

**ANNUAL REPORT**

**of**

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY**

**for the year ended**

**June 30, 2012**

**pursuant to**

**Continuing Disclosure Agreements executed in connection with**  
**the issuance of its**

**Senior Sales Tax Bonds**  
**and**  
**Assessment Bonds**

**entered into pursuant to the provisions of Rule 15c2-12**

**of the**

**Securities and Exchange Commission**

**6-digit CUSIP\* Reference: 575577**

**(for additional details see Exhibit C hereto)**

This Annual Report of Massachusetts Bay Transportation Authority (the “Authority”) has been prepared and is submitted pursuant to continuing disclosure agreements of the Authority (the “Continuing Disclosure Agreements”) subject to Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the “Rule”) executed and delivered by the Authority in connection with the issuance by the Authority of its (i) Senior Sales Tax Bonds, 2002 Series A, (ii) Senior Sales Tax Bonds, 2003 Series A, (iii) Senior Sales Tax Bonds, 2003 Series C, (iv) Senior Sales Tax Bonds, 2004 Series A, (v) Senior Sales Tax Bonds, 2004 Series B, (vi) Senior Sales Tax Bonds, 2004 Series C, (vii) Senior Sales Tax Bonds, 2005 Series A, (viii) Senior Sales Tax Bonds, 2005 Series B, (ix) Senior Sales Tax Bonds, 2006 Series A, (x) Senior Sales Tax Bonds, 2006 Series B, (xi) Senior Sales Tax Bonds, 2006 Series C, (xii) Senior Sales Tax Bonds, 2007 Series A-1, (xiii) Senior Sales Tax Bonds, 2007 Series A-2, (xiv) Senior Sales Tax Bonds, 2008 Series A-1, Variable Rate Demand Obligations, (xv) Senior Sales Tax Bonds, 2008 Series A-2, Variable Rate Demand Obligations, (xvi) Senior Sales Tax Bonds, 2009 Series B, (xvii) Senior Sales Tax Bonds, 2009 Series C (Federally Taxable – Direct Pay to Issuer – Build America Bonds), (xviii) Senior Sales Tax Bonds, 2009 Series D, (xix) Senior Sales Tax Bonds, 2010 Series A, Variable Rate Demand Obligations, (xx) Senior Sales Tax Bonds, 2010 Series B, (xxi) Senior Sales Tax Bonds, 2010 Series C, (xxii) Senior Sales Tax Bonds, 2010 Series D (Federally Taxable – Direct Pay to Issuer – Build America Bonds), (xxiii) Assessment Bonds, 2004 Series A and (xiv) Assessment Bonds, 2005 Series A, (xxv) Assessment Bonds, 2006 Series A, (xxvi) Assessment Bonds, 2008 Series A and (xxvii) Assessment Bonds, 2012 Series A (collectively, the “Bonds”). The Authority has entered into the Continuing Disclosure Agreements in order to facilitate compliance with the provisions of the Rule by the bond underwriters.

All information contained herein has been furnished or obtained by the Authority from sources believed to be accurate and reliable. The information contained in this Annual Report is subject to change without notice and delivery of this information shall not, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof. Reference should be made to the official statement and the operative documents for the Bonds for a full and complete statement of the terms of the Bonds.

### **THIS IS NOT AN OFFERING DOCUMENT**

The information in this Annual Report relates to bond issues of the Authority that have been sold and distributed in underwritten public offerings described in the related official statement. Each viewer of the following information acknowledges that (i) the Authority is not now by this document offering any bonds or other securities, nor soliciting an offer to buy any securities, (ii) this information is not to be construed as any description of the Authority or its programs in conjunction with any offering of bonds or securities of the Authority - such offerings are only made pursuant to the appropriate official statements of the Authority - nor shall anyone assume from the availability of the following information that the affairs of the Authority have not changed since the date of this information, (iii) no representation is made as to the propriety or legality of any secondary market trading of the Bonds or other securities of the Authority by anyone in any jurisdiction and (iv) the Authority does not hereby obligate itself in any manner to periodically or otherwise update this information.


