State" or the "Commonwealth"), as amended (the "Act"), as a body politic and corporate and a public instrumentality for the general purpose of providing dormitories, dining commons and other facilities primarily for use by students and staff of certain state colleges of the Commonwealth of Massachusetts and their dependents. Such facilities may be provided in collaboration with and for joint use by other agencies, boards, commissions, or authorities of the Commonwealth. The Act defines State Colleges as the state university and community college segments of the Commonwealth's public higher education system. The state universities include Bridgewater, Fitchburg, Framingham, Salem, Westfield and Worcester State Universities, Massachusetts College of Liberal Arts, Massachusetts College of Art and Design and Massachusetts Maritime Academy (collectively, the "State Universities"). The community colleges include Berkshire, Bristol, Bunker Hill, Cape Cod, Greenfield, Holyoke, Massachusetts Bay, Massasoit, Middlesex, Mount Wachusett, North Shore, Northern Essex, Quinsigamond, Roxbury and Springfield Technical (collectively, the "Community Colleges"). The Authority provides bond financing, design and construction management of new facilities, major renovations, adaptation, and capital repairs for its projects at the State Colleges. Annual obligations of the Authority include rent setting and oversight of State University residence hall operating budgets. The Authority's operations are primarily governed by a Contract for Financial Assistance, Management and Services with the Board of Higher Education of the Commonwealth ("BHE"), in which the BHE commits the State Colleges to meet the statutory and financial obligations related to the projects.

The Authority is a component unit of the Commonwealth of Massachusetts. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if the Authority operated as an independent organization. The Commonwealth's financial statements include the Authority's financial statements as a blended component unit.

Basis of presentation

The accompanying proprietary fund and fiduciary fund financial statements have been prepared using the "economic resources measurement focus" and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority has determined that it functions as a Business-Type Activity, as defined by GASB.

The Authority's policy for defining operating activities in the statements of revenues, expenses, and changes in net position (deficiency in net position) are those that result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as nonoperating revenues (expenses) in accordance with GASB Statement No. 35. These nonoperating activities include the Authority's net investment income and interest expense.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to Financial Statements
June 30, 2025 and 2024**

Net position

GASB Statement No. 34 requires that resources are classified for accounting purposes into the following three net position categories:

Net investment in capital assets:

Capital assets, which are net of accumulated depreciation and outstanding principal balances of debt and lease liabilities attributable to the acquisition, construction, repair, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted:

Nonexpendable - Net position which use is subject to externally imposed conditions that the Authority must maintain in perpetuity.

Expendable - Net position which use is subject to externally imposed conditions that can be fulfilled by the actions of the Authority pursuant to those conditions or that expire with the passage of time.

Unrestricted:

All other categories of net position. Unrestricted net position may be designated for specific purposes by action of the Authority's Board of Trustees ("Board").

The Authority has adopted a policy of reviewing, on an individual basis, all restricted - expendable funds, for the purpose of determining the order in which restricted - expendable and unrestricted funds would be utilized.

In accordance with the requirements of the Act, the Authority's operations are accounted for in several trust funds. These trust funds have been consolidated and are included in these financial statements.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents

The Authority considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

Investments

Investments in marketable securities are stated at fair value. Realized and unrealized gains and losses are included in nonoperating revenues. Gains and losses on the disposition of investments are determined based on specific identification of securities sold or the average cost method. Investment income is recognized when earned and is generally credited to the trust fund holding the related assets. There were no significant realized gains or losses on investments during the years ended June 30, 2025 and 2024.

The Authority has no donor-restricted endowments.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to Financial Statements
June 30, 2025 and 2024**

The Authority is currently authorized by its Board and the statutes of the Commonwealth to invest funds of the Authority. The Board establishes investment policy, but delegates to its Finance and Audit Committee the direction of an investment advisor.

Accounts receivable

Accounts receivable are stated at the total amount of the future minimum payments to be received less unearned interest income. Interest income is recognized using the effective interest method. No allowance for doubtful accounts has been made as of June 30, 2025 and 2024, as management considers all amounts fully collectible.

Capital assets

The accompanying financial statements include the transactions of all Authority-owned capital assets, which include residence halls for 16,616 students in both 2025 and 2024, some with dining facilities as well as some with student activity facilities and land, at the State Universities.

Project costs include land acquisition, architectural and engineering services, construction, furnishings and equipment and related expenses for legal, accounting, and financial services. Such expenses have been incurred for the construction of new facilities and for capital improvements to existing facilities. Fire alarm system improvements, the installation of automatic sprinkler systems, the repair and replacement of roofs and windows, and improvements to make the facilities accessible for use by persons with disabilities are examples of capital improvements to existing facilities undertaken by the Authority.

Real estate assets, including improvements, are generally stated at cost. Furnishings and equipment are stated at cost at date of acquisition. In accordance with the Authority's capitalization policy, only those items with a total project cost of more than \$50,000, including furniture, fixtures, and equipment, are capitalized. Interest costs on debt related to capital assets are expensed during the construction period. Authority capital assets, except for land and construction in progress, are depreciated on a straight-line basis in accordance with the guidelines set forth by the Commonwealth Comptroller's Office. Renovations are depreciated over a term of 20 years, furniture, fixtures and equipment are depreciated over a term of 10 years, and new construction is depreciated over 40 years. A full year of depreciation is claimed in the first year (regardless of the date of completion) and no depreciation is recorded in the final year.

Bond issuance costs

Bond issuance costs are expensed as incurred. During fiscal 2025 and 2024, the Authority incurred \$13,924 and \$1,514,445, respectively, of bond issuance costs.

Fringe benefits

The Authority participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension, and other postemployment benefits ("OPEB") for which it is billed by the Commonwealth. Workers' compensation insurance is purchased as a separate policy within the Authority's insurance portfolio.

Deferred outflows/inflows of resources

In addition to assets, the statements of net position (deficiency in net position) include a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has three items that qualify for reporting in this category. They are the deferred losses on refunding of debt, deferred outflows from pensions, and deferred outflows from OPEB. The deferred losses on refunding of debt resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements
June 30, 2025 and 2024

differences between projected and actual investment earnings, differences between expected and actual experience, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statements of net position (deficiency in net position) include a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has three items that qualify for reporting in this category. They are deferred lease revenue, deferred inflows from pensions, and deferred inflows from OPEB. The Authority reports deferred lease revenue from long-term leases held with the state universities as further described in Note 14. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the Authority reports deferred amounts related to pension and OPEB similar to deferred outflows of resources.

Pension plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System ("MSERS") and additions to/deductions from MSERS's fiduciary net position have been determined on the same basis as they are reported by MSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other postemployment benefits

For purposes of measuring the net postemployment benefits other than pensions ("OPEB") liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Authority's OPEB plan. The Authority authorized the establishment of an OPEB trust, which received its initial deposit in fiscal year 2022 as well as an additional deposit in fiscal year 2023, which brought the balance to a fully funded position.

Compensated absences

The liability for compensated absences reported on the statements of net position consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash. Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation is the amount earned and unused by all eligible employees through June 30 of each year. The accrued sick leave balance represents 20% of amounts earned at the end of the fiscal year for retirement eligible employees. Upon retirement, these employees are entitled to receive payment for these accrued balances.

Income tax status

The Authority is a component unit of the Commonwealth and is, therefore, exempt from federal and state income taxes.

Note 2 - Cash, Restricted Cash, and Cash Equivalents and Investments

Credit risk

Credit risk includes the risk that securities in which the Authority has invested will default.

The Authority's Trust Agreement stipulates that only certain highly rated securities are eligible investments. The Authority has a formal investment policy consistent with the Trust Agreement in which permissible investment obligations include: (i) certain direct or agency obligations which are unconditionally guaranteed by the United States of America; (ii) certain interest-bearing instruments issued by a banking institution

Massachusetts State College Building Authority
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Notes to Financial Statements
June 30, 2025 and 2024

with a long-term unsecured debt rating in one of the two highest long-term rating categories, (iii) commercial paper rated in the highest rating category; and (iv) obligations of state or local governments or authorities thereof rated in the two highest rating categories. The Authority is also required to comply with the Commonwealth of Massachusetts's deposit and investment policies which are principally defined in the Massachusetts General Laws, Chapter 29. The Authority's deposit and investment policies are generally consistent with those of the State Statutes.

Custodial credit risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits and/or investments may not be returned to it. The Authority does not have a formal policy with respect to the custodial credit risk.

The Authority has two primary commercial banking relationships: Citizens Bank, N.A. ("Citizens") is the Authority's primary depository bank, and U.S. Bank National Association ("U.S. Bank") is the Authority's trustee bank and holds all bond and related funds pursuant to the Trust Agreement. The Authority is party to a third-party custodian agreement in which Citizens provides the Authority with collateral equal to the Authority's uninsured deposits and the custodian provides safekeeping services and holds the collateral on behalf of and for the benefit of the Authority. Pursuant to the agreement, eligible collateral is limited to only those obligations which are guaranteed as to the payment of principal and interest by the United States of America. As of June 30, 2025, \$250,000 of the Authority's bank balances held by Citizens were covered by Federal Deposit Insurance Corporation ("FDIC") insurance and the remaining balance of \$55,547,252 was collateralized by securities held by the pledging financial institution's trust department or agent but not in MSCBA's name. As of June 30, 2024, \$250,000 of the Authority's bank balances held by Citizens were covered by FDIC insurance and the remaining balance of \$58,707,562 was collateralized by securities held by the pledging financial institution's trust department or agent but not in MSCBA's name. The Authority has also invested three savings accounts, including the addition of the system CIR, in the Cash Pool at Massachusetts Municipal Depository Trust ("MMDT"), an alternative investment vehicle for local governments established by the Commonwealth's Treasurer, which are uninsured and uncollateralized, and had \$10,736,807 and \$9,625,697, respectively, as of June 30, 2025 and 2024.

The Authority does not have a formal deposit policy for custodial credit risk with U.S. Bank. As of June 30, 2025 and 2024, the fair market value of the Authority's cash equivalent balances with U.S. Bank of \$4,542,107 and \$4,050,004, respectively, were exposed to custodial credit risk because they were uninsured and uncollateralized. These funds were invested in U.S. Bank money market deposit accounts. Beginning in fiscal year 2024, the money market fund utilized at U.S. Bank was categorized as an investment rather than a cash equivalent.

In addition to the commercial banking relationships, the Authority invests its retirement trust fund (Note 12) with the Massachusetts Pension Reserve Investment Trust ("PRIT"). PRIT consists of two investment funds, the Capital Fund and the Cash Fund. Each of these funds is managed, accounted for, and held separately by PRIT's custodian bank, Bank of New York ("BNY") Mellon. The Cash Fund consists of short-term investments, which are used to meet liquidity requirements. All Cash Fund earnings are reinvested. The Cash Fund maintains a stable net asset value of \$1.00 per unit. The Capital Fund is invested in the General Allocation Account, which invests in all asset classes of PRIT in accordance with its asset allocation plan and investment policy guidelines. The Capital Fund serves as the investment portfolio of PRIT and consists of the following investments at June 30, 2025 and 2024: General Allocation (holds units of other accounts), Domestic Equity, Core Fixed Income, Value-Added Fixed Income, International Equity, Emerging Markets, Real Estate, Timberland, Portfolio Completion Strategies, and Private Equity Investments. The funds held in the amount of \$7,041,918 and \$6,416,244 as of June 30, 2025 and 2024,

Massachusetts State College Building Authority
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Notes to Financial Statements
June 30, 2025 and 2024

respectively, with PRIT are intended to be used to fund the net pension and OPEB liability. These funds were not rated for average credit quality at June 30, 2025 and 2024.

The Authority's investments are held at U.S. Bank, Citizens and PRIT and are represented by the following at June 30, 2025 and 2024:

	2025		2024	
	Cost	Fair value	Cost	Fair value
U.S. Government Agencies	\$ 7,507,727	\$ 7,586,004	\$ 7,507,727	\$ 7,547,538
State taxable bonds	16,155,000	16,447,405	16,155,000	16,347,901
U.S. Treasuries	6,821,484	6,611,261	10,896,724	10,635,699
Mutual funds	6,814,989	7,874,271	25,744,994	26,575,889
	<u>\$ 37,299,200</u>	<u>\$ 38,518,941</u>	<u>\$ 60,304,445</u>	<u>\$ 61,107,027</u>

The Authority classifies its restricted cash and cash equivalents and investments between current and noncurrent classifications in the accompanying statements of net position (deficiency in net position) according to its plans for their use in liquidating associated liabilities. Investments with maturities of less than one year that are not required to be used to liquidate current liabilities are reflected as noncurrent assets in accordance with management's intention to reinvest the proceeds of those investments upon their maturity.

Investments held by the bond trustee represent project funds, as well as debt service and certain reserve funds.

At June 30, 2025, the Authority's investments in debt securities by contractual maturities and credit quality ratings, based on Moody's Investors Service, Inc., are as follows:

Investment Type	Fair market value	Investment maturities (in years)				Credit rating
		Less Than 1	1-5	6-10	Greater than 10	
Federal Home Loan Bank	\$ 6,980,575	\$ 6,980,575	\$ -	\$ -	\$ -	Aaa
Federal Farm Credit Bank	605,429	605,429	-	-	-	Aaa
Various Massachusetts ST Bonds	16,447,405	-	3,226,915	-	13,220,490	Aa1
U.S. Treasuries - Treasury Bonds	6,611,261	-	-	-	6,611,261	Aaa
Total	<u>\$ 30,644,670</u>	<u>\$ 7,586,004</u>	<u>\$ 3,226,915</u>	<u>\$ -</u>	<u>\$ 19,831,751</u>	

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Notes to Financial Statements
June 30, 2025 and 2024

At June 30, 2024, the Authority's investments in debt securities by contractual maturities and credit quality ratings, based on Moody's Investors Service, Inc., are as follows:

Investment Type	Fair market value	Investment maturities (in years)				Credit rating
		Less Than 1	1-5	6-10	Greater than 10	
Federal National Mtg Assn	\$ 6,957,691	\$ 6,957,691	\$ -	\$ -	\$ -	Aaa
Federal Farm Credit Banks ("FFCB") U.S. Govt. Issues	589,847	-	589,847	-	-	Aaa
Various Massachusetts ST Bonds	16,347,901	-	-	3,175,859	13,172,042	Aa1
U.S. Treasuries - Treasury Notes	3,593,228	3,593,228	-	-	-	Unrated
Treasury Strip	401,369	401,369	-	-	-	Unrated
Treasury Bonds	6,641,102	-	-	-	6,641,102	Aaa
Total	\$ 34,531,138	\$ 10,952,288	\$ 589,847	\$ 3,175,859	\$ 19,813,144	

The Securities Investor Protection Corporation ("SIPC") protects certain investments up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

The following Authority investments at June 30, 2025 and 2024 are held by U.S. Bank as custodian and, therefore, are subject to custodial credit risk as follows:

	2025	2024
U.S. Government Agencies	\$ 7,586,004	\$ 7,547,538
State taxable bonds	16,447,405	16,347,901
U.S. Treasuries	6,611,261	10,635,699
	30,644,670	34,531,138
Less insured amounts	(500,000)	(500,000)
	<u>\$ 30,144,670</u>	<u>\$ 34,031,138</u>

The Authority categorizes investments based upon the fair value hierarchy in accordance with GASB 72 below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability.

Massachusetts State College Building Authority
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Notes to Financial Statements
June 30, 2025 and 2024

The Authority's investments at fair value measurement are as follows at June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment Assets:				
U.S. Government Agencies	\$ -	\$ 7,586,004	\$ -	\$ 7,586,004
State taxable bonds	-	16,447,405	-	16,447,405
U.S. Treasuries	-	6,611,261	-	6,611,261
Mutual funds	7,874,271	-	-	7,874,271
	<u>\$ 7,874,271</u>	<u>\$ 30,644,670</u>	<u>\$ -</u>	<u>\$ 38,518,941</u>

The Authority's investments at fair value measurement are as follows at June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment Assets:				
U.S. Government Agencies	\$ -	\$ 7,547,538	\$ -	\$ 7,547,538
State taxable bonds	-	16,347,901	-	16,347,901
U.S. Treasuries	-	10,635,699	-	10,635,699
Mutual funds	26,575,889	-	-	26,575,889
	<u>\$ 26,575,889</u>	<u>\$ 34,531,138</u>	<u>\$ -</u>	<u>\$ 61,107,027</u>

Note 3 - Accounts Receivable

Accounts receivable include the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Debt service receivables	\$ 191,427,776	\$ 212,222,886
Interest receivable on investments	182,985	511,884
Other miscellaneous receivables	245,338	284,274
Build America Bonds interest subsidy receivable	1,185,011	314,377
	<u>\$ 193,041,110</u>	<u>\$ 213,333,421</u>

The Authority anticipates that all its interest receivables will be collected within a one-year time frame.

The Commonwealth's policy for accounting for capital and renovation projects provides for the State University with ownership of the underlying asset to also own any related improvements to these facilities. Under this policy, the Authority recognizes as accounts receivable the minimum payments, net of unearned interest income, to be received from the State Colleges. Conversely, the State Colleges recognize a corresponding liability to the Authority.

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The components of the Authority's debt service receivables in these State College-owned projects as of June 30, 2025 and 2024 are as follows:

	2025	2024
Total payments to be received	\$ 247,324,564	\$ 269,659,785
Less: Unearned income	(55,896,788)	(57,436,899)
 Net debt service receivables in State College-owned projects	 \$ 191,427,776	 \$ 212,222,886

The following table sets forth the total payments to be received under these agreements as of June 30, 2025:

Year ending June 30:		
2026	\$	21,077,287
2027		20,290,229
2028		20,468,065
2029		21,069,013
2030		18,697,841
2031 - 2035		69,903,517
2036 - 2040		33,034,744
2041 - 2045		22,159,538
2046 - 2050		13,602,308
2051 - 2053		7,022,022
Total	\$	247,324,564

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Note 4 - Capital Assets

Capital assets activity for the year ended June 30, 2025, is as follows:

	Totals June 30, 2024	Additions	Reclassifications and reductions	Totals June 30, 2025
Capital Assets				
Land	\$ 19,103,918	\$ -	\$ -	\$ 19,103,918
Construction in progress	7,064,409	5,798,579	(5,807,150)	7,055,838
Total not being depreciated	26,168,327	5,798,579	(5,807,150)	26,159,756
Buildings and improvements	1,412,978,722	9,009,367	5,664,491	1,427,652,580
Furnishings and equipment	59,144,883	216,656	142,659	59,504,198
Total depreciable assets	1,472,123,605	9,226,023	5,807,150	1,487,156,778
Total capital assets	1,498,291,932	15,024,602	-	1,513,316,534
Less accumulated depreciation:				
Buildings and improvements	(691,305,264)	(42,797,096)	-	(734,102,360)
Furnishings and equipment	(50,535,649)	(1,995,102)	-	(52,530,751)
Total accumulated depreciation	(741,840,913)	(44,792,198)	-	(786,633,111)
Capital assets, net	756,451,019	(29,767,596)	-	726,683,423
Lease Assets				
Buildings and improvements	2,751,297	-	-	2,751,297
Total lease assets	2,751,297	-	-	2,751,297
Less accumulated amortization				
Buildings and improvements	(1,000,472)	(250,118)	-	(1,250,590)
Total accumulated amortization	(1,000,472)	(250,118)	-	(1,250,590)
Total lease assets, net	1,750,825	(250,118)	-	1,500,707
Total capital assets, net	<u>\$ 758,201,844</u>	<u>\$ (30,017,714)</u>	<u>\$ -</u>	<u>\$ 728,184,130</u>

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Capital assets activity for the year ended June 30, 2024, is as follows:

	Totals June 30, 2023	Additions	Reclassifications and reductions	Totals June 30, 2024
Capital Assets				
Land	\$ 19,103,918	\$ -	\$ -	\$ 19,103,918
Construction in progress	34,680,566	6,604,428	(34,220,585)	7,064,409
Total not being depreciated	53,784,484	6,604,428	(34,220,585)	26,168,327
Buildings and improvements	1,364,531,841	17,891,235	30,555,646	1,412,978,722
Furnishings and equipment	54,093,918	1,386,026	3,664,939	59,144,883
Total depreciable assets	1,418,625,759	19,277,261	34,220,585	1,472,123,605
Total capital assets	1,472,410,243	25,881,689	-	1,498,291,932
Less accumulated depreciation:				
Buildings and improvements	(647,674,770)	(43,630,494)	-	(691,305,264)
Furnishings and equipment	(48,117,564)	(2,418,085)	-	(50,535,649)
Total accumulated depreciation	(695,792,334)	(46,048,579)	-	(741,840,913)
Capital assets, net	776,617,909	(20,166,890)	-	756,451,019
Lease Assets				
Buildings and improvements	2,751,297	-	-	2,751,297
Total lease assets	2,751,297	-	-	2,751,297
Less accumulated amortization				
Buildings and improvements	(750,354)	(250,118)	-	(1,000,472)
Total accumulated amortization	(750,354)	(250,118)	-	(1,000,472)
Total lease assets, net	2,000,943	(250,118)	-	1,750,825
Total capital assets, net	\$ 778,618,852	\$ (20,417,008)	\$ -	\$ 758,201,844

The Authority has considered the requirements of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and has noted no implications of this standard to the Authority's financial statements for the years ended June 30, 2025 and 2024.

The Authority entered into purchase commitments with contractors for the purchase of equipment, construction of certain facilities and other improvements. The amounts under commitment were approximately \$9,800,000 and \$33,100,000, respectively, as of June 30, 2025 and 2024.

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Note 5 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2025 and 2024:

	2025	2024
Capital assets and construction payables	\$ 3,281,095	\$ 4,987,999
Accrued bond interest payable	6,615,194	6,988,336
Construction reserve payable	71,680	250,580
Contractor payables for State College-owned assets	834,341	2,345,524
Authority operating expenses	294,332	299,347
	\$ 11,096,642	\$ 14,871,786

Note 6 - Interagency Payables

Under the provisions of the Community College Program Series 1, Series 2, and Series 3, and the State University Program Series 2024A, 2023A, 2022A, 2021B, 2021A, 2019A, 2017C, 2017B, 2017A, 2015A, 2014C, 2014B, 2014A, 2012C, 2012A, 2010B, 2009C, 2009A, 2008A, 2006A, 2005A, 2003A and 1999A Trust Agreements (see Note 7), a portion of the bond proceeds, together with certain earnings thereon, are being or have been used to finance the costs of capital projects for certain of the State Colleges on State College-owned property. The State Colleges are required to pay to the Authority the amount necessary to pay the applicable portion of the bond issuance costs and bond principal and interest payments when they become due. The Authority has recorded accounts receivable from the State Colleges reflecting its net debt service receivables in these capital projects as discussed further in Note 3. The unspent bond proceeds for the costs of these projects and related bond amounts are included in the Authority's financial statements under restricted cash and cash equivalents, and restricted investments.