This annual report contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the Authority, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the Authority. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking

statements are indicated by use of such words as “may,” “will,” “should,” “intends,” “expects,” “believes,” “anticipates,” “estimates” and others.

This report consists of the following financial information and operating data relating to the Authority:

- Attached hereto as Exhibit A are the audited financial statements for the fiscal year ended June 30, 2012, prepared in conformity with generally accepted accounting principles, pursuant to Section 4 of each of the Continuing Disclosure Agreements.
- Attached hereto as Exhibit B is the Authority’s Assessment Bonds 2012 Series A Official Statement dated June 8, 2012, which includes financial information and operating data for the fiscal year ended June 30, 2012 and includes the quantitative information regarding (a) Assessments, (b) the Dedicated Sales Tax, (c) outstanding indebtedness, (d) capital plan, and (e) total revenues and operating expenses annual financial information, as required by Section 4 of each of the Continuing Disclosure Agreements.
- Attached hereto as Exhibit C is a list of six-digit issuer identification CUSIP numbers associated with the Bonds.

This Annual Report has been executed and delivered on behalf of the Authority pursuant to the Continuing Disclosure Agreements.

By:   
Name: Wesley G. Wallace, Jr.  
Title: Treasurer-Controller

March 25, 2013

**EXHIBIT B**

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY**

**Assessment Bonds 2012 Series A**

**Official Statement**

**[See Attached]**

*In the opinion of Bond Counsel, under existing law, assuming continued compliance with certain provisions of the Internal Revenue Code of 1986, as amended, interest on the Bonds will not be included in the gross income of holders of the Bonds for federal income tax purposes, and interest on the Bonds will not constitute a preference item for the purposes of computation of the alternative minimum tax imposed on certain individuals and corporations but will be taken into account in computing the alternative minimum tax applicable to certain corporations. In the opinion of Bond Counsel, interest on the Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. See "TAX MATTERS" herein.*



**\$410,645,000**  
**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY**  
**Assessment Bonds**  
**2012 Series A**

**Dated: Date of Delivery**

**Due: As shown on the inside cover**

This Official Statement relates to the issuance by the Massachusetts Bay Transportation Authority (the "Authority") of its Assessment Bonds, 2012 Series A (the "Bonds"). The Bonds will be issued by means of a book-entry only system evidencing ownership and transfer of the Bonds on the records of The Depository Trust Company ("DTC") and its participants. Details of payment of the Bonds are more fully described in this Official Statement. The Bonds will bear interest from the date of initial delivery thereof and interest will be payable on January 1, 2013 and semiannually thereafter on each July 1 and January 1, calculated on the basis of a 360-day year of twelve 30-day months. Purchases of the Bonds will be made in book-entry only form in denominations as set forth herein. Principal of and interest on the Bonds are payable as more fully described herein. The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as more fully described herein.

The Bonds will constitute special obligations of the Authority payable solely from and secured by a pledge of Pledged Revenues and funds and accounts established under the Assessment Bond Trust Agreement, dated as of July 1, 2000, between the Authority and U.S. Bank National Association, Boston, Massachusetts, as successor trustee (the "Trustee"), as amended and as supplemented by the Tenth Supplemental Trust Agreement authorizing the issuance of the Bonds, dated as of May 1, 2012, between the Authority and the Trustee. The Authority has no taxing power. Neither The Commonwealth of Massachusetts (the "Commonwealth") nor any political subdivision thereof shall be obligated to pay the Bonds and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof (other than the Authority) is pledged to such payment, except as described herein.

The Bonds are offered when, as and if issued and received by the Underwriters, subject to the unqualified approval of legality by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by Eckert Seamans Cherin & Mellott, LLC, Boston, Massachusetts. The Bonds are expected to be available for delivery on or about June 21, 2012 at or through DTC in New York, New York.