Certain of the State Colleges may also be required to commit additional funding for the projects over and above the amounts provided from bond proceeds. Such amounts (the "State College contributions") received from the State Colleges are also included in restricted cash and cash equivalents, and restricted investments. The Authority has recorded corresponding Interagency payables to the State Colleges for the unspent State College contributions, and unspent bond proceeds and related bond amounts. As capital and construction costs relating to these projects are incurred and paid, restricted cash and cash equivalents, and restricted investments, and the corresponding Interagency payables are reduced.

As of June 30, 2025 and 2024, the Authority has an aggregate liability for Interagency payables of \$10,281,316 and \$27,344,276, respectively.

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Note 7 - Bonds Payable

The Authority issues debt to finance the design and construction of new facilities, major renovations, and capital repairs for its projects at State Colleges, pursuant to the Act. The Authority has created separate bond programs for the State Universities and the Community Colleges. The Authority's outstanding debt is secured by revenues received by the Authority from State Colleges relating to Authority projects and other pledged funds. Interest on the Authority's debt is payable on May 1 and November 1 and principal is due annually on May 1. The Authority's outstanding debt for the State University Program is rated Aa2 and AA by Moody's and S&P Global, respectively. The Authority's outstanding debt for the Community College Program is rated Aa2 and AA by Moody's and S&P Global, respectively.

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The following table summarizes the Authority's outstanding debt as of June 30, 2025:

Project Revenue Bonds	Issue Date	Par amount	Interest rates (%)	Due May 1,	Effective interest rates (%)*	Par amount outstanding	Unamortized premiums	Total bonds payable
Refunding Series 2003B	3/5/2003	\$ 117,513,022	2.00 - 5.50	2003 - 2039	17.10%	\$ 41,535,169	\$ 1,865,779	\$ 43,400,948
Series 2009C, Build America Bonds	12/22/2009	66,410,000	4.58 - 5.93	2018 - 2040	5.87%	52,815,000	-	52,815,000
Series 2010B, Build America Bonds	12/17/2010	47,880,000	4.89 - 6.54	2020 - 2040	6.39%	30,355,000	-	30,355,000
Refunding Series 2011A	6/8/2011	51,610,000	2.00 - 5.00	2012 - 2025	5.00%	-	-	-
Series 2015A	12/17/2015	15,935,000	2.00 - 5.00	2017 - 2036	5.00%	8,800,000	805,352	9,605,352
Refunding Series 2016A	2/25/2016	177,315,000	4.00 - 5.00	2019 - 2049	4.00%	41,405,000	2,552,682	43,957,682
Series 2017A	1/25/2017	20,590,000	3.00 - 4.00	2018 - 2027	3.54%	14,480,000	471,775	14,951,775
Series 2017B	12/21/2017	10,590,000	4.00 - 5.00	2019 - 2038	4.65%	8,095,000	840,660	8,935,660
Series 2017C	12/21/2017	7,565,000	2.10 - 3.60	2019 - 2038	3.44%	5,485,000	-	5,485,000
Refunding Series 2017D	12/21/2017	66,225,000	4.00 - 5.00	2019 - 2038	4.35%	53,805,000	4,654,321	58,459,321
Series 2019A	1/23/2019	15,440,000	3.00 - 5.00	2019 - 2039	3.74%	12,560,000	581,452	13,141,452
Refunding Series 2019B	1/23/2019	52,355,000	4.00 - 4.10	2019 - 2041	4.03%	33,120,000	356,891	33,476,891
Refunding Series 2019C	11/19/2019	233,620,000	1.69 - 3.37	2020 - 2043	2.97%	142,210,000	-	142,210,000
Refunding Series 2020A	7/1/2020	395,735,000	1.04 - 3.07	2024 - 2049	2.55%	319,365,000	-	319,365,000
Series 2021A	7/22/2021	16,825,000	2.13 - 5.00	2022 - 2051	2.73%	15,765,000	798,943	16,563,943
Series 2021B	7/22/2021	2,265,000	2.00 - 5.00	2022 - 2041	3.25%	2,000,000	181,618	2,181,618
Refunding Series 2022A	2/15/2022	107,155,000	4.00 - 5.00	2023 - 2052	4.61%	96,990,000	16,272,833	113,262,833
Refunding Series 2023A	7/13/2023	4,375,000	3.25 - 5.00	2023 - 2043	4.45%	4,070,000	324,537	4,394,537
Refunding Series 2024A	2/1/2024	148,280,000	5.00	2024 - 2038	4.76%	127,955,000	15,923,423	143,878,423
Total Project Revenue Bonds		1,557,683,022				1,010,810,169	45,630,266	1,056,440,435
Community College Program Bonds								
Series 2	1/20/2017	3,055,000	1.84 - 3.35	2021 - 2036	2.73%	1,971,689	-	1,971,689
Series 3 Refunding	7/20/2023	36,165,000	4.00 - 5.50	2024 - 2053	4.40%	34,665,000	1,577,247	36,242,247
Total Community College Program Bonds		39,220,000				36,636,689	1,577,247	38,213,936
Total Bonds		\$ 1,596,903,022				\$ 1,047,446,858	\$ 47,207,513	\$ 1,094,654,371

* Effective Interest Rates are calculated by dividing total interest paid during the year by average outstanding balance of bonds payable.

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The following table summarizes the Authority's outstanding debt as of June 30, 2024:

Project Revenue Bonds	Issue Date	Par amount	Interest rates (%)	Due May 1,	Effective interest rates (%)*	Par amount outstanding	Unamortized premiums	Total bonds payable
Refunding Series 2003B	3/5/2003	\$ 117,513,022	2.00 - 5.50	2003 - 2039	15.32%	\$ 46,631,217	\$ 2,296,570	\$ 48,927,787
Series 2009C, Build America Bonds	12/22/2009	66,410,000	4.58 - 5.93	2018 - 2040	5.84%	55,460,000	-	55,460,000
Series 2010B, Build America Bonds	12/17/2010	47,880,000	4.89 - 6.54	2020 - 2040	6.34%	33,490,000	-	33,490,000
Refunding Series 2011A	6/8/2011	51,610,000	2.00 - 5.00	2012 - 2025	5.00%	1,775,000	70,358	1,845,358
Series 2014A	1/7/2014	130,875,000	2.00 - 5.00	2015 - 2048	2.86%	-	-	-
Series 2014B	12/17/2014	91,375,000	3.00 - 5.00	2016 - 2044	2.86%	-	-	-
Series 2014C	12/17/2014	10,065,000	3.00 - 5.00	2016 - 2034	2.86%	-	-	-
Series 2015A	12/17/2015	15,935,000	2.00 - 5.00	2017 - 2036	4.99%	9,395,000	938,035	10,333,035
Refunding Series 2016A	2/25/2016	177,315,000	4.00 - 5.00	2019 - 2049	3.99%	48,935,000	3,596,210	52,531,210
Series 2017A	1/25/2017	20,590,000	3.00 - 4.00	2018 - 2027	3.61%	15,410,000	550,709	15,960,709
Series 2017B	12/21/2017	10,590,000	4.00 - 5.00	2019 - 2038	4.66%	8,535,000	961,825	9,496,825
Series 2017C	12/21/2017	7,565,000	2.10 - 3.60	2019 - 2038	3.41%	5,820,000	-	5,820,000
Refunding Series 2017D	12/21/2017	66,225,000	4.00 - 5.00	2019 - 2038	4.37%	56,245,000	5,237,062	61,482,062
Series 2019A	1/23/2019	15,440,000	3.00 - 5.00	2019 - 2039	3.80%	13,210,000	665,495	13,875,495
Refunding Series 2019B	1/23/2019	52,355,000	4.00 - 4.10	2019 - 2041	3.75%	34,150,000	394,664	34,544,664
Refunding Series 2019C	11/19/2019	233,620,000	1.69 - 3.37	2020 - 2043	2.64%	146,055,000	-	146,055,000
Refunding Series 2020A	7/1/2020	395,735,000	1.04 - 3.07	2024 - 2049	2.39%	321,065,000	-	321,065,000
Series 2021A	7/22/2021	16,825,000	2.13 - 5.00	2022 - 2051	2.78%	16,135,000	865,022	17,000,022
Series 2021B	7/22/2021	2,265,000	2.00 - 5.00	2022 - 2041	3.32%	2,090,000	207,725	2,297,725
Refunding Series 2022A	2/15/2022	107,155,000	4.00 - 5.00	2023 - 2052	4.63%	101,835,000	18,228,248	120,063,248
Refunding Series 2023A	7/13/2023	4,375,000	3.25 - 5.00	2023 - 2043	4.86%	4,215,000	357,763	4,572,763
Refunding Series 2024A	2/1/2024	148,280,000	5.00	2024 - 2038	5.14%	141,595,000	18,095,298	159,690,298
Total Project Revenue Bonds		1,789,998,022				1,062,046,217	52,464,984	1,114,511,201
Community College Program Bonds								
Series 1	3/6/2014	3,000,000	4.25	2015 - 2034	0.00%	-	-	-
Series 2	1/20/2017	3,055,000	1.84 - 3.35	2021 - 2036	2.68%	2,119,236	-	2,119,236
Series 3 Refunding	7/20/2023	36,165,000	4.00 - 5.50	2024 - 2053	4.66%	35,320,000	1,677,717	36,997,717
Total Community College Program Bonds		42,220,000				37,439,236	1,677,717	39,116,953
Total Bonds		\$ 1,832,218,022				\$ 1,099,485,453	\$ 54,142,701	\$ 1,153,628,154

* Effective Interest Rates are calculated by dividing total interest paid during the year by average outstanding balance of bonds payable.

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The following table is the amortization schedule for the Authority's long-term debt:

Year ending June 30:	Total principal	Total premium	Total interest	Total debt service
2026	\$ 54,362,666	\$ 6,343,146	\$ 45,461,601	\$ 106,167,413
2027	56,278,084	5,821,006	43,338,620	105,437,710
2028	57,067,135	5,494,075	44,037,491	106,598,701
2029	63,888,614	4,509,581	32,652,047	101,050,242
2030	64,637,414	3,982,413	30,008,133	98,627,960
2031 - 2035	315,273,545	13,415,320	113,046,409	441,735,274
2036 - 2040	280,239,401	5,990,039	57,002,743	343,232,183
2041 - 2045	111,424,999	1,219,756	16,006,410	128,651,165
2046 - 2050	36,890,000	375,228	4,576,175	41,841,403
2051 - 2053	7,385,000	56,949	545,875	7,987,824
Total	1,047,446,858	<u>\$ 47,207,513</u>	<u>\$ 386,675,504</u>	<u>\$ 1,481,329,875</u>
Plus: Unamortized premiums	<u>47,207,513</u>			
	<u>\$ 1,094,654,371</u>			

Defeasance of debt

From time to time, the Authority issues refunding or utilizes cash to defease outstanding bonds. The proceeds of the refunding bonds or cash are placed in irrevocable trusts to provide for all future debt service on the refunded or defeased bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the accompanying financial statements. The differences between the reacquisition prices and net carrying amount of the bonds defeased with refunding debt are reported in the accompanying statements of net position (deficiency in net position) as deferred outflows of resources and charged annually to interest expense over the shorter of the remaining life of the refunded or refunding bonds principally using the effective interest method.

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Refunding revenue bonds

The following table summarizes the Authority's refunding revenue bonds as of June 30, 2025 and 2024:

Refunding Bond Series	Bonds Refunded	Total Debt Service Reduction (Increase) at Issuance	Net Present Value Economic Savings at Issuance	Deferred Outflow (Inflow) at Issuance	Unamortized Balance June 30, 2025	Unamortized Balance June 30, 2024	Deferred Losses Recognized
Series 2003B	Series 1999A, 1999-1, 2000-1	\$ 1,769,263	\$ 729,611	\$ 21,535,590	\$ 4,175,205	\$ 5,139,222	FY2021: \$435,701 (2020A refunding)
Series 2011A	Portions of 2003A, 2004A	3,518,799	2,822,354	2,638,154	-	23,513	FY2021: \$345,943 (2020A refunding)
Series 2014D	Portions of 2005A, 2006A	6,449,975	3,604,695	244,383	-	-	FY2021: \$178,677 (2020A refunding)
Series 2016A	Portions of 2008A, 2009A	43,977,921	27,959,783	18,147,495	1,275,881	1,797,457	FY2024: \$12,230 (2024A); FY2022: \$159,723 (partial); FY2021: \$7,958,732 (2020A)
Series 2017D	Portions of 2009B	19,934,951	12,745,369	2,771,434	1,312,606	1,476,950	FY2021: \$99,667 (2020A refunding)
Series 2019B	Portions of 2012A	(2,891,916)	133,946	2,252,897	871,859	964,137	FY2024: \$343,285 (2024A); FY 2021: \$94,723 (2020A)
Series 2019C	Portions of 2012A, 2012B	29,159,706	22,116,569	1,289,017	502,134	552,180	FY2024: \$299,442 (2024A); FY2021: \$17,797 (2020A)
Series 2020A	Portions of multiple series & entire 2014D series	(933,443)	26,782,222	21,245,986	11,788,665	12,732,413	FY2024: \$3,074,511 (2024A); FY 2022: \$15,299 (Sept 2021 defeasance); FY2022: \$24,124 (June 2022 defeasance)
Series 2022A	Portions of 2012C	7,731,903	6,072,107	(3,588,228)	(2,530,510)	(2,834,587)	
Community College Series 3	Entire Community College Series 1	(130,584)	133,414	16,407	14,464	15,386	
Series 2024A	Portions of 2015A, 2016A, 2017A, 2019B, 2019C, 2020A & entire 2014A, 2014B, 2014C	22,528,370	14,728,679	(16,333,162)	(13,956,851)	(15,860,496)	

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The following table summarizes the refunding escrow details related to the Authority's refunding revenue bonds as of June 30, 2025 and 2024:

Series	Bonds Defeased	Aggregate Market Value June 30, 2025	Aggregate Market Value June 30, 2024	Unpaid Principal Balance June 30, 2025	Unpaid Principal Balance June 30, 2024
Series 2003B	Series 1999A, 1999-1, 2000-1	\$ 28,255,432	\$ 35,188,324	\$ 44,159,834*	\$ 42,187,652*
Series 2020A	Multiple series	10,173	123,861,800	-	118,350,000
Series 15A Defeasance	Portions of 2015A	-	2,043,295	-	1,975,000
September 10, 2021	Portions of 2012C, 2014A, 2020A	316,650	306,250	300,000	300,000
June 16, 2022	Portions of 2016A, 2020A	494,316	2,607,097	500,000	2,315,000
Total		\$ 29,076,571	\$ 164,006,766	\$ 44,959,834	\$ 165,127,652

*Includes accreted interest

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Debt service reserve fund investment agreements

In connection with the issuance of the Series 2005A Bonds and Series 2006A Bonds, the Authority entered into debt service reserve fund or debt service fund investment agreements which provide for a guaranteed rate of return on the applicable debt service reserve funds to support the Authority's future debt service payments. The agreements provide for termination under certain circumstances as more fully described in the agreements. Termination of the agreements may generate a gain or loss to the Authority depending on the nature and circumstances of the termination.

Unamortized bond premiums are reflected as an addition to the outstanding principal balance of the bonds payable and consisted of the following at June 30, 2025 and 2024:

	2025	2024
Unamortized balance, beginning	\$ 54,142,701	\$ 42,477,432
Current year additions	-	20,836,635
Unamortized premium on bonds refunded	-	(2,076,970)
Current year amortization	(6,935,188)	(7,094,396)
Unamortized balance, ending	\$ 47,207,513	\$ 54,142,701

Deferred losses on bond refundings are reflected as deferred outflows of resources in the accompanying statements of net position (deficiency in net position) and consisted of the following at June 30, 2025 and 2024:

	2025	2024
Balance, beginning	\$ 4,006,175	\$ 27,532,338
Current year additions	-	(16,316,755)
Current year refunded	-	(3,729,468)
Current year amortization	(552,722)	(3,479,940)
Balance, ending	\$ 3,453,453	\$ 4,006,175

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Note 8 - Long-term Liabilities

Long-term liabilities at June 30, 2025 consisted of the following:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Bonds payable, par	\$ 1,099,485,453	\$ -	\$ (52,038,595)	\$ 1,047,446,858	\$ 54,362,666
Unamortized premiums	54,142,701	-	(6,935,188)	47,207,513	6,343,146
Total bonds payable	1,153,628,154	-	(58,973,783)	1,094,654,371	60,705,812
Interagency payables	27,344,276	14,961,361	(32,024,321)	10,281,316	6,872,214
Net pension liability	3,987,418	-	(241,223)	3,746,195	-
Office lease payable	1,950,095	-	(237,535)	1,712,560	250,493
Other liabilities					
Compensated absences	288,227	-	(66,799)	221,428	170,171
Total long-term liabilities	<u>\$ 1,187,198,170</u>	<u>\$ 14,961,361</u>	<u>\$ (91,543,661)</u>	<u>\$ 1,110,615,870</u>	<u>\$ 67,998,690</u>

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Long-term liabilities at June 30, 2024 consisted of the following:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Bonds payable, par	\$ 1,135,898,360	\$ 188,820,000	\$ (225,232,907)	\$ 1,099,485,453	\$ 52,038,595
Unamortized premiums	42,477,432	20,836,635	(9,171,366)	54,142,701	6,934,413
Total bonds payable	1,178,375,792	209,656,635	(234,404,273)	1,153,628,154	58,973,008
Interagency payables	18,768,324	49,637,736	(41,061,784)	27,344,276	23,313,107
Net pension liability	3,035,276	952,142	-	3,987,418	-
Office lease payable	2,175,080	-	(224,985)	1,950,095	237,535
Other liabilities					
Compensated absences	291,761	-	(3,534)	288,227	248,525
Total long-term liabilities	<u>\$ 1,202,646,233</u>	<u>\$ 260,246,513</u>	<u>\$ (275,694,576)</u>	<u>\$ 1,187,198,170</u>	<u>\$ 82,772,175</u>

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Note 9 - Net Position

The net investment in capital assets of \$(171,631,899) at June 30, 2025, includes the effect of deferring the recognition of the losses on bond refundings. The \$3,453,453 balance of the deferred outflows of resources on refunding of debt at June 30, 2025 will be amortized to interest expense over the terms of the old trust or new trust agreements, whichever is shorter, which will decrease the unrestricted net position and increase the net investment in capital assets over those periods (see Note 7).

Note 10 - Contingencies

Pending or threatened lawsuits against the Authority arise in the ordinary course of operations. In the opinion of management, no litigation is now pending, or threatened, that would materially affect the Authority's financial position.

Note 11 - Operating Expenses

The Authority's operating expenses for the years ended June 30, 2025 and 2024, on a natural classification basis, are comprised of the following:

	2025	2024
Insurance	\$ 2,099,741	\$ 1,820,788
Compensation	1,588,746	1,508,771
Supplies and service	1,297,566	1,158,126
Pension and OPEB expenses	(207,141)	(182,212)
Depreciation	44,792,198	46,048,579
	<u>\$ 49,571,110</u>	<u>\$ 50,354,052</u>

Note 12 - Retirement Plan

Substantially all Authority full-time non-student employees are covered by the Massachusetts State Employees' Retirement System ("MSERS"). MSERS, a public employee retirement system ("PERS"), is a cost-sharing multi-employer defined benefit plan that is administered by the Massachusetts State Retirement Board. The Commonwealth does not issue separately audited financial statements for the plan. The financial position and results of operations of the plan are incorporated into the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

MSERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws ("MGL") establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

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Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MSERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MSERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Member contributions for MSERS vary depending on the most recent date of membership:

Hire Date	% of Compensation
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to June 30, 1996	8% of regular compensation
July 1, 1996 to present	9% of regular compensation, except for State Police, which is 12% of regular compensation
July 1, 2001 to present	11% of regular compensation (for teacher hired after 7/1/01 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000 except for teachers subject to Chapter 114 of the Acts of 2000

For active Authority employees covered by MSERS, the Authority is not required to make contributions to the Plan. For retired Authority employees, the Commonwealth computes the projected benefit obligation of the retired employee. The Authority is responsible to contribute any shortfall that exists as a result of this computation. The total amount due to the Massachusetts State Retirement Board amounted to \$264,639, \$275,504, and \$283,721 for the years ended June 30, 2025, 2024, and 2023, respectively, which equaled the required contributions each year. Contributions of \$268,639, \$275,504, and \$283,721 were made for the years ended June 30, 2025, 2024, and 2023, respectively.

At June 30, 2025, the Authority reported a liability of \$3,746,195 for its proportionate share of the net pension liability. The State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024. The Authority's proportion of the net pension liability was based on an effective contribution methodology which allocates total contributions amongst the employers in a consistent manner based on an employer's share of total covered payroll. On June 30, 2025, the Authority's proportion was 0.02652%, which is a decrease of 0.00070% from its proportion measured as of June 30, 2024.

At June 30, 2024, the Authority reported a liability of \$3,987,418 for its proportionate share of the net pension liability. The State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. The Authority's proportion of the net pension liability was based on an effective contribution methodology which allocates total contributions amongst the employers in a consistent manner based on an

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employer's share of total covered payroll. On June 30, 2024, the Authority's proportion was 0.02722%, which is an increase of 0.00540% from its proportion measured as of June 30, 2023.

For the years ended June 30, 2025 and 2024, the Authority recognized pension expense of \$193,537 and \$211,586, respectively.

At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 26,884	\$ -
Net difference between projected and actual earnings on pension plan investments	-	48,710
Difference between expected and actual experience	187,757	47,995
Changes in proportion	434,758	259,913
Total	\$ 649,399	\$ 356,618

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2026	\$ (75,424)
2027	291,234
2028	76,965
2029	6
Total	\$ 292,781

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At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 67,015	\$ -
Net difference between projected and actual earnings on pension plan investments	107,313	-
Difference between expected and actual experience	141,645	98,529
Changes in proportion	590,028	344,570
Total	\$ 906,001	\$ 443,099

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024. The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. The pension liability valuations used the following assumptions for both measurement dates, unless otherwise noted:

1. (a) 2.50% inflation rate, (b) 7.0% investment rate of return, (c) 3.5% interest rate credited to the annuity savings fund and (d) 3.0% cost of living increase per year on the first \$13,000 of allowance each year. A discount rate of 4.76% for Low Default Risk Obligation Measure (LDRM) was added to the FY25 pension liability calculation.
2. Salary increases are based on analyses of past experience but range from 4.0% to 9.0% depending on group and length of service.
3. Mortality rates were as follows:
 - (i) Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021, set forward 1 year for females.
 - (ii) Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021, each set forward 1 year for females.
 - (iii) Disability - the mortality rate reflects the post-retirement mortality described above, set forward 1 year.
4. Experience studies were performed as follows:
 - (i) Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

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Investment assets of MSERS are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage.

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2025 and 2024 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return	
		2025	2024
Global Equity	36.00%	4.60%	4.90%
Core Fixed Income	15.00%	2.10%	1.90%
Private Equity	16.00%	7.40%	7.40%
Portfolio Completion Strategies	10.00%	3.70%	3.80%
Real Estate	10.00%	3.90%	3.00%
Value Added Fixed Income	9.00%	5.10%	5.10%
Timberland/ Natural Resources	4.00%	4.40%	4.30%
Total	<u>100.00%</u>		

The discount rate used to measure the total pension liability for both of the measurement years ended June 30, 2024 and 2023 was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Authority's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00% for both of the measurement years ended June 30, 2024 and 2023, respectively, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate for each year:

Measurement year ended	1% decrease	Discount rate	1% increase
June 30, 2023	\$ 5,480,168	\$ 3,987,418	\$ 2,724,159
June 30, 2024	5,262,920	3,746,195	2,463,049

Detailed information about the pension plan's fiduciary net position is available in the Commonwealth's financial statements.

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Note 13 - Retiree Health Plan

The Authority contributes to the Commonwealth's Group Insurance Commission ("GIC"), which manages a single employer defined benefit postemployment healthcare plan for the Commonwealth and other governments within the Commonwealth. GIC provides medical benefits to retired employees of participating governments. Chapter 32A of the General Laws of the Commonwealth of Massachusetts assigns the authority to establish and amend benefit provisions to the GIC board of commissioners. The GIC does not issue separately audited financial statements. The financial position and results of operations of the plan are incorporated into the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

Under Chapter 32A, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth. Substantially all Commonwealth employees may become eligible for these benefits if they reach retirement age and vesting requirements while working for the Commonwealth. Chapter 32A provides that contribution requirements of the plan members and the participating governments are established and may be amended by the GIC. Plan members or beneficiaries receiving benefits contribute anywhere from 0% to 20% depending on entry age.

The Authority's benefit payments for the years ended June 30, 2025, 2024, and 2023, were \$18,690, \$30,647, and \$31,287, respectively.

At December 31, 2024, the Authority's plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	11
Active members	13
Inactive employees	4
Total	28

The Authority established a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and fully funded the plan during fiscal year 2023. Employees are not required to make contributions to the plan. At June 30, 2025 and 2024, the Authority reported net OPEB assets were \$18,544 and \$86,477, respectively.

The components of the net OPEB liability (asset) were as follows:

	2025	2024
Total OPEB liability	\$ 1,172,452	\$ 1,018,041
Plan fiduciary net position	(1,190,996)	(1,104,518)
Net OPEB asset	\$ (18,544)	\$ (86,477)
Plan fiduciary net position as a percentage of the total OPEB liability	101.58%	108.49%

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The Authority's OPEB liability was measured at June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability (asset) was measured by an actuarial valuation as of December 31, 2024 rolled forward to June 30, 2025. The Authority's OPEB liability was measured at June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was measured by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024.

The changes in OPEB liability (assets) for the plan for the year ended June 30, 2025 are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liabilities (Assets) (a) - (b)
Balance at June 30, 2024	\$ 1,018,041	\$ 1,104,518	\$ (86,477)
Changes for the year			
Service cost	30,808	-	30,808
Interest	71,443	-	71,443
Differences between expected and actual experience	(90,170)	-	(90,170)
Changes of assumptions	161,020	-	161,020
Change in measurement date	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income (loss)	-	105,168	(105,168)
Benefit payments, including refunds of member contributions	(18,690)	(18,690)	-
Net changes	154,411	86,478	67,933
Balance at June 30, 2025	<u>\$ 1,172,452</u>	<u>\$ 1,190,996</u>	<u>\$ (18,544)</u>

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The changes in OPEB liability (assets) for the plan for the year ended June 30, 2024 are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liabilities (Assets) (a) - (b)
Balance at June 30, 2023	\$ 891,014	\$ 1,036,791	\$ (145,777)
Changes for the year			
Service cost	27,629	-	27,629
Interest	62,934	-	62,934
Differences between expected and actual experience	(9,085)	-	(9,085)
Changes of assumptions	76,196	-	76,196
Change in measurement date	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income (loss)	-	98,374	(98,374)
Benefit payments, including refunds of member contributions	(30,647)	(30,647)	-
Net changes	127,027	67,727	59,300
Balance at June 30, 2024	\$ 1,018,041	\$ 1,104,518	\$ (86,477)

No employer contributions to the OPEB trust fund were necessary during fiscal year 2025 or 2024. For the years ended June 30, 2025 and 2024, the Authority recognized OPEB expense of \$(400,678) and \$(393,798) respectively. The recognized OPEB expense for both the years ended June 30, 2025 and 2024 are negative due to deferred inflows and outflows resulting in a change in OPEB liability.

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At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 357,608	\$ 2,641,853
Net difference between projected and actual earnings on OPEB plan investments	-	23,189
Differences between expected and actual experience	103,854	216,328
Total	\$ 461,462	\$ 2,881,370

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2026	\$ (512,579)
2027	(528,109)
2028	(528,848)
2029	(523,404)
2030	(68,134)
Thereafter	(258,834)
Total	\$ (2,419,908)

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At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 237,793	\$ 3,183,209
Net difference between projected and actual earnings on OPEB plan investments	11,521	-
Differences between expected and actual experience	114,270	153,862
Total	\$ 363,584	\$ 3,337,071

The total OPEB liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of December 31, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of December 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

1. The following annual healthcare cost trend rates for the year ended June 30, 2025: For GIC non-Medicare plans, 13.27%, 6.85%, 6.57%, 6.29%, then 7.40% decreasing to 4.50% over 10 years. For GIC Medicare plans, 7.36%, 5.24%, 5.19%, 5.14%, then 7.50% decreasing to 4.50% over 9 years.
2. The following annual healthcare cost trend rates for the year ended June 30, 2024: For GIC non-Medicare plans, 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by 0.25 per year, 4.5% ultimate rate. For GIC Medicare plans, -0.50%, 17.22%, 4.99%, 4.99%, then 6.00% decreasing by 0.25 per year to an ultimate rate of 4.5%.
3. The post-retirement mortality rate for both FY25 and FY24 was in accordance with:
 - i. Healthy: PubG-2010 General Healthy Retiree Headcount-Weighted Tables, sex-distinct, projected generationally with Scale MP-2021 for the year ended June 30, 2025.
 - ii. Disabled: PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Tables, sex-distinct, projected generationally with Scale MP-2021 for the year ended June 30, 2025.
 - iii. The underlying table with generational projection to the ages of participants as of the measurement date reasonably reflects the mortality experience of the plan as of the measurement date based on historical and current demographic data. The mortality table was then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.
4. Wage inflation and salary increases of 3.25% for both the years ended June 30, 2025 and 2024.

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5. Discount rate of 7.00% as of June 30, 2025 and 2024 measurement dates.
6. Participation rates:
 - i. 80% of active employees are assumed to elect retiree medical and life insurance coverage.
 - ii. 50% of inactive vested participants are assumed to elect retiree coverage, with benefits assumed to commence at age 60.
 - iii. For future retirees 100% are assumed to be eligible for Medicare and are assumed to enroll in a Plan upon reaching age 65.
7. Actuarial cost method - Entry Age Normal - Level percentage of payroll.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses.

The target allocation as of June 30, 2025 and 2024 and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return	
		2025	2024
Domestic equity	23.50%	5.82%	6.29%
International developed markets equity	9.00%	5.91%	6.39%
International emerging markets equity	3.50%	7.06%	7.63%
Core fixed income	15.00%	1.81%	1.72%
High-yield fixed income	9.00%	3.34%	3.43%
Real estate	10.00%	3.34%	3.24%
Timber	4.00%	3.82%	3.72%
Hedge fund, GTAA, Risk parity	10.00%	2.77%	2.87%
Private equity	16.00%	9.20%	9.43%
Total	100.00%		

The discount rates used to measure the total OPEB liability for both of the measurement years ended June 30, 2025 and 2024 was 7.00%. The OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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The following presents the Authority's net OPEB liability (asset) calculated using the discount rate of 7.0% for both of the measurement years ended June 30, 2025 and 2024, respectively, as well as what the Authority's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for each year:

<u>Measurement year ended</u>	<u>1% decrease</u>	<u>Current discount</u>	<u>1% increase</u>
June 30, 2024	59,140	(86,477)	(205,273)
June 30, 2025	150,406	(18,544)	(156,498)

The discount rates as of both June 30, 2025 and 2024 are as follows: 7.00% (current); 6.00% (1% decrease) and 8.00% (1% increase).

The following presents the Authority's net OPEB liability (asset) calculated using the healthcare cost trend rates of 13.27% and 7.36% for GIC non-Medicare plans and GIC Medicare plans, respectively, for the measurement year ended June 30, 2025 and 8.77% and -0.50% for GIC non-Medicare plans and GIC Medicare plans, respectively, for the measurement year ended June 30, 2024. Additionally, the table includes what the Authority's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for each year:

<u>Measurement year ended</u>	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
June 30, 2024	(226,961)	(86,477)	92,027
June 30, 2025	(173,022)	(18,544)	177,346

(a) The healthcare cost trend rates as of June 30, 2025 are as follows: for GIC non-Medicare plans, 13.27%, 6.85%, 6.57%, 6.29%, then 7.40% decreasing to 4.50% over 10 years. For GIC Medicare plans, 7.36%, 5.24%, 5.19%, 5.14%, then 7.50% decreasing to 4.50% over 9 years.

(b) The healthcare cost trend rates as of June 30, 2024 are as follows: for GIC non-Medicare plans, 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by 0.25 per year, 4.5% ultimate rate. For GIC Medicare plans, -0.50%, 17.22%, 4.99%, 4.99%, then 6.00% decreasing by 0.25 per year, 4.5% ultimate rate.

Note 14 - Leases

The Authority is the lessor of multiple long-term leases to the state universities. These leases include residence halls and other facilities used by students of the Commonwealth's state universities. These obligations may include the costs of periodic renovations and improvements to the residence halls, as well as other major construction performed on campus, which has included athletic field construction and repair.

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The lease receivable was calculated based upon the discounting of the future bond service payments using the average interest rate of the bond issuance associated with that lease. Each University, in accordance with a management and services agreement between the Authority and the Commonwealth of Massachusetts, is charged a revenue assessment that is based on a certified occupancy report, the current rent schedule and the design capacity for each of the residence halls, as well as debt service on instruments issued for dormitory and other major construction projects for the University. This revenue assessment is used by the Authority to pay principal and interest due on its long-term debt obligations and certain Authority operating costs. If the Authority refunds the bonds, any cost savings are passed on to the Universities. Leases expire at various times, as noted in the following chart. The lease term is completed when the final bond payment is made.

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June 30, 2025 and 2024

The following table summarizes the Authority's underlying bonds related to the outstanding significant leases receivable as of June 30, 2025 and 2024:

Bond Debt Series Description	Commencement Date	Lease Term at Commencement (Years)	Lease Amount	Rate Type	Interest Rate	Lease Receivable 6/30/2025	Lease Receivable 6/30/2024
2003B	7/1/2020 *	16.8	Varies	Implicit Rate	5.38% - 5.50%	\$ 41,049,401	\$ 46,041,825
2009C	7/1/2020 *	17.8	Varies	Implicit Rate	4.58% - 5.93%	50,737,168	53,009,823
2010B	7/1/2020 *	17.8	Varies	Implicit Rate	4.89% - 6.54%	14,155,831	15,496,697
2011A	7/1/2020 *	2.8	Varies	Implicit Rate	5.00%	-	1,692,543
2015A	7/1/2020 *	13.8	Varies	Implicit Rate	2.00% - 5.00%	8,100,000	8,645,000
2016A	7/1/2020 *	26.8	Varies	Implicit Rate	4.00% - 5.00%	36,307,814	42,667,456
2017A	7/1/2020 *	14.8	Varies	Implicit Rate	3.00% - 5.00%	11,722,000	12,475,000
2017B	7/1/2020 *	15.8	Varies	Implicit Rate	4.00% - 5.00%	8,095,000	8,535,000
2017D	7/1/2020 *	17.8	Varies	Implicit Rate	4.00% - 5.00%	53,805,000	56,245,000
2019A	7/1/2020 *	16.8	Varies	Implicit Rate	3.00% - 5.00%	8,915,000	9,375,000
2019B	7/1/2020 *	18.8	Varies	Implicit Rate	4.00% - 4.10%	33,120,000	34,150,000
2019C	7/1/2020 *	20.8	Varies	Implicit Rate	1.69% - 3.37%	129,350,076	132,023,064
2020A	7/1/2020 *	26.8	Varies	Implicit Rate	1.04% - 3.07%	273,906,182	275,282,641
2021A	7/1/2021 *	28.8	Varies	Implicit Rate	2.00% - 5.00%	15,765,000	16,135,000
2021B	7/1/2021 *	18.8	Varies	Implicit Rate	2.00% - 5.00%	1,195,000	1,250,000
2022A	7/1/2021 *	29.8	Varies	Implicit Rate	4.00% - 5.00%	66,382,457	69,115,936
2023A	7/1/2023	19.8	Varies	Implicit Rate	3.25% - 5.00%	2,655,000	2,750,000
2024A	7/1/2023	14.8	Varies	Implicit Rate	5.00%	108,537,648	116,375,264
						<u>\$ 863,798,577</u>	<u>\$ 901,265,249</u>

* These dates represent the date of implementation of GASB 87.

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June 30, 2025 and 2024

For the year ended June 30, 2025, the Authority recognized \$82,062,921 in lease revenue and \$39,626,714 in lease interest revenue. For the year ended June 30, 2024, the Authority recognized \$70,708,552 in lease revenue and \$38,451,473 in lease interest revenue.

Future payments due to the Authority under the lease agreements with the state universities are as follows for the years ending June 30:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 40,527,086	\$ 38,219,894	\$ 78,746,980
2027	42,603,043	36,723,432	79,326,475
2028	42,629,095	38,007,466	80,636,561
2029	48,238,396	27,233,252	75,471,648
2030	50,707,381	25,240,326	75,947,707
2031-2035	261,717,793	96,698,644	358,416,437
2036-2040	256,086,542	48,120,858	304,207,400
2041-2045	94,451,809	10,820,062	105,271,871
2046-2050	25,951,103	1,912,764	27,863,867
2051-2053	886,329	22,530	908,859
Total	\$ 863,798,577	\$ 322,999,228	\$ 1,186,797,805

On October 24, 2019, the Authority entered into a lease agreement with an unrelated third party for office space located in Boston, Massachusetts commencing on March 1, 2020. The leased area is approximately 5,319 square feet. The lease provides for a minimum annual base rent of \$276,588 for the initial year (fiscal year 2021) of the lease agreement and increases \$1 per rentable square foot per year, ultimately increasing to \$329,776 in year eleven of the lease term. The initial year base rent reflects a one-month free rent period. The lease is for 132 months and expires in February 2031. The Authority is also required to pay, as additional rent, its pro rata share of real estate tax and operating expense escalations, as specified in the lease agreement.

During fiscal year 2022, the Authority adopted GASB 87 - *Leases*. Under the GASB standard, the Authority recognized the lease as a right of use asset and an operating lease liability on the statements of net position (deficiency in net position). The adoption required the lease liability to be measured at the present value of payments expected to be made during the lease term. The present value was calculated using an estimated incremental borrowing rate of 3.25%. Lease payments are allocated between interest expense and a reduction to the lease liability. As of June 30, 2025 and 2024, the lease liability balance was \$1,712,560 and \$1,950,095, respectively.

The right of use asset is measured as the initial amount of the lease liability, adjusted for certain lease allowances or other items. The lease asset was valued at \$2,751,297 at July 1, 2020. The lease asset is amortized on a straight-line basis, over the remaining useful life of the lease. As of June 30, 2025 and 2024, the lease asset, net of amortization, was \$1,500,707, and \$1,750,825, respectively. Amortization expenses for both of the years ended June 30, 2025 and 2024 were \$250,118. The reduction to lease liability was \$237,535 and \$224,985 for the years ended June 30, 2025 and 2024, respectively, along with lease interest expense of \$62,813, and \$70,044 for 2025 and 2024,

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**Notes to Financial Statements
June 30, 2025 and 2024**

respectively. For the years ended June 30, 2025 and 2024, additional rent amounted to \$21,819 and \$18,305, respectively.

The minimum annual lease payments, allocated between lease interest expense and the reduction of the operating lease liability, for subsequent fiscal years through maturity in February 2031 are as follows:

Year ending June 30	Lease Liability	Lease Interest	Total
2026	\$ 250,493	\$ 55,174	\$ 305,667
2027	263,872	47,114	310,986
2028	277,687	38,618	316,305
2029	291,950	29,674	321,624
2030	306,676	20,267	326,943
2031	321,882	10,380	332,262
	\$ 1,712,560	\$ 201,227	\$ 1,913,787

On June 30, 2023, the Authority entered into a lease agreement with Carbon Health Medical Group of Florida ("Carbon Health") to lease approximately 2,395 square feet of space at the Massachusetts College of Arts and Design ("MCAD") for the purpose of operating a student health services clinic. The lease is for an initial period conterminous with a three-year Student Health Service Agreement, with options to extend until 2037.

The Authority has entered into an agreement with MCAD, whereby the Massachusetts College of Pharmacy and Health Services ("MCPHS") and Carbon Health lease payments will be made on a semiannual basis directly to MCAD, as payment of rent, and held in MCAD's residence hall trust fund and shall be used by MCAD for the operation of the leased property in a similar manner in which residence hall fees are used by the University and the Authority. In accordance with the lease agreement, Carbon Health paid MCAD \$34,727 and \$33,530 during fiscal years 2025 and 2024, respectively. The Authority assesses annual obligations to MCAD, which includes the pro rata share of the building occupied by Carbon Health, on the same debt assessment basis the Authority uses for their other residence halls.

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June 30, 2025 and 2024**

Note 15 - Subsequent Events

On July 30, 2025, the Authority issued Series 2025A, \$50,035,000 in new Project and Refunding Revenue Bonds. The proceeds from the Series 2025A Bonds included project funds of \$10,280,000 to finance capital improvements at Massachusetts Maritime Academy and Westfield State University. The remaining proceeds of Series 2025A refunded a portion of the Authority's outstanding 2015A and 2016A bonds, resulting in net present value savings of \$2,072,051.

Required Supplementary Information

**Massachusetts State College Building Authority
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Supplementary Information

**Schedule of the Authority's Proportionate Share of the
Net Pension Liability of the Commonwealth of Massachusetts
June 30, 2025**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the collective net pension liability	0.02652%	0.02722%	0.0218%	0.0249%	0.0251%	0.0269%	0.0312%	0.0299%	0.0262%	0.0289%
Authority's proportionate share of the collective net pension liability	\$ 3,746,195	\$ 3,987,418	\$ 3,035,276	\$ 2,593,803	\$ 4,302,195	\$ 3,935,112	\$ 4,121,111	\$ 3,828,162	\$ 3,612,661	\$ 3,286,731
Authority's covered-employee payroll	\$ 1,933,442	\$ 1,864,917	\$ 1,788,535	\$ 1,684,806	\$ 1,512,594	\$ 1,537,249	\$ 1,705,680	\$ 1,787,296	\$ 1,704,399	\$ 1,459,312
Authority's proportionate share of the collective net pension liability as a percentage of its covered payroll	193.76%	213.81%	169.71%	180.16%	171.48%	279.86%	241.61%	214.19%	211.96%	225.22%
Plan fiduciary net position as a percentage of the total pension liability	72.90%	70.71%	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%

* The amounts presented for each fiscal year were determined as of 6/30.

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

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Supplementary Information

**Schedule of Authority Pension Contributions
June 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 264,639	\$ 275,504	\$ 283,721	\$ 211,499	\$ 203,754	\$ 215,188	\$ 134,295	\$ 115,941	\$ 115,941	\$ 115,955
Contributions in relation to the contractually required contribution	<u>(268,639)</u>	<u>(275,504)</u>	<u>(283,721)</u>	<u>(211,499)</u>	<u>(203,754)</u>	<u>(215,188)</u>	<u>(134,295)</u>	<u>(115,941)</u>	<u>(115,941)</u>	<u>(115,955)</u>
Contribution deficiency (excess)	<u>\$ (4,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 1,933,442	\$ 1,935,715	\$ 1,788,535	\$ 1,684,806	\$ 1,512,594	\$ 1,537,249	\$ 1,705,680	\$ 1,787,296	\$ 1,704,399	\$ 1,459,312
Contributions as a percentage of covered payroll	13.89%	14.23%	15.86%	12.55%	13.47%	14.00%	7.87%	6.49%	6.80%	7.95%

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

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Supplementary Information

**Schedule of Changes in the Authority's Net OPEB Liability (Asset) and Related Ratios
June 30, 2025**

	2025	2024	2023	2022	2021	2020	2019
Total OPEB Liability (Asset):							
Service cost	\$ 30,808	\$ 27,629	\$ 31,287	\$ 106,288	\$ 103,730	\$ 94,823	\$ 244,646
Interest	71,443	62,934	66,940	40,425	58,628	56,145	239,294
Differences between expected and actual experience	(90,170)	(9,085)	135,102	-	(249,271)	-	(5,391,656)
Changes of assumptions	161,020	76,196	(245,702)	(822,614)	187,964	93,930	-
Benefits payments, including refunds of employee contributions	(18,690)	(30,647)	(42,505)	(35,512)	(29,927)	(29,317)	(137,071)
Net change in total OPEB Liability (Asset)	154,411	127,027	(54,878)	(711,413)	71,124	215,581	(5,044,787)
Total OPEB Liability (Asset) - beginning	1,018,041	891,014	945,892	1,657,305	1,586,181	1,370,600	6,415,387
Total OPEB Liability (Asset) - end (a)	<u>\$ 1,172,452</u>	<u>\$ 1,018,041</u>	<u>\$ 891,014</u>	<u>\$ 945,892</u>	<u>\$ 1,657,305</u>	<u>\$ 1,586,181</u>	<u>\$ 1,370,600</u>
Plan fiduciary net position:							
Contributions - employer	\$ -	\$ -	\$ 342,505	\$ 785,512	\$ 29,317	\$ 29,317	\$ 137,071
Net investment income	105,168	98,374	51,142	(64,351)	-	-	-
Benefits payments, including refunds of employee contributions	(18,690)	(30,647)	(42,505)	(35,512)	(29,317)	(29,317)	(137,071)
Net change in plan Fiduciary Net Position	86,478	67,727	351,142	685,649	-	-	-
Plan Fiduciary Net Position - beginning	1,104,518	1,036,791	685,649	-	-	-	-
Plan Fiduciary Net Position - end (b)	<u>\$ 1,190,996</u>	<u>\$ 1,104,518</u>	<u>\$ 1,036,791</u>	<u>\$ 685,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability (Asset) - end (a) - (b)	<u>\$ (18,544)</u>	<u>\$ (86,477)</u>	<u>\$ (145,777)</u>	<u>\$ 260,243</u>	<u>\$ 1,657,305</u>	<u>\$ 1,586,181</u>	<u>\$ 1,370,600</u>
Plan Fiduciary Net Position as a percentage of Total OPEB Liability (Asset)	101.58%	108.49%	116.36%	72.49%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 1,933,442	\$ 1,935,715	\$ 1,788,535	\$ 1,684,806	\$ 1,512,594	\$ 1,537,249	\$ 1,705,680
Plan Net OPEB Liability (Asset) as a percentage of covered employee payroll	-0.96%	-4.47%	-8.15%	15.45%	109.57%	103.18%	80.36%

* The amounts presented for each fiscal year were determined as of 6/30.

** This schedule is intended to present 10 years of data. Additional years will be presented when available.

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

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Supplementary Information

**Schedule of Authority OPEB Contributions
June 30, 2025**

The plan has been pay-as-you-go up until June 30, 2022. The Massachusetts State College Building Authority established a formal trust in the fiscal year ended June 30, 2022. The Massachusetts State College Building Authority's current funding policy is not tied directly to the actuarially determined OPEB liability. As such, there was no Actuarially Determined Contribution calculated.

**Massachusetts State College Building Authority
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**Notes to Required Supplementary Information
June 30, 2025**

Note 1 - Changes in net pension benefit terms and assumptions

FY2025 (Measurement Date of June 30, 2024) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2025.

Changes in assumptions

None in 2025.

FY2024 (Measurement Date of June 30, 2023) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2024.

Changes in assumptions

Pre and post-retirement mortality rates were set using the table projected generationally with Scale MP-2021, from MP-2020 in FY2023.

FY2023 (Measurement Date of June 30, 2022) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2023.

Changes in assumptions

The inflation rate changed to 2.5% from 0%.

FY2022 (Measurement Date of June 30, 2021) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2022.

Changes in assumptions

The investment rate of return changed to 7.00% from 7.15%.

FY2021 (Measurement Date of June 30, 2020) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2021.

Changes in assumptions

The investment rate of return changed to 7.15% from 7.25%.

**Massachusetts State College Building Authority
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**Notes to Required Supplementary Information
June 30, 2025**

FY2020 (Measurement Date of June 30, 2019) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2020.

Changes in assumptions

The investment rate of return changed to 7.25% from 7.35%.

FY2019 (Measurement Date of June 30, 2018) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2019.

Changes in assumptions

The investment rate of return changed to 7.35% from 7.5%.

The mortality assumption changed as follows:

- Disability - was changed to reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016 set forward 1 year for females from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2015 (gender distinct).

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**Notes to Required Supplementary Information
June 30, 2025**

Note 2 - Changes in net OPEB benefit terms and assumptions

FY2025 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2025.

Changes in assumptions

The healthcare cost trend rates for GIC non-Medicare Plans were adjusted as follows:

June 30, 2025: 13.27%, 6.85%, 6.57%, 6.29%, then 7.40% decreasing to 4.50% over 10 years.

June 30, 2024: 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by 0.25 per year, 4.5% ultimate rate.

The healthcare cost trend rates for GIC Medicare Plans were adjusted as follows:

June 30, 2025: 7.36%, 5.24%, 5.19%, 5.14%, then 7.50% decreasing to 4.50% over 9 years.

June 30, 2024: -0.50%, 17.22%, 4.99%, 4.99%, then 6.00% decreasing by 0.25 per year, 4.5% ultimate rate.

FY2024 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2024.

Changes in assumptions

The year 2 rate of the health care trend rates under GIC Medicare plans increased from 6.79% to 17.22%.

FY2023 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2023.

Changes in assumptions

The payroll growth rate and salary increases were increased to 3.25% from 3.00%.

FY2022 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2022.

Changes in assumptions

The discount rate was increased to 7.00% from 2.16%.

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**Notes to Required Supplementary Information
June 30, 2025**

FY2021 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2021.

Changes in assumptions

The discount rate was decreased to 2.16% from 2.21%.

FY2020 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2020.

Changes in assumptions

The discount rate was decreased to 2.21% from 3.50%.

FY2019 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2019.

Changes in assumptions

The discount rate was decreased to 3.50% from 3.87%.

FY2018 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2018.

Changes in assumptions

The methodology was changed such that liabilities were calculated separately from the Commonwealth.

The turnover, disability and pre-retirement mortality assumptions were eliminated and the retirement assumption was revised.

The per-capita claim costs were updated.

The trend assumptions were revised.

The discount rate was increased to 3.87% from 3.63%.

The mortality assumption changed as follows:

- Post-retirement - was changed to reflect the RP-2014 Healthy Annuitant Mortality table projected generationally using Scale MP-2018, gender distinct from RP-2014 Blue Collar Healthy Annuitant Mortality table projected generationally using Scale MP-2016 and set forward 1 year for females.

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**Notes to Required Supplementary Information
June 30, 2025**

The participation rate assumptions changed to the following:

- 80% of active employees are assumed to elect retiree medical and life insurance coverage. 100% of all retirees who currently have health care coverage will continue with the same coverage, except those with POS/PPO coverage, 85% are assumed to move into the indemnity plan and 15% are assumed to move into the HMO.
- All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- 40% of future retirees are assumed to elect a GIC indemnity plan upon retirement, 50% are assumed to elect a POS/PPO plan upon retirement and 10% are assumed to elect a GIC HMO plan. 100% of future retirees are assumed to be eligible for Medicare, with 85% electing a GIC indemnity plan upon reaching age 65 and 15% electing a GIC HMO plan upon reaching age 65.

The participation rate assumptions were formerly:

- 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over age 65 with POS/PPO coverage switch to HMO.
- All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- 80% of current and future contingent eligible participants will elect health care benefits at age 65, or current age if later.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	Retirement Age	
	Under 65	Age 65 +
Indemnity	40%	85%
POS/PPO	50%	0%
HMO	10%	15%

Note 3 - Significant methods and assumptions used in calculating the actuarially determined calculations

The total OPEB liability (asset) for the June 30, 2025 and 2024 measurement dates was determined by an actuarial valuation as of December 31, 2024 and 2022, respectively, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

1. The following annual healthcare cost trend rates for the year ended June 30, 2025: For GIC non-Medicare plans, 13.27%, 6.85%, 6.57%, 6.29%, then 7.40% decreasing to 4.50% over 10 years. For GIC Medicare plans, 7.36%, 5.24%, 5.19%, 5.14%, then 7.50% decreasing to 4.50% over 9 years.

Massachusetts State College Building Authority
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Notes to Required Supplementary Information
June 30, 2025

2. The following annual healthcare cost trend rates for the year ended June 30, 2024: For GIC non-Medicare plans, 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by 0.25 per year, 4.5% ultimate rate. For GIC Medicare plans, -0.50%, 17.22%, 4.99%, 4.99%, then 6.00% decreasing by 0.25 per year to an ultimate rate of 4.5%.
3. The post-retirement mortality rate for both FY25 and FY24 was in accordance with:
 - i. Healthy: PubG-2010 General Healthy Retiree Headcount-Weighted Tables, sex-distinct, projected generationally with Scale MP-2021 for the year ended June 30, 2025.
 - ii. Disabled: PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Tables, sex-distinct, projected generationally with Scale MP-2021 for the year ended June 30, 2025.
 - iii. The underlying table with generational projection to the ages of participants as of the measurement date reasonably reflects the mortality experience of the plan as of the measurement date based on historical and current demographic data. The mortality table was then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.
4. Wage inflation and salary increases of 3.25% for both the years ended June 30, 2025 and 2024.
5. Discount rate of 7.00% as of June 30, 2025 and 2024 measurement dates.
6. Participation rates:
 - i. 80% of active employees are assumed to elect retiree medical and life insurance coverage.
 - ii. 50% of inactive vested participants are assumed to elect retiree coverage, with benefits assumed to commence at age 60.
 - iii. For future retirees 100% are assumed to be eligible for Medicare and are assumed to enroll in a Plan upon reaching age 65.
7. Actuarial cost method - Entry Age Normal - Level percentage of payroll.

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Supplementary Information

**Statistical Information (Unaudited)
June 30, 2025**

Schedule of Net Position (Deficiency) by Category

	<u>2016</u>	<u>2017</u>	<u>2018</u> (as restated)	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u> (as restated)	<u>2023</u>	<u>2024</u>	<u>2025</u>
Net investment in capital assets	\$ (26,837,719)	\$ (23,187,500)	\$ (29,027,598)	\$ (44,021,651)	\$ (52,345,420)	\$ (93,721,552)	\$ (142,427,617)	\$ (131,117,106)	\$ (133,097,606)	\$ (171,631,911)
Unrestricted	<u>(856,119)</u>	<u>(17,484,620)</u>	<u>(13,656,989)</u>	<u>2,888,291</u>	<u>22,020,820</u>	<u>65,348,711</u>	<u>136,936,714</u>	<u>160,271,918</u>	<u>191,372,896</u>	<u>268,210,211</u>
Total Net Position (Deficiency)	<u>\$ (27,693,838)</u>	<u>\$ (40,672,120)</u>	<u>\$ (42,684,587)</u>	<u>\$ (41,133,360)</u>	<u>\$ (30,324,600)</u>	<u>\$ (28,372,841)</u>	<u>\$ (5,490,903)</u>	<u>\$ 29,154,812</u>	<u>\$ 58,275,290</u>	<u>\$ 96,578,300</u>

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Supplementary Information

**Statistical Information (Unaudited)
June 30, 2025**

Changes in Net Position

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
			(as restated)							
Operating Revenue										
Income from assessments	\$ 76,187,363	\$ 85,979,296	\$ 87,755,221	\$ 90,613,525	\$ 92,150,894	\$ 88,821,995	\$ 109,096,779	\$ 107,168,320	\$ 103,960,931	\$ 118,961,773
Other miscellaneous revenue	943,094	549,270	452,204	158,783	345,339	184,815	415,422	128,645	967,320	805,062
Total operating revenue	77,130,457	86,528,566	88,207,425	90,772,308	92,496,233	89,006,810	109,512,201	107,296,965	104,928,251	119,766,835
Non-Operating Revenue										
Net investment income (loss)	15,374,812	7,981,303	10,053,652	14,950,924	12,369,469	1,698,121	(4,406,631)	2,974,146	5,015,498	4,797,473
Interest income - interagency	-	-	-	-	7,291,176	5,398,320	5,746,687	4,143,735	6,814,784	1,631,870
Transfers (to)/from State Universities	7,056,055	421,418	498,508	585,251	(495,898)	(66,254)	4,011,129	11,448,038	5,464,564	658,018
Build America Bonds interest subsidy	2,200,443	2,201,230	2,198,010	2,181,789	2,147,963	1,461,387	1,482,780	1,970,806	1,555,394	1,760,006
Gain (loss) on sale of assets	-	-	-	-	-	213,031	(520,621)	-	-	-
Miscellaneous nonoperating revenue	99,082	49,691	70,350	26,061	9,112	69,870	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-	-
Total non-operating revenue	24,730,392	10,653,642	12,820,520	17,744,025	21,321,822	8,774,475	6,313,344	20,536,725	18,850,240	8,847,367
Total Revenue	101,860,849	97,182,208	101,027,945	108,516,333	113,818,055	97,781,285	115,825,545	127,833,690	123,778,491	128,614,202
Operating Expenses										
Insurance costs	(1,024,658)	(1,086,763)	(1,160,311)	(1,188,922)	(1,255,933)	(1,512,604)	(1,530,011)	(1,644,878)	(1,820,788)	(2,099,741)
Authority operating expenses	(2,312,194)	(2,338,033)	(2,490,233)	(2,713,867)	(2,120,278)	(2,358,521)	(2,441,072)	(2,369,421)	(2,666,897)	(2,886,312)
Depreciation	(41,762,241)	(43,333,694)	(44,346,059)	(45,099,077)	(45,007,554)	(45,963,988)	(45,585,151)	(45,744,654)	(46,048,579)	(44,792,198)
Amortization of deferred loss (gain) on receivables	-	-	-	-	-	(42,612)	(277,471)	-	-	-
Other expenses	(46,879)	-	(106,166)	(12,983)	(221,551)	(134,281)	843,835	583,990	182,212	207,141
Total operating expenses	(45,145,972)	(46,758,490)	(48,102,769)	(49,014,849)	(48,605,316)	(50,012,006)	(48,989,870)	(49,174,963)	(50,354,052)	(49,571,110)
Non-operating expenses										
Interest expense	(54,345,047)	1,968,378	(54,281,857)	(57,085,975)	(52,979,652)	(43,549,368)	(42,817,906)	(44,000,467)	(42,789,516)	(40,726,158)
Bond issuance costs	(1,058,566)	(655,786)	(655,786)	(864,282)	(1,424,327)	(2,268,147)	(1,135,831)	(12,544)	(1,514,445)	(13,924)
Total non-operating expenses	(55,403,613)	1,312,592	(54,937,643)	(57,950,257)	(54,403,979)	(45,817,515)	(43,953,737)	(44,013,011)	(44,303,961)	(40,740,082)
Total Expenses	(100,549,585)	(45,445,898)	(103,040,412)	(106,965,106)	(103,009,295)	(95,829,521)	(92,943,607)	(93,187,974)	(94,658,013)	(90,311,192)
Increase (decrease) in net position	\$ 1,311,264	\$ 51,736,310	\$ (2,012,467)	\$ 1,551,227	\$ 10,808,760	\$ 1,951,764	\$ 22,881,938	\$ 34,645,716	\$ 29,120,478	\$ 38,303,010

* Prior to 2020, the amounts presented for net investment income and interest income - interagency were combined under net investment income.

See Independent Auditor's Report on Page 2.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

Supplementary Information

**Statistical Information (Unaudited)
June 30, 2025**

Room Rates of Residence Facilities

<u>Institution</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bridgewater	\$6,940-8,080	\$7,220-\$8,400	\$7,510-8,862	\$7,698-9,128	\$7,948-9,425	\$8,099-10,024	\$8,100-10,220	\$8,140-10,480	\$8,301-10,691	\$8,384-11,279
Fitchburg	\$5,440-6,840	\$5,770-\$7,900	\$6,044-8,273	\$6,331-8,666	\$6,331-9,034	\$6,600-10,000	\$6,600-10,000	\$6,998-10,484	\$6,998-10,484	\$7,138-10,694
Framingham	\$6,680-9,280	\$6,980-\$9,580	\$7,280-9,880	\$7,560-10,160	\$7,840-10,440	\$8,040-13,640	\$8,040-13,640	\$8,040-13,640	\$8,280-13,880	\$8,500-14,100
Mass. College of Art	\$8,350-11,670	\$8,560-\$12,807	\$8,820-12,320	\$9,261-13,378	\$9,358-13,378	\$8,944-13,860	\$9,210-14,280	\$9,490-14,710	\$9,780-15,150	\$10,073-15,605
Mass. College of Liberal Arts	\$5,500-5,700	\$5,750-\$5,950	\$6,050-6,250	\$5,000-6,550	\$5,000-6,850	\$6,900-7,196	\$7,040-7,340	\$7,300-8,400	\$8,200-9,400	\$8,800-10,500
Mass. Maritime Academy	\$6,790	\$7,130	\$7,340	\$7,560	\$7,790	\$8,004	\$8,200	\$8,410	\$8,662	\$8,921
Salem	\$7,280-10,320	\$7,570-\$10,730	\$7,870-11,160	\$8,110-11,490	\$8,350-11,820	\$8,680-12,530	\$8,680-12,000	\$8,897-12,013	\$9,208-12,800	\$9,484-13,184
Westfield	\$5,730-8,680	\$5,940-\$9,000	\$6,110-9,260	\$4,380-9,540	\$4,510-9,830	\$6,800-10,120	\$7,700-9,700	\$8,300-10,300	\$8,550-10,550	\$8,810-11,810
Worcester	\$7,270-8,370	\$7,485-\$8,585	\$7,646-8,746	\$7,778-8,878	\$7,778-8,878	\$7,878-9,278	\$7,878-9,278	\$8,098-9,498	\$8,098-9,498	\$8,400-11,200

See Independent Auditor's Report on Page 2.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

Supplementary Information

**Statistical Information (Unaudited)
June 30, 2025**

Occupancy as a Percentage of Design Capacity at Residence Facilities

<u>State University</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
Bridgewater	97%	96%	95%	95%	96%	37%	81%	89%	91%	92%
Fitchburg	101%	96%	92%	85%	76%	50%	58%	52%	58%	57%
Framingham	98%	94%	93%	90%	88%	33%	64%	64%	63%	64%
Mass. College of Art and Design	98%	99%	99%	96%	100%	65%	98%	101%	100%	99%
Mass. College of Liberal Arts	79%	77%	74%	71%	73%	46%	43%	42%	43%	38%
Mass. Maritime Academy	101%	105%	102%	102%	101%	57%	95%	87%	79%	88%
Salem	100%	96%	96%	90%	79%	37%	63%	79%	76%	79%
Westfield	102%	99%	94%	86%	82%	38%	66%	66%	62%	65%
Worcester	94%	92%	96%	96%	96%	50%	78%	84%	84%	81%
Average Occupancy	98%	96%	94%	91%	88%	43%	71%	74%	74%	75%

See Independent Auditor's Report on Page 2.

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board
Massachusetts State College Building Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the fiduciary fund of the Massachusetts State College Building Authority (a component unit of the Commonwealth of Massachusetts) (the "Authority") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 29, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Sacramento, California
January 29, 2026



Independent Member of Nexia

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BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Series 2026A Bonds. The Series 2026A 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 Series 2026A Bond certificate will be issued for each maturity of the Series 2026A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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. 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 rating of AA+ from S&P. 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 and www.dtc.org.

Purchases of Series 2026A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2026A Bond ("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 Series 2026A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2026A Bonds, except in the event that use of the book-entry system for the Series 2026A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026A 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 Series 2026A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026A 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 the Series 2026A Bonds may wish to take certain steps to augment transmission to them of significant events with respect to the Series 2026A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2026A Bonds may wish to ascertain that the nominee holding the Series 2026A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

APPENDIX C

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2026A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Series 2026A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2026A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority 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 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 nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent 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.

DTC may discontinue providing its services as depository with respect to the Series 2026A Bonds at any time by giving reasonable notice to Authority or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2026A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2026A Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but neither the Authority nor the Underwriter takes responsibility for the accuracy thereof.

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SUMMARY OF LEGAL DOCUMENTS

The following is a summary of certain provisions of the Trust Agreement and the Contract, including certain terms used in the Trust Agreement and Contract not used elsewhere in this Official Statement. This summary does not purport to be complete and reference is made to the Trust Agreement and Contract for full and complete statements of such and all provisions.

DEFINITIONS OF CERTAIN TERMS

“Account or Accounts” means each account or all of the accounts established by the Trust Agreement.

“Accreted Value” means with respect to any Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth in the applicable Supplemental Trust Agreement and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Accreted Values for such Valuation Dates. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of twelve 30-day months.

“Agency Obligations” means 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.

“Amortized Value,” when used with respect to Investment Obligations 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 Investment Obligation was purchased by the number of days remaining to maturity on such Investment Obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase, and (1) in the case of an Investment Obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (2) in the case of an Investment Obligation purchased at a discount by adding the product thus obtained to the purchased price.

“Appreciated Value” means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Trust Agreement authorizing such Deferred Income Bond, (ii) as of any date prior to the Interest Commencement Date, other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date shall be calculated on the basis of a 360-day year of twelve 30-day months.

“Appropriations” means amounts made available for expenditure on behalf of a State University pursuant to an appropriation or other spending authorization by the General Court of the Commonwealth and amounts otherwise available for expenditure by the BHE on behalf of such State University, including without limitation retained tuition payments, if any.

“Authorized Newspaper” means *The Bond Buyer* or a newspaper customarily published at least once a day for at least five days (other than legal holidays) in each week, printed in the English language and of general circulation in New York, New York.

APPENDIX D

“Authorized Officer” means the Chairman, Vice Chairman, Secretary-Treasurer, Assistant Secretary-Treasurer or Executive Director of the Authority, and when used with reference to an act or document of the Authority also means any other person authorized by resolution of the Authority to perform the act or sign the document in question.

“Bond Counsel” means any lawyer or firm of lawyers nationally recognized in the field of municipal finance and satisfactory to the Authority.

“Bondowner” or “Owner” or “Owner of Bonds” or any similar term means any person who shall be the registered owner of any Outstanding Bond or Bonds.

“Bond” means any bond authenticated and delivered under the Trust Agreement.

“Business Day” means any day that is not a Saturday, Sunday or legal holiday in the Commonwealth or a day on which banks in Boston, Massachusetts, are authorized or required by law or executive order to close.

“Campus Project” means any Project financed with Bonds issued after 1998.

“Campus Project Capital Improvement Reserve Accounts” means, collectively, the Bridgewater State University Capital Improvement Reserve Account, the Framingham State University Capital Improvement Reserve Account, the Fitchburg State University Capital Improvement Reserve Account, the Massachusetts College of Art and Design Capital Improvement Reserve Account, the Salem State University Capital Improvement Reserve Account, the Westfield State University Capital Improvement Reserve Account and the Worcester State University Capital Improvement Reserve Account of such names established by the Trust Agreement and any additional Capital Improvement Reserve Account established by the Authority pursuant to the Trust Agreement with respect to a State University in connection with the financing of a Campus Project.

“Campus Residence Hall Project” means a Campus Project that is a residence hall.

“Capital Appreciation Bond” means any Bond as to which interest is payable only at the maturity or prior redemption of such Bond. For the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity or (ii) computing the principal amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Trust Agreement for any purpose whatsoever, unless otherwise provided in the Supplemental Trust Agreement authorizing Bonds which are Capital Appreciation Bonds, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

“Capital Improvements” means improvements, enlargements, betterments, alterations, extensions, renewals and replacements of one or more Projects, including land, equipment and other real or personal property, which are properly chargeable (whether or not so charged by the Authority), under generally accepted accounting principles, as additions to capital accounts.

“Capital Improvements Budget” means a budget (i) showing all projected disbursements from the Project Fund and Capital Improvement Reserve Fund and, to the extent provided by the Authority, any other fund or account under or outside the Trust Agreement, as well as the sources of moneys projected to be available to meet the same and (ii) identifying the Capital Improvements to be undertaken, the nature of the work, the estimated cost thereof and the estimated completion date of each Capital Improvement.

“Commissioner” means the Commissioner of Higher Education of the Commonwealth.

“Commonwealth-owned Project” means a Project with respect to which the Authority has neither legal title nor a leasehold interest.

“Comptroller” means Comptroller of the Commonwealth.

“Contract” shall mean the Contract for Financial Assistance, Management and Services dated as of February 1, 2003 between the Commonwealth, acting by and through the BHE, and the Authority, together with all amendments thereto.

“Counsel’s Opinion” or “Opinion of Counsel” means an opinion signed by Bond Counsel or an attorney or firm of attorneys of recognized standing (who may be counsel to the Authority) selected by the Authority.

“Credit Facility” means an irrevocable letter of credit, surety bond, loan agreement or other agreement, facility or insurance or guaranty arrangement issued or extended by a Qualified Institution, pursuant to which the Authority is entitled to obtain moneys to pay the principal, purchase price or Redemption Price of Bonds due in accordance with their terms or tendered for purchase or redemption, plus accrued interest thereon to the date of payment, purchase or redemption thereof, in accordance with the Trust Agreement, whether or not the Authority is in default under the Trust Agreement.

“Debt Service” for any period means, as of any date of calculation and with respect to the Outstanding Bonds of any Series, an amount equal to the sum of (i) interest accruing during such period on Outstanding Bonds of such Series and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series or, if (a) there shall be no such preceding Principal Installment due date or (b) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever date is later. Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof. For purposes of this definition, the principal and interest portions of the Accreted Value of a Capital Appreciation Bond and the Appreciated Value of a Deferred Income Bond becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments only during the year such amounts become due for payment unless otherwise provided in the applicable Supplemental Trust Agreement. Debt Service shall include costs of Credit Facilities and reimbursement to Providers of Credit Facilities, in each case if and to the extent payable from the applicable Debt Service Fund. Debt Service on Bond Anticipation Notes shall not include any Principal Installments thereon.

“Debt Service Reserve Fund Requirement” means zero. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Debt Service Reserve Fund Requirement.”

“Defeasance Obligations” means and includes any of the following securities, to the extent investment in such securities by the Authority is authorized under applicable law:

- (i) direct obligations of the United States of America;
- (ii) interest-only strips of the Resolution Funding Corporation;
- (iii) pre-refunded municipal bonds rated Aaa by Moody’s Investors Service and AAA by Standard & Poor’s Ratings Service; or
- (iv) obligations issued by the following agencies that are backed by the full faith and credit of the United States of America: Export-Import Bank (direct obligations or fully guaranteed certificates of beneficial ownership), Farmers Home Administration, Federal Financing Bank, General Services Administration (participation certificates), Maritime Administration (guaranteed Title XI financing), Department of Housing and Urban Development (project notes, local authority bonds and new communities debentures).

“Deferred Income Bond” means any Bond (i) as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is (a) compounded on each Valuation Date for such Deferred Income Bond and (b) payable only at the maturity or prior redemption of such Bonds and (ii) as to which interest accruing after the Interest Commencement Date is payable on the first interest payment date immediately succeeding the Interest Commencement Date and periodically thereafter on the dates set forth in the Supplemental Trust Agreement authorizing such Deferred

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Income Bond. For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity or (ii) computing the principal amount of Bonds held by the registered owner of a Deferred Income Bond in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Trust Agreement for any purposes whatsoever, unless otherwise provided in the Supplemental Trust Agreement authorizing such Deferred Income Bond, the principal amount of a Deferred Income Bond shall be deemed to be its Appreciated Value.

“Fiduciary” or “Fiduciaries” means the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

“Fiscal Year” means that period beginning on the first day of July of any year and ending on the last day of June of the subsequent year or, at the option of the Authority, any other period of twelve consecutive calendar months selected by the Authority in a written instrument delivered to the Trustee as the Fiscal Year of the Authority.

“Framingham Contract” means the Contract for Financial Assistance, Management and Services, Framingham State College Parking Lot, dated as of August 1, 1999 between the Authority and Commonwealth, acting by and through the BHE.

“Fund” or “Funds” means each fund or all of the funds established by the Trust Agreement.

“Indebtedness” means Bonds or Bond Anticipation Notes.

“Interest Commencement Date” means, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the Supplemental Trust Agreement authorizing such Deferred Income Bond after which interest accruing on such Bond shall be payable on the first interest payment date immediately succeeding such Interest Commencement Date and periodically thereafter on the dates specified in the Supplemental Trust Agreement authorizing such Deferred Income Bond.

“Interest Subsidy Payment” means the credit payment received by the Authority pursuant to section 6431(b) of the Code.

“Investment Obligation” shall mean and include any of the following securities, to the extent investment in such securities by the Authority is authorized under applicable law:

- (i) Defeasance Obligations;
- (ii) Agency Obligations;
- (iii) Obligations the timely payment of principal of and interest on which are unconditionally guaranteed by the United States of America;
- (iv) Certificates or receipts representing direct ownership of future interest or principal payments on direct general obligations of the United States of America 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 of America, which obligations are held by a custodian in safekeeping on behalf of the registered owners of such receipts;
- (v) 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 or any affiliate of 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 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 or any affiliate of 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 two highest long-term rating categories by each Rating Agency;

(vi) Repurchase agreements collateralized by securities described in subparagraphs (i), (ii), (iii) or (iv) above with any registered broker-dealer or with any commercial bank;

(vii) Forward purchase agreements providing for delivery of securities described in subparagraphs (i), (ii), (iii) or (iv) above or subparagraph (ix) below with banks or other financial institutions (including the Trustee or any affiliate of the Trustee) whose long-term unsecured debt or claims-paying ability is rated in one of the two highest rating categories by each Rating Agency, provided that any such agreement must be accompanied by an opinion of counsel to the effect that the securities delivered will not be considered a part of the estate of such bank or other financial institution in the event of a declaration of bankruptcy or insolvency by such bank or institution;

(viii) Money market funds rated in the highest rating category by each Rating Agency, including, without limitation, any mutual fund rated in the highest rating category by each Rating Agency, for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (A) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (B) the Trustee charges and collects fees for services rendered pursuant to this Trust Agreement, which fees are separate from the fees received from such funds, and (C) services performed for such funds and pursuant to this Trust Agreement may at times duplicate those provided to such funds by the Trustee or its affiliates;

(ix) Commercial paper rated in the highest rating category by each Rating Agency;

(x) Short-term or long-term obligations, whether tax exempt or taxable, of any state or local government or authority or instrumentality thereof or any other entity that has the ability to issue obligations the interest on which is excludable from gross income for federal income tax purposes, provided that any such obligations are rated at the time of purchase in one of the two highest rating categories by each Rating Agency;

(xi) Investment contracts with banks or other financial institutions (including the Trustee or any affiliate of the Trustee) whose long-term unsecured debt or claims-paying ability is rated in one of the two highest rating categories by each Rating Agency;

(xii) Participation units in a combined investment fund created under Section 38A of Chapter 29 of the Massachusetts General Laws; and

(xiii) Any other investment in which moneys of the Authority may be legally invested, provided that the Authority receives a letter (or other evidence satisfactory to the Trustee) from a Rating Agency to the effect that it will not, solely as a result of such investment, lower, suspend or otherwise adversely affect any underlying rating (without regard to any Credit Facility) then maintained on any Outstanding Bonds.

“MassArt Dining Hall Contract” means the Contract for Financial Assistance, Management and Services, Massachusetts College of Art and Design Dining Hall, dated as of August 1, 1999 between the Authority and the Commonwealth, acting by and through the BHE.

“MassArt Residence Hall Contract” means the Contract for Financial Assistance, Management and Services, Massachusetts College of Art and Design Residence Hall, dated as of August 1, 1999 between the Authority and the Commonwealth, acting by and through the BHE.

“Maturity Value” means the Accreted Value of a Capital Appreciation Bond at its stated maturity.

“1994 Contract” means the Contract for Financial Assistance, Management and Services, 1994 Projects, Existing Projects and Refunding, dated as of October 1, 1994, as amended as of August 1, 1999 between the Authority and the Commonwealth, acting by and through the BHE.

“1999 Bridgewater Contract” means the Contract for Financial Assistance, Management and Services, Bridgewater State College Dining Hall, dated as of August 1, 1999 between the Authority and the Commonwealth, acting by and through the BHE.

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“Operating Expenses” means any expenses incurred by or for the account of the Authority or reimbursable by or to the Authority for operation, maintenance, renewal and repair of the Projects including, without limiting the generality of the foregoing, administrative expenses, financial, legal and auditing expenses, insurance premiums, payments on claims against the Authority, payments of rates, assessments or other charges to the Authority with respect to the Projects, legal and engineering expenses relating to operation and maintenance, payments and reserves for pension, retirement, health, hospitalization and sick leave benefits for Authority employees allocable to the Projects and any other similar expenses required to be paid by the Authority, all to the extent properly and directly attributable to the Projects, and the expenses, liabilities and compensation of the Fiduciaries required to be paid under the Trust Agreement, but does not include any cost of any Capital Improvement or any provision for interest, depreciation, amortization or similar charges on any indebtedness. The term shall also include any payments required to be made by the Authority to the Commonwealth pursuant to Section 20 of the Act.

“Outstanding,” when used with reference to Bonds of a Series, means, as of any date, Bonds or Bonds of such Series, theretofore or thereupon being authenticated and delivered, issued under the Trust Agreement except:

- (i) any Bonds cancelled by any Fiduciary at or prior to such date,
- (ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the Trust Agreement and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice as provided in the Trust Agreement;
- (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to applicable provisions of the Trust Agreement unless proof satisfactory to the Trustee is presented that any such Bonds are held by a bona fide purchaser in due course; and
- (iv) Bonds deemed to have been paid as provided under the heading “Defeasance.”

“Paying Agent” means any paying agent for the Bonds of any Series, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Trust Agreement.

“Principal Installment” means, as of any date of calculation and with respect to the Bonds of any Series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such Series due on a future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided under the heading “Satisfaction of Sinking Fund Installment”) of any Sinking Fund Installments due on a future date for Bonds of such Series, plus the amount of the premium, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date, plus such applicable redemption premium, if any.

“Prior Contracts” means (i) the 1994 Contract, (ii) the 1999 Bridgewater Contract, (iii) the MassArt Residence Hall Contract, (iv) the MassArt Dining Hall Contract, (v) the Framingham Contract and (vi) the 2000 Bridgewater Contract.

“Project” shall mean the construction of new buildings or structures and the acquisition, addition to, alteration, enlargement, reconstruction, rehabilitation, remodeling and other work, including, but not limited to, the alteration or modification of existing facilities or the construction of additional or new facilities required or made desirable by changes in or enactments of new law or regulation or changes in or new circumstances such as, by way of example and not by way of limitation, provision for access or use by handicapped persons, provision for conservation of energy, provision for safety and security of persons and property, provision for other compliance with changed or new law, regulation or circumstance, in or upon or respecting existing buildings or structures, the provision and installation therein or in respect thereof of furnishings, furniture, machinery, equipment, facilities, approaches, driveways, walkways, parking areas, planting and landscaping, the acquisition of land, other property, rights, easements and

interests acquired for or in respect to any thereof, the demolition or removal of any buildings or structures on land so acquired or interests in which are so acquired and site preparation, with respect to the financing or refinancing of which Bonds shall have been issued (or, as required by the context, with respect to which such financing or refinancing may be or shall have been proposed) under the Trust Agreement. The word shall also mean, whenever appropriate, such land, buildings or structures and such appurtenances.

“Project Cost” means and includes the cost, whenever incurred, of carrying out a Project and placing it in operation, including, but not limited to, the cost of construction of new buildings or structures and the cost of acquiring, adding to, altering, enlarging, leasing, reconstructing, remodeling and doing other work in or upon or respecting existing buildings and structures, if any, included in such Project, the cost of providing and installing in or in respect of any such building or structure, furniture, furnishings, machinery, equipment, facilities, approaches, driveways, walkways, parking areas, planting and landscaping, the cost of leasing or otherwise acquiring land, other property, rights, easements and interests acquired for or in respect to any of the foregoing, the cost of demolishing or removing any buildings or structures on land so acquired or interests in which are so acquired and the cost of site preparation; the cost of architectural and engineering services, plans, specifications, survey, estimates of costs and of revenues, other expenses necessary or incident to determining the feasibility or practicability of such Project; administrative expenses, legal expense and such other expenses, including, but not limited to, the fees and expenses (including reasonable attorneys’ fees and expenses) of the Trustee payable initially or prior to the receipt by the Authority of Revenues from such Project, fees and expenses of financial advisers and other experts, printing and advertising costs and the like, taxes and other governmental charges lawfully levied or assessed prior to such receipt of Revenues, the cost of preliminary architectural and engineering services, plans, specifications, surveys, estimates of costs and revenues, other expenses necessary or incident to determine the feasibility or practicability of other projects for which written requests shall have been made by authority of the BHE and premiums for policies of insurance, fidelity bonds and the like covering property and risks of and related to such Project and payable prior to such receipt of such Revenues, as may be necessary or incident to the aforesaid, to the financing or refinancing thereof and to the issuance therefore of notes or Bonds or both and interest for such period as the Authority may deem advisable.

“Provider” means any person or entity providing a Credit Facility with respect to any one or more Series of Bonds, pursuant to agreement with or upon the request of the Authority.

“Qualified Institution” means (i) a bank, a trust company, a national banking association, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, a corporation, a trust, a partnership, an unincorporated organization, or a government or an agency, instrumentality, program, account, fund, political subdivision or corporation thereof, in each case the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time an investment agreement, or Credit Facility is entered into by the Authority are rated in a category equal to or higher than its unenhanced, published rating on Outstanding Bonds by each Rating Agency which rates such obligations or (ii) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality.

“Rating Agency” means each nationally recognized rating service that maintains a published rating on any Outstanding Bonds at the request of the Authority.

“Redemption Price” means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the Trust Agreement, but excluding accrued interest.

“Refunding Bonds” means all Bonds authenticated and delivered on original issuance pursuant to the Trust Agreement for the purpose of refunding Outstanding Bonds.

“Revenues” means (i) all moneys received by the Authority in payment of fees, rents, rates and other charges for the use and occupancy of, and for the services and facilities provided by, a Project, including, without limitation, the moneys which the BHE is required to remit to the Authority under the Contract, and all other income derived by

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the Authority from the operation, ownership or control thereof and (ii) any other amounts designated as Revenues in the Contract.

“Series” means all of the Bonds authenticated and delivered on original issuance and designated as such by the Authority in a simultaneous transaction pursuant to the provisions regarding authorization and issuance of bonds under the Trust Agreement and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefore, regardless of variations in maturity, interest rate, sinking fund, or other provisions.

“Sinking Fund Installment” means, as of any date of calculation and with respect to any Bonds of a Series, so long as any Bonds thereof are Outstanding, the amount of money required by the applicable Supplemental Trust Agreement, to be paid on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond.

“Supplemental Trust Agreement” means any trust agreement supplemental to or amendatory of the Trust Agreement, adopted by the Authority in accordance with the Trust Agreement.

“System Projects” means Projects financed by Bonds issued before 1998.

“System Projects Capital Improvement Reserve Account” means the Account by that name established by the Trust Agreement.

“Trust Agreement” means the Trust Agreement dated as of November 1, 1994 between the Authority and the Trustee, as amended by the First Supplemental Agreement dated as of January 1, 1996, the Second Supplemental Agreement dated as of August 1, 1999 and the Third Supplemental Agreement dated as of April 1, 2000, each between the Authority and the Trustee, and as further amended and restated by the Fourth Supplemental Trust Agreement dated as of February 1, 2003, as further supplemented by the Fifth Supplemental Trust Agreement dated as of February 1, 2003, providing for the issuance of the Authority’s Project Revenue Bonds, Series 2003A, and Refunding Revenue Bonds, Series 2003B, as further amended by the Sixth Supplemental Trust Agreement dated as of November 1, 2003, as further supplemented by the Seventh Supplemental Trust Agreement dated as of January 1, 2004, providing for the issuance of the Authority’s Project Revenue Bonds, Series 2004A, as further supplemented by the Eighth Supplemental Trust Agreement dated as of February 1, 2004, providing for the issuance of the Series 2004B Bonds, as further supplemented by the Ninth Supplemental Trust Agreement dated as of March 1, 2005, providing for the issuance of the Authority’s Project Revenue Bonds, Series 2005A, as further supplemented by the Tenth Supplemental Agreement dated as of March 1, 2006 and the Eleventh Supplemental Agreement dated as of April 1, 2006, providing for the issuance of the Authority’s Project Revenue Bonds, Series 2006A, as further supplemented and amended by the Twelfth Supplemental Agreement dated as of March 1, 2008, providing for the issuance of the Series 2008A Bonds, as further supplemented and amended by the Thirteenth Supplemental Trust Agreement dated as of January 1, 2009, as further supplemented by the Fourteenth Supplemental Trust Agreement dated as of January 1, 2009, providing for the issuance of the Series 2009A Bonds, as further amended and restated by the Fifteenth Supplemental Trust Agreement dated as of December 1, 2009, as further supplemented by the Sixteenth Supplemental Trust Agreement dated as of December 1, 2009, providing for the issuance of the Series 2009B Bonds, as further supplemented by the Seventeenth Supplemental Trust Agreement dated as of December 1, 2009, providing for the issuance of the Series 2009C Bonds, as further amended by the Eighteenth Supplemental Trust Agreement dated as of December 1, 2010, as further supplemented by the Nineteenth Supplemental Trust Agreement dated as of December 1, 2010, providing for the issuance of the Series 2010A Bonds, as further supplemented by the Twentieth Supplemental Trust Agreement dated as of December 1, 2010, providing for the issuance of the Series 2010B Bonds, as further supplemented by the Twenty-first Supplemental Trust Agreement dated as of June 1, 2011, providing for the issuance of the Series 2011A Bonds, as further amended by the Twenty-second Supplemental Trust Agreement dated as of January 1, 2012, as further supplemented by the Twenty-third Supplemental Trust Agreement dated as of January 1, 2012, providing for the issuance of the Series 2012A Bonds, as further supplemented by the Twenty-fourth Supplemental Trust Agreement dated as of March 1, 2012, providing for the issuance of the Series 2012B Bonds, as further supplemented by the Twenty-fifth Supplemental Trust Agreement dated as of December 1, 2012, providing for the issuance of the Series 2012C Bonds, as further supplemented by the Twenty-sixth Supplemental Trust Agreement dated as of January 1, 2014 providing for the issuance of the Series 2014A Bonds, as further supplemented and amended by the Twenty-seventh Supplemental Trust Agreement dated as of December 1, 2014 providing for the issuance of the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds, as further supplemented by the Twenty-eighth

Supplemental Trust Agreement dated as of December 1, 2015 providing for the issuance of the Series 2015A Bonds, as further supplemented by the Twenty-ninth Supplemental Trust Agreement dated as of February 1, 2016 providing for the issuance of the Series 2016A Bonds, as further amended and restated by the Thirtieth Supplemental Trust Agreement dated as of January 1, 2017, as further supplemented by the Thirty-first Supplemental Trust Agreement dated as of January 1, 2017 providing for the issuance of the Series 2017A Bonds, as further supplemented by the Thirty-second Supplemental Trust Agreement dated as of December 1, 2017 providing for the issuance of the Series 2017 B Bonds and the Series 2017D Bonds, and the Thirty-third Supplemental Trust Agreement dated as of December 1, 2017 providing for the issuance of the Series 2017C Bonds, as further supplemented by the Thirty-fourth Supplemental Trust Agreement dated as of April 1, 2018, as further supplemented by the Thirty-fifth Supplemental Trust Agreement dated as of January 1, 2019 providing for the issuance of the Series 2019A Bonds, as further supplemented by the Thirty-sixth Supplemental Trust Agreement dated as of January 1, 2019 providing for the issuance of the Series 2019B Bonds, as amended by the Thirty-seventh Supplemental Trust Agreement dated as of June 1, 2019, as further supplemented by the Thirty-eighth Supplemental Trust Agreement dated as of October 15, 2019 providing for the issuance of the Series 2019C Bonds, as further amended and restated by the Thirty-ninth Supplemental Trust Agreement dated as of January 1, 2020, as further supplemented by the Fortieth Supplemental Trust Agreement dated as of July 1, 2020 providing for the issuance of the Series 2020A Bonds, as further supplemented by the Forty-first Supplemental Trust Agreement dated as of July 1, 2021 providing for the issuance of the Series 2021A Bonds and the Series 2021B Bonds, as further amended and restated by the Forty-second Supplemental Trust Agreement dated as of December 1, 2021, as further supplemented by the Forty-third Supplemental Trust Agreement dated as of February 1, 2022 providing for the issuance of the Series 2022A Bonds, as further amended and restated by the Forty-fourth Supplemental Trust Agreement dated as of March 1, 2023, as further supplemented by the Forty-fifth Supplemental Trust Agreement dated as of July 1, 2023 providing for the issuance of the Series 2023A Bonds, as further supplemented by the Forty-sixth Supplemental Trust Agreement dated as of February 1, 2024 providing for the issuance of the Series 2024A Bonds, as further supplemented by the Forty-seventh Supplemental Trust Agreement dated as of July 1, 2025 providing for the issuance of the Series 2025A Bonds and as further supplemented by the Forty-eighth Supplemental Trust Agreement dated as of June 1, 2026 providing for the issuance of the Series 2026A Bonds.

“2000 Bridgewater Contract” means the Contract for Financial Assistance, Management and Services, Bridgewater State College Residence Hall, dated as of May 1, 2000 between the Authority and the Commonwealth, acting by and through the BHE.

“Valuation Date” means (i) with respect to any Capital Appreciation Bond the date or dates set forth in the applicable Supplemental Trust Agreement on which specific Accreted Values are assigned to the Capital Appreciation Bond and (ii) with respect to any Deferred Income Bond, the date or dates on or prior to the Interest Commencement Date set forth in the Supplemental Trust Agreement authorizing such Bond on which specific Appreciated Values are assigned to the Deferred Income Bond.

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SUMMARY OF THE TRUST AGREEMENT

Trust Agreement to Constitute Contract. The Trust Agreement constitutes a contract between the Authority and the Owners from time to time of the Bonds, and the pledge made in the Trust Agreement and the covenants and agreements therein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by the Trust Agreement or any Supplemental Trust Agreement.

Additional Bonds. Additional Bonds may be issued at any time to pay or provide for the payment of other Authority bonds, notes or other obligations incurred under the Act, to refund Outstanding Bonds, to make deposits to the Project Fund, the Debt Service Fund or the Debt Service Reserve Fund, or any combination thereof, and to pay or provide for the payment of the costs incurred in connection with the issuance of Bonds. The consent of the Bond Insurer is required to issue refunding Bonds that do not produce debt service savings.

Bond Anticipation Notes. Whenever the Authority shall authorize the issuance of Bonds, the Authority may by resolution authorize the issuance of notes (and renewals thereof) in anticipation of the sale of such Bonds. The principal of and interest on such notes and renewals thereof shall be payable from the proceeds of such notes, from the proceeds of the sale of the Bonds in anticipation of which such Notes are issued or from funds of the Authority. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such notes, and any such pledge shall have a priority over any other pledge of such proceeds created by the Trust Agreement. The Authority may secure the payment of the interest on such notes by a pledge that is on a parity with the pledge under the Trust Agreement securing all Bonds, in which event such interest shall be payable from the Debt Service Fund. The Authority may also pledge the Revenues and other Authority funds to the payment of the principal of such notes, but such pledge shall be subordinate to the pledge securing the payment of the Bonds.

Additional Obligations. The Authority reserves the right to issue bonds, notes or other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Authority, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as provided in the Trust Agreement, entitled to a charge or lien or right with respect to the Revenues or the Funds and Accounts created thereby or pursuant thereto. Notwithstanding the foregoing, the Authority may by Supplemental Trust Agreement issue bonds, notes or any other obligations entitled to a charge or lien or right with respect to the Revenue or the Funds and Accounts created under the Trust Agreement, so long as amounts payable on such obligations or under such agreement shall be payable after the deposits set forth under the heading "Revenue Fund."

The Pledge Effected by the Trust Agreement. There are pledged for the payment of the Principal Installments and Redemption Price of and interest on the Bonds, subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement, all Revenues, all moneys and securities on deposit in all funds and accounts created under the Trust Agreement (except for the Operating Fund and the Rebate Fund), all Pledged Funds and all rights of the Authority under the Contract to receive Revenues and Pledged Funds payable to the Authority thereunder.

Establishment of Funds and Accounts. The following Funds and Accounts, which shall be held and administered by the Trustee (except the Operating Fund, the Capital Improvement Reserve Fund and the Multipurpose Reserve Fund, which shall be held by the Authority), subject to the provisions of the Trust Agreement, shall be established:

- (1) Project Fund;
- (2) Revenue Fund;
- (3) Operating Fund;
- (4) Debt Service Fund;

- (5) Debt Service Reserve Fund;
- (6) Rebate Fund;
- (7) Capital Improvement Reserve Fund (and within said Fund (i) a System Projects Capital Improvement Reserve Account, (ii) a Bridgewater State University Capital Improvement Reserve Account, (iii) a Framingham State University Capital Improvement Reserve Account, (iv) a Massachusetts College of Art and Design Capital Improvement Reserve Account, (v) a Massachusetts Maritime Academy Capital Improvement Reserve Account (vi) a Salem State University Capital Improvement Reserve Account, (vii) a Worcester State University Capital Improvement Reserve Account; (viii) a Westfield State University Capital Improvement Reserve Account and (ix) a Fitchburg State University Capital Improvement Reserve Account); and
- (8) Multipurpose Reserve Fund.

Project Fund. There shall be deposited in the Project Fund (i) the amount provided in the applicable Supplemental Trust Agreement to be deposited therein to pay Project Costs to be financed by such Series and (ii) any other amounts (not required by the Trust Agreement to be otherwise deposited) as determined by the Authority.

The Authority may establish in the Supplemental Trust Agreement for any Series of Bonds a separate Cost of Issuance Account within the Project Fund and shall deposit in the Cost of Issuance Account for such Series any proceeds of such Series as directed by such Supplemental Trust Agreement and any other moneys not otherwise directed to be applied by the Trust Agreement.

Revenue Fund. All Revenues, except earnings on investment of the Funds and Accounts to the extent provided under the heading “Investment of Funds; Valuation,” shall be collected by or for the account of the Authority and deposited by or on behalf of the Authority as promptly as practicable in the Revenue Fund. On the last Business Day of each February and on each October 10 (or the next preceding Business Day, if October 10 is not a Business Day), or on such earlier date as an Authorized Officer of the Authority may direct upon certification by such Authorized Officer that sufficient amounts are then on deposit in the Revenue Fund to make the transfers in the amounts required on that last Business Day of February or October 10, as applicable, the Trustee shall apply amounts available in the Revenue Fund to the following purposes and in the following order:

- (i) to the Debt Service Fund, an amount which, when added to other amounts on deposit in such Fund and available for such purpose, including amounts in any capitalized interest account that may have been established by the applicable Supplemental Trust Agreement, will equal the interest to become due and payable on Outstanding Bonds on the next interest payment date and any Principal Installment to become due and payable on Outstanding Bonds on or before the next date (within the next twelve months) on which such Principal Installment is payable (and if the amount on deposit in the Debt Service Fund shall be less than such required amount, the Trustee shall notify the Authority and the BHE in writing of the amount of the deficiency and request payment of such amount pursuant to the Contract);
- (ii) to the Debt Service Reserve Fund, an amount which, together with the amounts on deposit therein, will equal the Debt Service Reserve Fund Requirement;
- (iii) to the Authority for deposit in the Operating Fund, the amount directed in writing to be deposited therein by an Authorized Officer;
- (iv) to the Authority for deposit in the System Projects Capital Improvement Reserve Account or one or more Campus Project Capital Improvement Reserve Accounts in the Capital Improvement Reserve Fund, the amount, if any, directed in writing to be deposited therein by an Authorized Officer pursuant to the Trust Agreement; and
- (v) to the Authority for deposit in the Multipurpose Reserve Fund, the amount, if any, directed in writing to be deposited therein by an Authorized Officer pursuant to the Trust Agreement.

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Any balance remaining in the Revenue Fund following the above payments shall be retained in the Revenue Fund to be available for payments therefrom in the succeeding months.

Operating Fund. Amounts in the Operating Fund shall be applied by the Authority from time to time to Operating Expenses. Amounts in the Operating Fund which the Authority at any time determines in writing to be in excess of the requirements of such Fund shall be withdrawn and deposited in the Revenue Fund.

Debt Service Fund. The Trustee shall pay out of the Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Bonds the amount required for the interest and Principal Installments payable on such date and (ii) on or before each redemption date for such Bonds, the amount required for the payment of the Redemption Price of and interest on such Bonds then to be redeemed. A Supplemental Trust Agreement that establishes a capitalized interest account in the Debt Service Fund may provide for residual amounts in said account to be transferred to the Project Fund.

Debt Service Reserve Fund. If at any time the amounts on deposit and available therefor in the Debt Service Fund are insufficient to pay the Principal Installments and Redemption Price of and interest on the Bonds then due, the Trustee shall withdraw from the Debt Service Reserve Fund and deposit in the Debt Service Fund the amount necessary to meet any such deficiency. Whenever moneys on deposit in the Debt Service Reserve Fund exceed the Debt Service Reserve Fund Requirement, such excess may be, in the discretion of the Authority, transferred by the Trustee to the Debt Service Fund or, if approved by an Opinion of Bond Counsel, to any Fund or Account specified by the Authority.

Rebate Fund. If any Series of Bonds is issued, or becomes, subject to the rebate requirement of section 148(f) of the Code the Authority may, by a Supplemental Trust Agreement, activate the Rebate Fund established under the Trust Agreement, and the Trustee shall then establish a separate Rebate Account within the Rebate Fund for such Series of Bonds. Funds on deposit in any Rebate Account shall be applied as set forth in the applicable Supplemental Trust Agreement.

Capital Improvement Reserve Fund. Amounts shall be deposited into the System Projects Capital Improvement Reserve Account or one or more Campus Project Capital Improvement Reserve Accounts in the Capital Improvement Reserve Fund from the Revenue Fund as provided in the Trust Agreement to the extent provided in any Supplemental Trust Agreement or as directed in a certificate of an Authorized Officer of the Authority. Amounts not subject to the lien of the Trust Agreement may be deposited by the Authority in any Account in the Capital Improvement Reserve Fund at any time. The Authority may apply amounts in the System Projects Capital Improvement Reserve Account to Project Costs of any System Project and may apply amounts in a Campus Project Capital Improvement Reserve Account to Project Costs of any Campus Project located at the State University to which said Account relates. In connection with the financing of a Campus Project at a State University with respect to which a Campus Project Capital Improvement Account has not yet been established, the applicable Supplemental Trust Agreement shall establish a Campus Project Capital Improvement Reserve Account for such State University.

Investment of Funds; Valuation. Except as otherwise provided under the heading "Defeasance," money held for the credit of any fund or account held by the Trustee under the Trust Agreement shall, to the fullest extent practicable, be invested, either alone or jointly with moneys in any other fund or account, by the Trustee at the written direction of an Authorized Officer of the Authority in Investment Obligations, provided that if moneys in two or more funds or accounts are commingled for purposes of investment, the Trustee shall maintain appropriate records of the Investment Obligations or portions thereof held for the credit of such fund or account. Unless otherwise directed by a Supplemental Trust Agreement, Investment Obligations 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, provided that, except as may be otherwise provided in a Supplemental Trust Agreement, all income earned on investment of the Debt Service Reserve Fund shall be credited to and deposited in the Debt Service Fund. Notwithstanding any provision in the Trust Agreement or in a Supplemental Trust Agreement to the contrary, the Trustee shall not be liable for any losses from investment in accordance with the applicable provisions under this heading. The Authority may by Supplemental Trust Agreement direct that all or any portion of income earned on investment of moneys allocable to any Series of Bonds in any fund or account established under the Trust Agreement shall be transferred to the Rebate Account established for such Series of Bonds in the Rebate Fund. In computing the amount in any fund or account

under the Trust Agreement for any purpose, Investment Obligations shall be valued at par, or if purchased at other than par, shall be valued at Amortized Value. Accrued interest received upon the sale of any Investment Obligation shall be treated as income from such Investment Obligation. Investment Obligations in any fund or account under the Trust Agreement shall be valued at least once in each Fiscal Year on the last day thereof. Notwithstanding the foregoing, Investment Obligations in the Debt Service Reserve Fund shall be valued at par or Amortized Value, whichever is lower, as aforesaid, unless and until a withdrawal from either such fund shall be required, in which event such investments shall thereafter be valued at par, Amortized Value or market, whichever is lowest, until the balance in such Fund, on the basis of such valuation, shall equal the Debt Service Reserve Fund Requirement.

Satisfaction of Sinking Fund Installments. Any amount accumulated in the Debt Service Fund up to the unsatisfied balance of each respective Sinking Fund Installment may be applied (together with amounts accumulated in such Debt Service Fund with respect to interest on the Bonds for which such Sinking Fund Installment was established) by the Trustee at the direction of the Authority prior to the 45th day preceding the due date of such Sinking Fund Installment (i) to the purchase of Bonds of the maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the principal amount of such Bonds plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Authority shall determine or (ii) to the redemption of such Bonds if then redeemable by their terms at the price referred to in clause (i). All Bonds so purchased or redeemed shall be delivered to the Trustee for cancellation prior to the 45th day preceding the due date of such Sinking Fund Installment. The principal amount of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Fund until such Sinking Fund Installment date for the purpose of calculating the amount of such Fund.

Upon the purchase or redemption of any Bond pursuant to the Trust Agreement, an amount equal to the principal amount of the Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due with respect to the Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited by the Trustee against future Sinking Fund Installments as specified in the applicable Supplemental Trust Agreement.

Upon the purchase or redemption of any Bonds for which Sinking Fund Installments shall have been established, an amount equal to the principal amount of the Bonds so purchased or redeemed shall be credited toward future Sinking Fund Installments in such order as the Authority shall determine.

Pledged Funds. Pledged Funds shall be deposited upon receipt by the Trustee in any of the Funds or Accounts established under the Trust Agreement, as directed by the Authority in a certificate of an Authorized Officer. If there are insufficient moneys in the Revenue Fund to make the deposits required by clauses (i) and (ii) under the section "Revenue Fund" above on any date on which such deposits are required, the Trustee shall notify the Authority, the BHE and the Comptroller of the amount of any such insufficiency and that a deposit of Pledged Funds may be required to cure such insufficiency, such notice to be provided no later than 10 days after the date on which such deposits were required and substantially in the form as provided for by the Trust Agreement.

Debt Service Payments. The Authority covenants that it will promptly pay the principal of and the interest on every Bond at the place, on the dates and in the manner provided in the Trust Agreement and in said Bond, and any premium required for the retirement of said Bond by purchase or redemption, according to the true intent and meaning thereof. Except as otherwise provided in the Trust Agreement, such principal, interest and premium are payable solely from Revenues pledged therefore under the Trust Agreement and moneys in the funds and accounts pledged therefore under the Trust Agreement. The Authority covenants that it will perform and observe each and every agreement, condition, covenant and obligation on its part to be performed and observed under the Contract, to the end that the Pledged Funds therein provided and the pledge thereof shall remain in full force and effect and binding upon the Commonwealth as authorized by the Act and provided by the Contract.

Completion of Projects. The Authority covenants that it will with reasonable expedition complete each Project in conformity with law and all requirements of all governmental authorities having jurisdiction thereover. The Authority further covenants and agrees that upon completion or occupancy of each Project financed by a Series of Bonds it will deliver to the BHE and to the Trustee a certificate stating the date upon which such completion occurred, as provided in the Trust Agreement and, if and to the extent that there is no obligation of the BHE under the Contract to undertake such operation and maintenance, will thereafter operate and maintain, or otherwise provide for the operation and maintenance of, such Project.

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Land Covenant. The Authority covenants that each Project constructed or acquired by it is or will be located on lands (a) that are leased by the Authority for the purpose by a good and valid lease or leases continuing or renewable at the option of the Authority for a term not shorter than the last maturity of any Bond issued under the Trust Agreement of the Series pertaining to such Project or (b) as to which good and marketable title is held by the Authority in fee simple or the right to use and occupy which is vested in the Authority by valid leases, franchises, licenses, easements or rights of way expiring not earlier than the last maturity of any such Bond, provided that the foregoing covenant shall not apply to a Project consisting of alteration, enlargement, reconstruction, rehabilitation, remodeling and other work on any building, structure or other facility (including without limitation parking lots) not owned or leased by the Authority and not involving the acquisition of such building, structure or facility by the Authority.

Use and Operation of Projects. The Authority covenants that all payments under contracts entered into by it, all compensation and conditions of employment, and all salaries, fees and wages paid by it, in connection with the maintenance, repair and operation of each Project will be reasonable. The Authority covenants that it will perform and observe each and every agreement, condition, covenant and obligation on its part to be performed and observed under the Contract and will use its best efforts to enforce like performance and observance on the part of the Commonwealth, to the end that the obligation of the Commonwealth thereunder, among other things, to remit to the Authority or to the Trustee Revenues, to operate and maintain Projects and to make necessary repairs to and restoration and reconstruction of the same shall continue in full force and effect.

Payment of Lawful Charges. The Authority covenants that it will not create or suffer to be created any lien or charge upon any Project or any part thereof or upon the Revenues therefrom except the lien and charge upon such Revenues under the Trust Agreement or as permitted as to Pledged Funds by the Contract or other document by which Trust Funds or Appropriations are pledged, and that, from the same or other available funds, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, as promptly as possible after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects, which, if unpaid, might by law become a lien upon any Project or any part thereof or the Revenues therefrom, provided, however, that nothing under this heading shall require the Authority to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith.

Use of Other Funds for Projects; Sale of Projects. Notwithstanding any other provision of the Trust Agreement, the Authority may permit the Commonwealth or any of its agencies, departments or political subdivisions, to pay the cost of maintaining, repairing and operating any Project out of funds other than Revenues on account of such Project whether pursuant to the Contract or otherwise. The Authority may also, if and to the extent now or hereafter permitted by law, sell any Project or any portion thereof owned by the Authority, and any other owner of a Project may, if and to the extent now or hereafter permitted by law, sell any Project or any portion thereof owned by such owner, provided that if such sale by the Authority or other owner is of an entire Project, the proceeds therefrom shall be in an amount sufficient, with all other moneys then held by the Trustee under the Trust Agreement and available for the purpose, to cause to be deemed to be paid as provided in under the heading "Defeasance" the principal or Redemption Price of and interest on the principal amount of Bonds then Outstanding allocable to such Project (which principal amount shall be evidenced to the Trustee by a certificate of an Authorized Officer) and to pay all necessary and proper expenses payable in connection therewith and provided, further, that if such sale is of a portion of a Project, the proceeds therefrom shall be an amount sufficient, with any other moneys then held by the Trustee under the Trust Agreement and available for the purpose, to cause to be deemed to be paid as provided under the heading "Defeasance" the principal or Redemption Price of and interest on a portion of the principal amount of Bonds then Outstanding allocable to such Project which bears the same proportion to the principal amount of Bonds then Outstanding allocable to such Project which the Project Costs of the portion of such Project to be sold bears to the Project Costs of the Project as a whole and to pay all necessary and proper expenses payable in connection therewith; provided however, notwithstanding the foregoing, the Authority or other owner may use such proceeds to fund another Project ("Replacement Project") in lieu of redemption or defeasance of applicable Bonds if: (1) the Authority delivers a certificate to the Trustee demonstrating that following such sale anticipated Revenues in the current and each subsequent Fiscal Year will not be less than the amount of Revenues anticipated to be received as if such sale had not occurred, (2) if necessary, an amendment to the Contract including Replacement Project for the Project being sold, (3) if the Authority is not the owner of the Project, a certificate of the owner acknowledging the amount of the sale proceeds and the Replacement Project to which such sale proceeds will be applied, (4) if the Replacement Project was not previously approved by the Board, a copy, certified by an authorized officer of the Board, of the written request by the Board to the Authority that it initiate such Replacement Project, together with copies of any approvals of such

request required by the Act to be given by an official of the Commonwealth, and (5) an Opinion of Bond Counsel that such sale and application of proceeds is permitted by this Trust Agreement and will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Authority or other owner shall not complete any such sale except after delivery to the Trustee of a copy of the purchase and sale agreement between the purchaser and the Authority or other owner, as applicable, regarding the project or portion thereof to be sold by an Authorized Officer of the Authority to be a true copy, and, if the proposed sale is of a portion of the Project and proceeds are to be applied to defease or redeem Bonds, (i) an Opinion of Bond Counsel as to the basis upon which moneys then held by the Trustee hereunder and available for the payments respecting the Bonds to be made as above provided are to be determined and (ii) a certificate of independent certified public accountants, who may be the accountants employed by the Authority for the purpose of Section 616, of the Project Costs of the portion of the Projects to be sold, of the Project Costs of the Project as a whole and of the amount of the moneys then held by the Trustee hereunder which is computed on the basis of said Opinion of Bond Counsel to be available for said payments. If the proceeds are to be applied to defease or redeem Bonds, the proceeds of any such sale shall be deposited by the Authority with the Trustee pursuant to an escrow agreement or other arrangement such that the applicable requirements under the heading "Defeasance" will be met with respect to the principal and Redemption Price of Bonds and interest thereon required by this Section to be deemed paid. If the proceeds are to be applied to defease or redeem Bonds, the principal amount of such Bonds may be paid at the applicable stated maturity date or dates or upon any one or more dates upon which such Bonds are subject to redemption at the option of the Authority (or a combination thereof).

Tax Covenant. The Authority shall take, or cause to be taken, such action as may from time to time be required to assure the continued exclusion from the federal gross income of holders of any Bonds the interest on which is not includable in the gross income of the holder thereof for federal income tax purposes. Without limiting the generality of the foregoing, the Authority shall not permit the investment or application of the proceeds of any Bonds the interest on which is not includable in the gross income of the holder thereof for federal income tax purposes, 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 Bonds to be "arbitrage bonds." within the meaning of said Section 148.

Insurance on Projects. The Authority covenants that during the construction, alteration, enlargement, reconstruction, rehabilitation or remodeling of or other work upon each Project it will carry such insurance, if any, as it may deem reasonable therefore, that from and after the time when the contractors or any of them engaged in constructing any part of each Project shall cease to be responsible, pursuant to the provisions of the respective contracts for the construction of such part, for loss or damage to such part occurring from any cause, it will insure and at all times keep such part insured with a responsible insurance company or companies, qualified to assume the risk thereof, against physical loss or damage however caused, with such exemptions as are ordinarily required by insurers of buildings, structures or facilities of similar type, in such amount as it shall determine to be reasonable and in any event at least sufficient to comply with any legal or contractual requirement which, if breached, would result in assumption by the Authority of a portion of any loss or damage as a co-insurer, provided, however, that if at any time the Authority shall be unable to obtain such insurance to the extent above required, either as to the amount of such insurance or as to the risks covered thereby, it shall not constitute an event of default under the Trust Agreement if the Authority shall maintain such insurance to the extent reasonably obtainable and provided, further, that such insurance may be provided by a policy or policies covering all insurable portions of such Project as a whole together with other insurable property of the Authority.

All such policies shall be for the benefit of the Trustee and the Authority as their interests may appear, shall be made payable to the Trustee (by means of the standard mortgagee clause without contribution, if obtainable) and shall be deposited with the Trustee. The proceeds of any such insurance shall be deposited with the Trustee, and the Trustee shall have the sole right to receive the proceeds of such insurance and to collect claims thereunder and receipt therefore.

The Authority covenants that, immediately after any damage to or destruction of any part of any Project the estimated cost to repair, restore or reconstruct which exceeds \$1,000,000, it will, if necessary, prepare, or cause an architect or engineer for the Project to prepare, plans and specifications for repairing, restoring or reconstructing the damaged or destroyed property and will proceed with reasonable promptness accomplish such repair, restoration or

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reconstruction in accordance with the original design or to do such other work as may be advised in writing by the BHE.

The proceeds of all insurance referred to under this heading shall be available for, and shall to the extent necessary be applied to, the repair, restoration or reconstruction of the damaged or destroyed property, or the doing of other work with respect thereto as the Authority may determine by resolution adopted upon advice in writing from the BHE, and shall be disbursed by the Trustee upon receipt of copies, certified by an Authorized Officer of the Authority, of the resolution adopted by the Authority authorizing such repair, restoration and reconstruction and of such written advice and otherwise in the manner and upon the showings as provided under the heading "Project Fund" for payments from the Project Fund. If such proceeds shall be insufficient for such purpose, the deficiency shall be supplied by the Trustee upon requisition of the Authority from any other moneys available for the purpose.

Use, Occupancy and Other Insurance. The Authority covenants that it will at all times carry, with one or more responsible insurance companies qualified to assume the risk thereof, (i) use and occupancy insurance covering loss of Revenues by reason of necessary interruption, total or partial, in the use of the applicable Project resulting from damage or destruction of any part thereof, however caused, with such exceptions as are ordinarily required by insurers providing similar insurance, in such amount as the Authority shall estimate will be sufficient to provide a full equivalent of Revenues for the Fiscal Year respecting which such insurance is carried, provided that, if at any time the Authority shall be unable to obtain such insurance to the extent above required, either as to the amount of such insurance or as to the risks covered thereby, it will not constitute an event of default under the provisions of the Trust Agreement if the Authority shall carry such insurance to the extent reasonably obtainable, and (ii) such workers' compensation or employers' liability insurance as may be required by law and such public liability and property damage insurance as the Authority shall deem reasonable. All such policies providing use and occupancy insurance shall be made payable to and deposited with the Trustee, and the Trustee shall have the sole right to receive any proceeds of such policies and to collect claims thereunder and receipt therefore. Any proceeds of use and occupancy insurance paid to the Trustee (other than proceeds of such insurance or of business interruption insurance maintained by the Authority with respect to any Project in excess of the foregoing requirements) shall be deposited to the credit of the Revenue Fund.

Notwithstanding the foregoing, the proceeds of any use and occupancy insurance paid to the Trustee may be paid by the Trustee to the Authority if all amounts on account of the applicable Project required to be paid to the Trustee with respect to all interest payment dates preceding the collection of such proceeds and the two interest payment dates next following the collection of such proceeds have been paid to or are on deposit with the Trustee and if the Authority delivers to the Trustee a certificate of an Authorized Officer directing such payment and stating that the amount of proceeds so paid will be applied to supplement income from the applicable Project not constituting Revenues.

No Inconsistent Action by Authority. The Authority covenants and agrees that none of the Revenues of any Project will be used for any purpose other than as provided in the Trust Agreement and that no contract or contracts will be entered into or any action taken which shall be inconsistent with the provisions of the Trust Agreement.

Further Instruments and Actions. The Authority covenants that it will, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the Trust Agreement.

Records, Reports and Audits. The Authority covenants that it will keep an accurate record of the total Project Costs of each Project and of the Revenues collected or derived from such Project.

Covenant against Sale or Encumbrance. The Authority covenants that, except for the rental, leasing or licensing as landlord of rooms and other accommodations in each Project, and except as permitted by under the heading "Use of Other Funds for Projects; Sale of Projects" or by the Contract, it will not sell, lease or otherwise dispose of or encumber any Project or any part thereof and will not create or permit to be created any charge or lien on the Revenues derived therefrom except as provided in the Trust Agreement or the Contract. The Authority may, however, from time to time, (i) release to the Commonwealth any land leased by the Commonwealth to the Authority, if permitted by a lease entered into between the Commonwealth and the Authority and if such release will not adversely affect Revenues, and (ii) sell any machinery, fixtures, apparatus, tools, instruments or other movable property acquired

by it from the proceeds of Bonds issued under the Trust Agreement or from the Revenues of a Project, if the Authority shall determine that such articles are no longer useful in connection with the construction or operation and maintenance of such Project, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of or shall be deposited to the credit of the appropriate account within the Project Fund as the Authority by resolution may determine.

Notice of Default; Financial Statements. The Authority covenants that (i) forthwith upon any officer of the Authority's obtaining knowledge of any condition or event which constitutes or, after notice or lapse of time or both, would constitute an Event of Default, it will file with the Trustee a certificate signed by an Authorized Officer specifying the nature and period of existence thereof, and what action the Authority has taken, is taking or proposes to take with respect thereto and (ii) it will cause an examination of its financial statements as of the end of and for each Fiscal Year during which Bonds shall be Outstanding under the Trust Agreement to be made by independent certified public accountants and within 270 days after the end of each Fiscal Year will file with the Trustee a copy of such financial statements together with the signed opinion of such independent certified public accountants with respect thereto.

Capital Improvements Budget. Not later than one day prior to the beginning of each Fiscal Year and at such other time as may be required by a Supplemental Trust Agreement, the Authority shall adopt and file with the Trustee a Capital Improvements Budget for the Capital Improvements or parts thereof to be undertaken by the Authority in such Fiscal Year. The Authority may from time to time amend or supplement the Capital Improvements Budget for the Fiscal Year then in progress by filing with the Trustee a certificate of an Authorized Officer setting forth the amendment or supplement. The Authority covenants that it will cause its architects and engineers to make regular inspections of the Authority's Projects, periodically to assess the state of repair of the Projects and to make recommendations to the Authority as to any substantial repairs that may be warranted or required. The Authority covenants that, if its architects and engineers find that any of the Projects has not been maintained in good repair, it will, to the extent consistent with sound business judgment, restore such Project to good repair as expeditiously as practicable and will make adequate provision therefore in its Capital Improvements Budget. Without limiting the generality of the foregoing, the Authority covenants that it will maintain, and will cause the BHE and the State Universities pursuant to the Contract to maintain, sufficient balances in the Capital Improvement Reserve Fund to achieve compliance with the provisions under this heading.

Enforcement of Contract. The Authority covenants that it will maintain the Contract and diligently enforce its rights thereunder and that it will not voluntarily consent to or permit any rescission of or consent to any amendment to or otherwise take any action under or in connection with the Contract which will have a material adverse effect upon the rights of the Bondowners. Without limiting the generality of the foregoing, the Authority covenants that it will, pursuant to the Act and the Contract, give notice to the BHE and to the Comptroller of any anticipated insufficiency in Revenues to pay Debt Service on the Bonds as soon as it has knowledge of any such insufficiency and, in any event, no later than the date in September or January, as the case may be, when the Authority next files its semiannual report on sufficiency of funds as required by the Act.

Supplemental Trust Agreements Not Requiring Consent of Bondowners. The parties to the Trust Agreement may without the consent of, or notice to, any of the Owners of the Bonds enter into agreements supplemental to the Trust Agreement for any one or more of the following purposes and at any time or from time to time:

- (i) to close the Trust Agreement against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Trust Agreement on, the authentication and delivery of the Bonds;
- (ii) to add to the covenants and agreements of the Authority in the Trust Agreement, other covenants and agreements to be observed by the Authority for the purpose of further securing the Bonds;
- (iii) to surrender any right, power or privilege reserved to or conferred upon the Authority by the Trust Agreement;
- (iv) to authorize Bonds of a Series or subordinated obligations and, in connection therewith, specify and determine any matters and things relative to such Bonds or obligations not contrary to or inconsistent with the Trust Agreement;

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- (v) to confirm, as further assurance, any pledge under and the subjection to any lien or pledge created or to be created by the Trust Agreement of the Revenues or of any other moneys, securities or funds;
- (vi) to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provisions contained in the Trust Agreement; and
- (vii) to modify the provisions of the Trust Agreement in regard to matters or questions arising thereunder as may be necessary or desirable and not contrary to or inconsistent with the Trust Agreement or to make any other changes that are not materially adverse to the Owners of Bonds.

Supplemental Trust Agreements Effective with Consent of Bondowners. At any time or from time to time, a Supplemental Trust Agreement may be adopted subject to consent by Bondowners in accordance with and subject to the provisions of the Trust Agreement, which Supplemental Trust Agreement, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority and upon compliance with the provisions of the Trust Agreement, shall become fully effective in accordance with its terms as provided in the Trust Agreement.

Powers of Amendment. Any modification or amendment of the Trust Agreement and of the rights and obligations of the Authority and of the Owners of the Bonds and coupons thereunder may be made by a Supplemental Trust Agreement, with the written consent (except as provided under the heading “Supplemental Trust Agreements Not Requiring Consent of Bondowners”) given as provided under the heading “Consent of Bondowners,” of the Owners of at least a majority in principal amount of all other Bonds 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 remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this heading. No such modification or amendment, and no amendment pursuant to the provisions under the heading “Supplemental Trust Agreements Not Requiring Consent of Bondowners,” shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount, Accreted Value or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Trust Agreement if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by any modification or amendment of the Trust Agreement. Any such determination may be based upon the written advice of Bond Counsel, if so requested by the Trustee, and shall be binding and conclusive on the Authority and all Owners of Bonds. For purposes of this paragraph, the Owners of the Bonds may include the initial holders thereof, regardless of whether such Bonds are being held for immediate resale.

Consent of Bondowners. The parties to the Trust Agreement may at any time enter into a Supplemental Trust Agreement making a modification or amendment permitted under the heading “Powers of Amendment” to take effect when and as provided in this paragraph. A copy of such Supplemental Trust Agreement (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondowners for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to Bondowners and, if at the time any of the Bonds is in coupon form payable to the bearer, shall be published in the Authorized Newspaper at least once a week for two consecutive weeks (but failure to mail such copy and request shall not affect the validity of the Supplemental Trust Agreement when consented to as provided in this paragraph). Such Supplemental Trust Agreement shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Owners of the percentages of Outstanding Bonds specified under the heading “Powers of Amendment” and (b) an Opinion of Bond Counsel stating that such Supplemental Trust Agreement has been duly and lawfully executed and delivered by the Authority and filed in accordance with the provisions of the Trust Agreement, is valid and binding upon the Authority, and (ii) a notice shall have been published as provided in the Trust Agreement. The Authority may fix a record date for purposes of determining Bondowners entitled to consent to a proposed Supplemental Trust Agreement. Any such consent shall be binding upon the Owner of the Bonds giving such consent and, anything under the heading “Defeasance” to the contrary notwithstanding, upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof). At any time after the Owners

of the required percentages of Bonds shall have filed their consents to the Supplemental Trust Agreement, the Trustee shall make and file with the Authority and the Trustee a written statement that the Owners of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Trust Agreement (which may be referred to as a Supplemental Trust Agreement entered into on or as of a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Bonds and will be effective as provided in this paragraph, may be given to Bondowners by the Authority by mailing such notice to such Bondowners and, if at the time any of such Bonds is in coupon form payable to bearer, by publishing the same in the Authorized Newspaper at least once not more than 90 days after holders of the required percentages of Bonds shall have filed their consents to the Trust Agreement and the written statement of the Trustee provided for in the Trust Agreement is filed. The Authority shall file with the Trustee proof of the giving of such notice. A record, consisting of the papers required or permitted by this paragraph of the Trust Agreement to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Trust Agreement making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Owners of all Bonds upon the filing with the Trustee of the proof of the giving of such last mentioned notice.

Modifications by Unanimous Consent. Notwithstanding anything contained in provisions regarding Supplemental Trust Agreements and Amendments in the Trust Agreement, the terms and provisions of the Trust Agreement and the rights and obligations of the Authority and of the Owners of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Trust Agreement and the consent of the Owners of all of the Bonds then Outstanding, such consent to be given as provided in the Trust Agreement, except that no notice to Bondowners either by mailing or publication shall be required, but no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondowners.

Exclusion of Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in the Trust Agreement, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in the provisions regarding amendments and consent in the Trust Agreement.

Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken pursuant to the provisions of the Trust Agreement regarding Supplemental Trust Agreements, amendments and consent may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal office of the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Owner of any Bond then Outstanding shall be exchanged, without cost to such Bondowner, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default under the Trust Agreement:

- (i) the Authority shall fail to make payment of any Principal Installment when the same shall become due and payable;
- (ii) the Authority shall fail to make payment of any installment of interest on any Bonds when the same shall become due and payable;
- (iii) the Authority shall default in the observance or performance of any other covenants or agreements on the part of the Authority contained in the Trust Agreement, and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, provided that if such default cannot be remedied within such

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30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within such period and diligently pursued until the default is remedied;

- (iv) if an order, judgment or decree is entered by a court of competent jurisdiction (a) appointing a receiver, trustee, or liquidator for the Authority, (b) granting relief in involuntary proceedings with respect to the Authority under the federal bankruptcy act or (c) assuming custody or control of the Authority under the provision of any law for the relief of debtors, and the order, judgment or decree is not set aside or stayed within 60 days from the date of entry of the order, judgment or decree; or
- (v) if the Authority (a) admits in writing its inability to pay its debts generally as they become due, (b) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (c) makes an assignment for the benefit of its creditors, (d) consents to the appointment of a receiver or (e) consents to the assumption by any court of competent jurisdiction under any law for the relief of debtors of custody or control of the Authority.

Remedies. Upon the occurrence and during the continuation of any Event of Default specified in the Trust Agreement, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than 25% in aggregate principal amount of all Outstanding Bonds, shall proceed to protect and enforce its rights and the rights of the Bondowners under the laws of the Commonwealth or under the Trust Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board of officer having jurisdiction, either for the specific performance of any covenant or agreement contained therein or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights. The Trustee shall not be required to take any remedial action (other than the giving of notice) unless indemnity satisfactory to the Trustee is furnished for any liability to be incurred thereby. In the enforcement of any remedy under the Trust Agreement the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Authority for principal, interest or otherwise under any of the provisions of the Trust Agreement on the Bonds and unpaid, with interest on overdue payments of principal at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Trust Agreement and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondowners, and to recover and enforce judgment or decree against the Authority, but solely as provided therein and in such Bonds, for any portion of such amount remaining unpaid, and interest, costs and expenses as above provided, and to collect (but solely from moneys in the Funds and Accounts available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable. No remedy available under the provisions of the Trust Agreement shall be permitted to modify, alter, amend or rescind in any particular priority provided by the Trust Agreement for any Series of Bonds over any other Series of Bonds. The Bondowners and the Trustee acting for the Bondowners shall be entitled to all of the rights and remedies provided in the Act and to all of the rights and remedies otherwise provided or permitted by law. No default under any resolution, agreement, or other instrument other than the Trust Agreement, shall constitute or give rise to a default under the Trust Agreement. Upon the happening and continuance of any Event of Default, neither the Trustee nor the Bondowners shall have the right to declare the principal of any Bonds then Outstanding, or the interest accrued thereon, to be due and payable prior to its stated maturity.

Application of Revenues and Other Moneys After Default. The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, any moneys, securities and funds then held by the Authority or a Fiduciary in any fund or account under the Trust Agreement (excluding the Rebate Fund) and (ii) as promptly as practicable after receipt thereof, the Revenues. During the continuation of an Event of Default, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Trust Agreement shall be applied by the Trustee as follows and in the following order:

- (a) to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the registered Owners of the Bonds (including without limitation deposits to the Rebate Fund sufficient to fund any unfunded anticipated liability of the Authority under section 148 of the Code relating to the Bonds) and payment of reasonable fees and charges and expenses of the Trustee (including without limitation reasonable fees and

disbursements of its counsel) incurred in and in connection with the performance of its powers and duties under the Trust Agreement;

(b) to the payment of the principal of and interest then due on the Bonds upon presentation of the Bonds to be paid (and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Trust Agreement, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due on Bonds in the order of the maturity of such installments, ratably, according to the amounts of interest 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 of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all such Bonds, together with such interest, ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Defeasance. If the Authority pays the Principal Amount and interest and Redemption Price, if any, to become due on all Outstanding Bonds, then the pledge of any Revenues or other moneys, securities, Reserve Deposits and Additional Security, if any, pledged by the Trust Agreement and all other rights granted by the Trust Agreement shall be discharged and satisfied. All Outstanding Bonds shall be deemed to have been paid within the meaning of the foregoing sentence if, among other things, there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations 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 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.

The Authority agrees that it will take no action in connection with any of the transactions referred to under the heading "Defeasance" which will cause any Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Code and the regulations thereunder in effect on the date of the transaction and applicable to the transaction.

Anything in the Trust Agreement to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for three years (or such other period as may from time to time be prescribed by the laws of the Commonwealth, provided that if no period is so prescribed, such period shall be three 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 years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall automatically revert from the Fiduciary to the Commonwealth once the Fiduciary has complied with the publication and reporting requirements as prescribed in accordance with the laws of the Commonwealth, provided, however, if no provision of Commonwealth law shall require that such funds be paid to the Commonwealth, such moneys shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondowners shall look only to the Commonwealth, if paid to the Commonwealth, or the Authority, if paid to the Authority, for the payment of such Bonds.

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SUMMARY OF CONTRACT FOR FINANCIAL ASSISTANCE, MANAGEMENT AND SERVICES

Issuance of Bonds; System Projects and Campus Projects. The Authority shall use its best efforts to issue Bonds from time to time to achieve its corporate purposes in undertaking Projects on the campuses of the various State Universities and financing and refinancing Project Costs and related expenses. The Authority shall not initiate any Project except upon written request made by authority of the BHE and upon written approval from the Secretary of the Executive Office for Administration and Finance of the Commonwealth and the Commissioner. The Authority shall not issue notes or Bonds for the purpose of refunding Bonds theretofore issued and then outstanding under the Act except with the prior written approval of the BHE of such refunding issue, which approval need not be of the interest rate, the maturity or any of the other terms thereof.

Proposed Campus Operating Budgets. On or before each September 15, the Authority shall notify each State University on which a Campus Project is located of the Authority's projected costs related to Campus Residence Hall Projects at such State University for the ensuing Fiscal Year. On or before each November 1, each State University shall submit to the Authority the proposed operating budget for the ensuing Fiscal Year for such State University with respect to the System Projects on its campus and with respect to each Campus Residence Hall Project on its campus. If such proposed budget includes a requested increase in Authority fees, rates, rents and charges, such submission shall specify how such increase is proposed to be allocated to projected costs.

Operating Reserves. For each Campus Residence Hall Project, the applicable State University shall maintain within its Campus Project Trust Fund, a minimum balance as an operating reserve. Pursuant to the Authority's annual operating budget, and at such time or times in each Fiscal Year as may be specified in such budget, commencing with the second full Fiscal Year after completion of a Campus Residence Hall Project, the applicable State University shall add to the balance in its Campus Project Trust Fund held as an operating reserve the amount, if any, necessary to cause such reserve amount to equal the following percentages of the operating expenses for the Project for the Fiscal Year prior to the year in which the deposit is to be made: (i) in the second full Fiscal Year after completion of the Project, 1%, (ii) in the third year, 2%, (iii) in the fourth year, 3%, (iv) in the fifth year, 4%, and (v) in the sixth year and thereafter, 5%. Moneys held in such operating reserve may be expended by the State University for the payment of extraordinary and unexpected operating, maintenance and repair costs or to meet budgetary shortfalls with respect to the applicable Project resulting from an unexpected decline in use of the Project, damage to or destruction of a portion of the Project or any other unexpected occurrence with respect to the Project. Moneys withdrawn from such operating reserve must be replenished by the State University by the end of the next Fiscal Year after such withdrawal, in addition to the annual deposits described above.

Capital Improvement Reserve Accounts. The Authority shall maintain within the Capital Improvement Reserve Fund a System Projects Capital Improvement Reserve Account to be used to make Capital Improvements to System Projects. Pursuant to the Authority's annual operating budget, and at such time or times in each Fiscal Year as may be specified in such budget, the BHE shall pay over, or cause the State Universities to pay over, to the Trustee, for deposit in the System Projects Capital Improvement Reserve Account, from amounts collected as fees, rents, rates and other charges of the Authority, the greater of (i) the amount specified in the Authority's annual operating budget as being required by the Trust Agreement to be so deposited or (ii) an amount equal to 7.5% of the total fees, rents, rates and other charges collected with respect to the System Projects during such Fiscal Year. The Authority shall maintain within the Capital Improvement Reserve Fund a separate Campus Project Capital Improvement Reserve Account for each State University at which a Campus Residence Hall Project is located, to be used to make Capital Improvements to the Campus Residence Hall Projects at such State University. Pursuant to the Authority's annual operating budget, and at such time or times in each Fiscal Year as may be specified in such budget, commencing with the second full Fiscal Year after completion of a Campus Residence Hall Project, the applicable State University shall pay over to the Trustee, for deposit in the applicable Campus Project Capital Improvement Reserve Account, the greater of (i) the amount specified in the Authority's annual operating budget as being required by the Trust Agreement to be so deposited or (ii) an amount equal to the following percentages of the fees, rents, rates and other charges collected with respect to such Campus Residence Hall Project during the Fiscal Year: (i) in the second Fiscal Year after completion of the Project, and in each of the next seven Fiscal Years, 2.5%, (ii) in each of the next five Fiscal Years, 5%, and (iii) in each Fiscal Year thereafter, 7.5%.

Operation, Maintenance and Repair of Projects. Each State University shall operate and maintain the Projects located on its campus and keep them in good order and repair, including, without limitation, billing and collecting

fees, rents, rates and other charges in accordance with the Authority's annual operating budget, procuring all necessary equipment, materials and supplies and making repairs and capital improvements that are necessary to maintain the Project for its expected useful life and that are within the capacity of the State University to undertake. The State University may use its own employees or contract with third parties to provide such services, as such State University deems appropriate, provided that any such contract with a third party shall be submitted to the Authority for prior review and written approval as to compliance with applicable management contract guidelines under federal income tax law pertaining to bond-financed property. Notwithstanding the foregoing, the Authority may, in its sole discretion, elect to contract directly with a third party for the provision of any or all such services with respect to a particular Project other than a Commonwealth-owned Project. The Authority shall have no obligation to operate or maintain any Commonwealth-owned Project. Each State University shall submit to the Authority a copy of its annual financial statements for each Fiscal Year as soon as practicable after the issuance thereof. Each such financial statement shall be prepared in accordance with generally accepted accounting principles, shall be audited by an independent certified public accountant or accounting firm and shall contain such detail as to Projects as the Authority shall reasonably request. Each State University shall also provide the Authority such other information as the Authority may from time to time reasonably request. The BHE shall provide to the Authority such information as the Authority may from time to time reasonably request about the BHE, the system of public higher education in the Commonwealth, the State Universities and the Projects, including without limitation all information appropriate to enable the Authority to comply with the provisions of Rule 15c2-12 of the federal Securities and Exchange Commission (continuing disclosure requirements applicable to municipal securities).

Pledge of Trust Funds. The BHE, in the name and on behalf of the Commonwealth, pledges to the making of payments required under the heading "Payments From Pledged Funds" the Trust Funds, provided, however, that the aggregate amount of Trust Funds of each State University so pledged shall be limited to 25% of the Authority's average annual aggregate debt service costs allocable to such State University's Projects, as determined by the Authority and provided, further, that the pledge of Trust Funds on account of System Projects on the campus of Fitchburg State University shall not include moneys attributable to the fee charged to students to finance a physical education facility. Each State University shall cause its Trust Funds to contain on each December 1 and June 1 an amount available for transfer to make payments as provided under the heading "Payments From Pledged Funds" equal to the amount of the State University's Pledged Trust Funds, less the amount of any Pledged Trust Funds previously transferred to make said payments (or, in the case of the Massachusetts Maritime Academy, to make payments to Bank of America pursuant to the prior lien on certain funds granted to Bank of America in connection with a loan obtained from the Massachusetts Health and Educational Facilities Authority financed by said Authority's Variable Rate Demand Revenue Bonds, Capital Asset Program Issue, Series M-2 (Pool 2)), and shall certify in writing to the Authority that it has complied with the foregoing requirement. If all of a State University's Pledged Trust Funds have been expended to make payments as provided under the heading "Payments From Pledged Funds" or to Bank of America as aforesaid, the foregoing provisions shall not be applicable to such State University.

Pledge of Appropriations. The BHE, in the name and on behalf of the Commonwealth, pledges to the making of payments required under the heading "Payment from Pledged Funds" any part or all of any funds made available for expenditure on behalf of any State University pursuant to an appropriation made by the General Court or otherwise available for expenditure by the BHE, including without limitation retained tuition payments, if any.

Pledged Funds. Except as provided under the heading "Pledge of Trust Funds," the Pledged Funds are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to the pledge created under the Contract and by the Prior Contracts, and the BHE shall take all actions necessary to protect and effectuate such pledge, provided, however, that nothing in this section shall be deemed to limit the right of the BHE or any State University, to the extent permitted by law, to create a pledge, lien or other charge on any or all such Pledged Funds junior and subordinate to the pledge created under the Contract and provided, further, that the BHE or a State University may, to the extent permitted by law, create a pledge, lien or other charge on any or all such Pledged Funds in respect of a particular State University of equal rank with the pledge created under the Contract if, and only if, the BHE or the State University, as the case may be, shall have certified in writing to the Authority that the total revenues available for expenditure by such State University during each of the three most recently completed Fiscal Years (including the Pledged Funds, but excluding any Project Revenues, in respect of such State University) were not less than 200% of the maximum annual debt service requirements on all outstanding debt obligations allocable to such State University and the debt obligations then being issued. In computing principal and interest requirements for the purposes of this section on debt obligations as to which interest is deferred and compounded rather than being paid currently during any period of

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calculation, such calculation shall be made as if interest thereon accrued and was deemed paid at a rate determined on the date of such calculation by a nationally known investment banking firm selected by the BHE or State University, as the case may be, to be the rate which, if earnings at such rate were compounded on the initial public sale price in the manner required by the terms of such debt obligations through the maturity date or earlier date on which such compounding is scheduled to cease, would produce the amount of such debt obligations scheduled to mature on such maturity date or the accreted value of such debt obligations scheduled to exist on such earlier date, as the case may be.

Payments from Pledged Funds. The BHE shall make payments from Pledged Funds if and to the extent that Project Revenues related to a particular State University and other moneys received by the Authority or otherwise available pursuant to the Trust Agreement in connection with the Projects of such State University are insufficient to pay debt service on the Bonds allocable to such Projects and the Authority's expenses in connection with such Bonds or such Projects. Upon receipt from the Authority or the Trustee of notice of any such insufficiency relating to a particular State University, the BHE shall, as promptly as practicable, pay to the Trustee, or cause such State University to pay to the Trustee, from the Pledged Funds of such State University the amount of such insufficiency, provided that any such payment shall be made, first, from Pledged Trust Funds, until exhausted, and, second, from Pledged Appropriations. In the case of the Massachusetts Maritime Academy, the Pledged Trust Funds shall be deemed to be exhausted if and to the extent that they have been paid to Bank of America pursuant to the prior lien described above under the heading "Pledge of Trust Funds" or are otherwise unavailable to the Authority or the Trustee pursuant to the intercreditor agreement between the Authority and Bank of America as such intercreditor agreement may be amended from time to time. The Pledged Trust Funds of one State University may not be used to make payments under this section on behalf of any other State University. However, if the Pledged Trust Funds of the applicable State University have been exhausted and the Pledged Appropriations of such State University are insufficient to cover the insufficiency, the Board shall pay to the Trustee, or cause the Trustee to be paid, the amount of the remaining insufficiency from the Pledged Appropriations of all of the State Universities, ratably, according to the percentage of outstanding Bonds then allocable to each particular State University. In order to comply with the provisions of this paragraph or to effectuate the pledge described under the headings "Pledged Funds" and "Payment from Pledged Funds," the BHE shall take all actions necessary or desirable to effectuate transfers from funds made available for expenditure on behalf of an applicable State University pursuant to an appropriation or other spending authorization in the Commonwealth's annual operating budget, including supplemental and deficiency budgets and including, without limitation, any tuition retention authorization. Such actions shall include, without limitation, submitting or causing to be submitted to the Comptroller of the Commonwealth such directions or instructions as may be required or requested by the Comptroller to effectuate such transfers. The Authority agrees to give notice to the Secretary of the Executive Office for Administration and Finance of the Commonwealth whenever it gives notice to the BHE of an insufficiency as aforesaid, or whenever it has become aware that the Trustee has given such notice to the BHE.

The Authority shall keep an accurate account of the sufficiency of available funds to pay debt service on its outstanding indebtedness, including without limitation Pledged Funds, and shall twice each year, in the months of September and January, make a report thereof to the BHE and to the Comptroller. If the report described in the preceding sentence is not received by the Comptroller during the month of September or January, as the case may be, the Comptroller shall prevent any amounts from being expended from the appropriation account of any State University until such time as the Comptroller has determined whether there is an insufficiency of available funds to pay debt service. If such report indicates that there is an insufficiency of funds available to pay debt service, or if, in the absence of a report, the Comptroller ascertains that there is such an insufficiency, the Comptroller shall, within five days, but not later than the last business day in February (in the case of a May 1 debt service payment) or October 10 (in the case of a November 1 debt service payment), transfer amounts, without further allotment, from the appropriation account of one or more State Universities, as appropriate, to cure such insufficiency in accordance with the provisions of this section.

Termination of Prior Contracts. The parties to the Trust Agreement agree that upon execution and delivery of the Contract, the Prior Contracts shall terminate and the parties shall be released from all duties, obligations and liabilities thereunder except insofar as any such duties, obligations and liabilities shall have been incorporated into the Contract.

Cooperation of BHE and State Universities. The BHE shall cause each State University to cooperate with the Authority to effectuate the provisions in the Contract. Such cooperation shall include, without limitation, the execution and submission to the Comptroller of any requests for expenditure or payment vouchers and any transfers among allocation subaccounts by the State University necessary or desirable to effectuate transfers for payments due under the

Contract from appropriation allocation accounts or subaccounts or nonappropriated funds held by the State Comptroller for such State University. Neither the BHE nor any State University shall take any action, including without limitation entering into a management contract with respect to, or otherwise permitting private use of, a facility financed by the Authority that would jeopardize the exclusion from gross income for federal income tax purposes of the interest on the Bonds; the BHE and each State University shall be entitled to rely on the opinion of bond counsel to the Authority that a given action would not have such effect. Each State University shall notify the Authority in advance of any proposed change in use at a facility financed by the Authority that would involve private use. In the event the Act or other applicable laws are subsequently changed to eliminate the role of the BHE as agent of the Commonwealth under the Contract, the State Universities shall execute such amendments to the provisions of the Contract as may be necessary to effectuate the covenants and agreements of the Commonwealth under the Contract, including without limitation the pledge of Trust Funds and Appropriations. In the event legislation shall be proposed to alter in any material way the nature of the relationship among the Authority, the BHE and the State Universities or the ability of the Authority to obtain access to the revenues and funds contemplated by the Contract to provide for payment of the Bonds, the BHE and the State Universities agree to use their best efforts to influence such legislation so as to maintain the financial security of the Authority and the security for the Bonds, and, upon enactment of any such legislation, the BHE and the State Universities agree, to the fullest extent permitted by law, to execute such amendments to the provisions of the Contract and to execute such other agreements and take such other actions as may be necessary to achieve the purposes of the Contract and to maintain the financial security of the Authority and the security for the Bonds.

Default by BHE or State University. Upon the failure of the BHE to make any payment required under the heading “Payment From Pledged Funds” or by the BHE or any State University to observe any other covenant or requirement imposed by the Contract, the BHE or the State University, as the case may be, shall be deemed in default under the Contract. Thereupon, the Authority or the Trustee may institute legal proceedings to enforce such covenant or requirement or to enforce the pledge and lien granted under the headings “Pledge of Appropriations” and “Pledged Funds” and may take such other actions or exercise such other remedies as may be available at law or in equity to enforce the provisions of the Contract. Without limiting the generality of the foregoing, the Authority may undertake direct responsibility for the operation of one or more Projects, including without limitation Commonwealth-owned Projects, or take such other action as may be necessary or desirable to generate Project Revenues in accordance with the requirements of the Contract. No action by the Authority under the Contract, and no default or breach by the BHE or any State University, shall in any way affect the obligations of the BHE or any State University under the Contract. Whenever a breach of the Contract, whether substantial or otherwise, and whether before or after notice of the breach has been given to the BHE or any State University, has been corrected, the obligations and rights under the Contract shall be reinstated and performance of the Contract shall continue as if such breach had never occurred.

Insurance. The Authority shall purchase and maintain in effect with respect to each of its Projects policies of insurance and fidelity bonds against such risks and losses and in such amounts as it shall deem to be reasonable. In addition, the Authority agrees to purchase and maintain in effect with respect to each Commonwealth-owned Project, upon the written request of the Commissioner of the Division of Capital Asset Management and Maintenance of the Commonwealth, such insurance policies as may be available to it and to name the Commonwealth as an additional insured on any policy related solely to one or more Commonwealth-owned Projects, provided that the Commonwealth shall be obligated to make payments under the Contract from Pledged Funds irrespective of the existence of any such insurance. Subject to any contrary requirements in the Trust Agreement, the Authority shall use the proceeds of any use and occupancy insurance to replace revenues lost by reason of interruption of the use of the applicable Project and shall apply insurance proceeds received in respect of damage or destruction to a Project to the replacement, restoration or reconstruction of such Project.

Annual Report. As required by Section 6 of the Act, the Authority shall keep an accurate account of all its activities and of all its receipts and expenditures and shall annually in the month of January make a report thereof to the BHE, to the Governor of the Commonwealth and to the Auditor of the Commonwealth, such reports to be in a form prescribed by the BHE, with the written approval of said Auditor. Unless otherwise directed by the BHE, the Authority may use its audited annual financial statements for the preceding Fiscal Year to comply with the provisions of this paragraph.

Liability. No member, officer or employee of the BHE or any State University shall be individually liable on any obligation assumed by the Commonwealth or the BHE under the Contract. No member, officer or employee of the Authority shall be individually liable on any obligation assumed by the Authority under the Contract, and neither the

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carrying out of a Project nor the ownership of a Project by the Authority shall impose any liability on any such member, officer or employee.

With respect to a Commonwealth-owned Project, the Authority shall not be liable for latent defects in construction not performed by the Authority or its contractors or agents or for any action or inaction of any party not acting as an agent, employee or contractor of the Authority.

Term. The Contract shall continue in full force and effect until all amounts payable to the Authority with respect to the Bonds and the Projects shall have been paid in full. Upon such payment, the Contract shall cease and determine without further liability on the part of either party to the Contract to the other.

Non-Assignability. The Contract is not assignable except that if by act of the General Court the powers, functions, duties and property of the BHE or the Authority are transferred to another political subdivision, agency, board, commission, department, authority or institution of the Commonwealth, the rights and obligations of the Contract shall be deemed to have been assigned thereby to such transferee, and provided further that the Authority's rights to receive moneys under the Contract and to enforce the provisions of the Contract may be assigned to the Trustee.

Amendments and Addenda. The Contract may be amended only by the execution of an Amendment in writing by the BHE and the Authority or their successors. It is anticipated that certain of the provisions of the Contract may be waived or modified with respect to particular Campus Projects by the execution of a written Addendum to the Contract by the BHE and the Authority, to be attached to the Contract.

Credit of the Commonwealth. The faith and credit of the Commonwealth are not and shall not be pledged to the payments required under the heading "Payments from Pledged Funds" or in respect of any other obligation assumed by the Commonwealth under the Contract. The financial assistance provided as described under the heading "Payments from Pledged Funds" shall be provided solely from the sources identified therein. No provision of the Contract shall create or be deemed to create any obligation by the Commonwealth to appropriate funds for any purposes under the Contract.

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PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the Series 2026A Bonds, Bond Counsel proposes to deliver its opinion in substantially the following form:



One Financial Center
Boston, MA 02111
617 542 6000
mintz.com

[Dated Closing Date]

Massachusetts State College Building Authority
10 High Street, Suite 201
Boston, Massachusetts 02210

Re: Massachusetts State College Building Authority (the “Authority”) Project Revenue Bonds (State University Program), Series 2026A (the “Series 2026A Bonds”)

We have acted as bond counsel to the Authority in connection with the issuance by the Authority of the Series 2026A Bonds pursuant to (i) Chapter 703 of the Acts of 1963, as amended (the “Act”), and (ii) the Trust Agreement dated as of November 1, 1994 between the Authority and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as amended and restated by the Forty-fourth Supplemental Trust Agreement dated as of March 1, 2023 and as supplemented by the Forty-eighth Supplemental Trust Agreement dated as of June 1, 2026 (the “Trust Agreement”). In such capacity, we have examined the law and such certified proceedings and other documents as we have deemed necessary to render this opinion, including without limitation the Contract for Financial Assistance, Management and Services dated as of February 1, 2003, as amended (the “Contract”), between the Authority and The Commonwealth of Massachusetts (the “Commonwealth”), acting by and through the Board of Higher Education (the “Board”). Capitalized terms used herein shall, unless otherwise specified, have the meanings set forth in the Trust Agreement.

Under the Trust Agreement, the Authority has pledged certain revenues (the “Revenues”) for the payment of the principal of and interest on the Series 2026A Bonds when due.

As to questions of fact material to our opinion, we have relied upon the representations of the Authority contained in the Trust Agreement and 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 upon and subject to the foregoing, we are of the opinion that, under existing law:

1. The Authority is validly existing as a body politic and corporate and public instrumentality of the Commonwealth with the power to enter into the Trust Agreement, perform the agreements on its part contained therein and issue the Series 2026A Bonds.
2. The Trust Agreement and the Contract have been duly authorized, executed and delivered by the Authority and constitute valid and binding obligations of the Authority enforceable upon the Authority.
3. The Contract has been duly authorized, executed and delivered by the Commonwealth and constitutes a valid and binding obligation of the Commonwealth enforceable upon the Commonwealth.

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4. Pursuant to the Act, the Trust Agreement creates a valid lien on the Revenues and other funds pledged by the Trust Agreement for the security of the Series 2026A Bonds issued thereunder on a parity with other bonds issued under the Trust Agreement.

5. The Series 2026A Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Trust Agreement. Neither the Commonwealth nor any political subdivision or instrumentality thereof, including the Authority, is obligated to pay the principal of or redemption premium, if any, or interest on the Series 2026A Bonds except from the Revenues and other funds provided therefor as aforesaid in the Trust Agreement, and neither the faith and credit nor the taxing power of the Commonwealth nor of any political subdivision or instrumentality thereof, including the Authority, is pledged to the payment of the principal of or redemption premium, if any, or interest on the Series 2026A Bonds.

6. Interest on the Series 2026A Bonds, including any accrued original issue discount, is excludable from the gross income of the holders of the Series 2026A Bonds for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). This opinion is rendered subject to the condition that the Authority comply with certain requirements of the Code which must be satisfied subsequent to the issuance of the Series 2026A Bonds in order that interest thereon is and continues to be excludable from gross income for federal income tax purposes under Section 103 of the Code. Failure to comply with certain of such requirements may cause interest on the Series 2026A Bonds to be includable in the gross income of holders of the Series 2026A Bonds for federal income tax purposes retroactive to the date of issuance of the Series 2026A Bonds. Interest on the Series 2026A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, it may be taken into account for the purpose of computing the federal alternative minimum tax imposed on certain corporations. We express no opinion as to other federal tax consequences resulting from holding the Series 2026A Bonds.

7. Interest on the Series 2026A Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Series 2026A Bonds are exempt from Massachusetts personal property taxes. We express no opinion as to other Massachusetts tax consequences arising with respect to the Series 2026A Bonds nor as to the taxability of the Series 2026A Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, under the laws of any state other than Massachusetts.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

Massachusetts State College Building Authority
 Project Revenue Bonds (State University Program), Series 2026A
 (the “Series 2026A Bonds”)

Authority Disclosure Agreement

Prior to the issuance of the Series 2026A Bonds, the Authority and the Board of Higher Education (the “BHE”) will enter into a continuing disclosure agreement (the “Authority Disclosure Agreement”) setting forth the undertakings of the Authority and the BHE regarding continuing disclosure with respect to the Series 2026A Bonds. The Authority will undertake for the benefit of the registered owners and Beneficial Owners (the “owners”) of the Series 2026A Bonds to provide the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”) 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 Authority, (i) the annual financial information described below relating to such fiscal year, together with audited financial statements of the Authority and each State University for such fiscal year if audited financial statements are then available, provided, however, that if audited financial statements of the Authority are not then available, such audited financial statements shall be delivered to the MSRB when they become available (but in no event later than 350 days after the end of such fiscal year) or (ii) notice of the Authority’s failure, if any, to provide any such information. The BHE will undertake for the benefit of the owners of the Series 2026A Bonds to provide to the MSRB through EMMA, no later than 270 days after the end of each fiscal year of the Authority, (i) the annual financial information described below relating to such fiscal year or (ii) notice of the BHE’s failure, if any, to provide any such information.

The annual financial information to be provided by the Authority and the BHE 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 this Official Statement relating to the Series 2026A Bonds, in each case substantially in the same level of detail as is found in the referenced section of the Official Statement, provided that in the case of the BHE only the information described in items 3, 8, 9, 10, 11 and 12 shall be provided.

Financial Information and Operating Data Category	Reference to Official Statement for Level of Detail
1. Summary presentation on a five-fiscal-year basis of the receipts and disbursements related to Authority Projects.	“THE AUTHORITY – Management’s Discussion and Analysis – Authority Project Receipts and Disbursements”
2. Summary presentation on a five-fiscal-year basis of the annual amounts paid by each of the State Universities to the Authority with respect to rents and fees for System Projects and Campus Projects.	“THE STATE UNIVERSITIES – Amounts Paid by State Universities to the Authority”
3. Summary presentation on an eleven-fiscal-year comparative basis of the total system of public higher education appropriations.	“SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Total Budgeted Appropriations for the System of Public Higher Education”
4. Summary presentation of the amount of Pledged Trust Funds for each State University.	“THE STATE UNIVERSITIES – Pledged Trust Funds”
5. Summary presentation on a five-academic-year basis of the occupancy rates of the Authority’s residence facilities of the State Universities.	“APPENDIX A - Occupancy as a Percentage of Design Capacity at Residence Facilities of State Universities”
6. Summary presentation on a five-academic-year basis of the total number of residence hall spaces by each State University.	“APPENDIX A - Total Number of Residence Hall Spaces By State University”
7. Summary presentation on a five-academic-year basis of the annual rates charged for the Authority’s facilities at each State University.	“APPENDIX A - Room Rates of Residence Facilities at State Universities”

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Financial Information and Operating Data Category	Reference to Official Statement for Level of Detail
8. Summary presentation on a five-academic-year comparative basis of the full-time equivalent and headcount enrollment information for the system of public higher education.	“THE AUTHORITY - Enrollment”
9. Summary presentation on a five-academic-year comparative basis of tuition rates and fees for the system of public higher education.	“APPENDIX A - Tuition and Fees”
10. Summary presentation on a three-fiscal-year comparative basis of revenues for each of the State Universities.	“APPENDIX A - State University Revenue Sources”
11. Summary presentation on a three-academic-year comparative basis of the admissions data for the system of public higher education.	“APPENDIX A - State Higher Education Admissions Data”
12. Summary presentation on a five-academic-year comparative basis of the number of faculty members for each State University.	“APPENDIX A - State University Faculty Levels”

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 Authority, which have been submitted to the MSRB. If the document incorporated by reference is a Final Official Statement within the meaning of the Rule, it will also be available from the MSRB. The annual financial statements of the Authority and each State University for each fiscal year shall consist of the balance sheet and the related statements of revenue and cost of service and cash flows 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 Authority or the applicable State University.

In the Authority Disclosure Agreement, the Authority also will undertake for the benefit of the owners of the Series 2026A Bonds to provide in a timely manner, not in excess of ten business days after occurrence of the event, to EMMA notice of any of the following events with respect to the Series 2026A 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 Series 2026A Bonds, or other material events affecting the tax status of the Series 2026A Bonds;
- (vii) modifications to the 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 Series 2026A Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Authority^{††};
- (xiii) the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets of the Authority, 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 Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect the owners of the Series 2026A Bonds, 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 Authority, any of which reflect financial difficulties.[†]

Nothing in the Authority Disclosure Agreement shall preclude the Authority or the BHE from disseminating any information in addition to that required under the Authority Disclosure Agreement. If the Authority or the BHE disseminates any such additional information, nothing in the Authority Disclosure Agreement shall obligate the Authority or BHE, as the case may be, to update such information or include it in any future materials disseminated.

To the extent permitted by law, the provisions of the Authority Disclosure Agreement shall be enforceable against the Authority and the BHE in accordance with the terms thereof by any owner of a Series 2026A Bond, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Authority or the BHE, as the case may be). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of the Series 2026A Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Authority or the BHE, as applicable, and to compel the Authority or the BHE, and any of their respective officers, agents or employees, to perform and carry out their duties under the foregoing provisions as aforesaid, provided, however, that the sole remedy in connection with such undertakings shall be limited to an action to compel specific performance of the obligations of the Authority or the BHE in connection with such undertakings and shall not include any rights to monetary damages. The obligations of the Authority and the BHE in respect of the Authority Disclosure Agreement shall terminate if no Series 2026A 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 the Authority Disclosure Agreement may be amended by the Authority and the BHE, without the consent of, or notice to, any owners of the Series 2026A 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 Authority or the BHE for the benefit of the owners of the Series 2026A 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

^{††} 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 Authority 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 Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials 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 Authority.

[†] As noted in the Rule, the term “financial obligation” means a (i) debt obligation; (ii) 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) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

APPENDIX F

or (e) to otherwise modify the undertakings in a manner consistent with the requirements 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 Series 2026A 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 Series 2026A Bonds, as determined either by a party unaffiliated with the Authority and the BHE (such as Authority bond counsel) or by the vote or consent of owners of a majority in outstanding principal amount of the Series 2026A Bonds affected thereby at or prior to the time of such amendment.