**Ramirez & Co., Inc.**

**Barclays**

**Corby Capital Markets, Inc. Loop Capital Markets Siebert Brandford Shank & Co., L.L.C.**

**\$410,645,000**  
**Massachusetts Bay Transportation Authority**  
**Assessment Bonds**  
**2012 Series A**

**Dated: Date of Delivery**

**Due: As shown below**

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
1/1/2013	\$3,480,000	1.500%	0.170%	575577MS7
7/1/2015	2,360,000	3.000	0.620	575577MF5
7/1/2016	1,985,000	4.000	0.770	575577MG3
7/1/2017	11,695,000	4.000	1.000	575577MH1
7/1/2018	13,190,000	4.000	1.300	575577MJ7
7/1/2018	7,500,000	5.000	1.300	575577MT5
7/1/2019	2,505,000	4.000	1.580	575577MK4
7/1/2019	29,335,000	5.000	1.580	575577MU2
7/1/2020	480,000	4.000	1.880	575577ML2
7/1/2020	44,310,000	5.000	1.880	575577MV0
7/1/2021	2,540,000	4.000	2.100	575577MM0
7/1/2021	38,850,000	5.000	2.100	575577MW8
7/1/2022	800,000	4.000	2.250	575577MN8
7/1/2022	20,085,000	5.000	2.250	575577MX6
7/1/2023	18,060,000	5.000	2.400 <sup>†</sup>	575577MP3
7/1/2024	3,470,000	5.000	2.550 <sup>†</sup>	575577MQ1

\$63,990,000 4.000% Term Bonds maturing July 1, 2037 at a Price of 100% CUSIP\* 575577MY4

\$70,000,000 4.050% Term Bonds maturing July 1, 2041 at a Price of 100% CUSIP\* 575577MR9

\$76,010,000 5.000% Term Bonds maturing July 1, 2041 Priced to Yield 3.500%<sup>†</sup> CUSIP\* 575577MZ1

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as described herein. See "REDEMPTION PROVISIONS."

\* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. The CUSIP numbers are included solely for the convenience of Bondowners and the Authority is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products.

<sup>†</sup> Priced to first optional redemption date of July 1, 2022.

**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY**

**BOARD OF DIRECTORS**

JOHN R. JENKINS, CHAIR  
FERDINAND ALVARO, JR.  
ELIZABETH LEVIN  
JANICE LOUX  
ANDREW WHITTLE

**SENIOR MANAGEMENT**

JONATHAN R. DAVIS  
ACTING GENERAL MANAGER,  
DEPUTY GENERAL MANAGER AND CHIEF FINANCIAL OFFICER

MARK E. BOYLE .....Assistant General Manager for Development  
MARY FERNANDES .....Assistant General Manager for Supplier Diversity  
EDMOND HUNTER .....Assistant General Manager for Design and Construction  
GERALD K. KELLEY .....First Deputy General Counsel  
JOSEPH P. KELLEY .....Deputy General Manager for System-Wide Modernization  
MICHAEL LAMBERT .....Special Assistant to the General Manager  
CATHERINE LYNDS .....Chief of Staff  
PAUL S. MACMILLAN .....Chief of Police  
SEAN MCCARTHY .....Chief Operating Officer  
RONALD W. NICKLE .....Chief Safety Officer  
BILL PEREZ .....Assistant Secretary of Human Resources  
CHARLES PLANCK .....Senior Director of Strategic Initiatives and Performance  
RACHAEL ROLLINS .....General Counsel  
MICHAEL A. TURCOTTE .....Assistant General Manager of Engineering and Maintenance  
WESLEY G. WALLACE, JR. ....Treasurer-Controller

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The information set forth herein has been obtained from the Authority and other sources which are believed to be reliable, but, as to information from other than the Authority, it is not to be construed as a representation by the Authority or the Underwriters. 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 Authority since the date hereof, except as expressly set forth herein. The various tables may not add due to rounding of figures.

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

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority. 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 Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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.

All quotations from and summaries and explanations of provisions of laws, resolutions, the Bonds and other documents herein do not purport to be complete; reference is made to said laws, resolutions, the Bonds and other documents for full and complete statements of their provisions. Copies of the above are available for inspection at the offices of the Authority and the Trustee.



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**OFFICIAL STATEMENT  
OF THE  
MASSACHUSETTS BAY TRANSPORTATION AUTHORITY  
PERTAINING TO ITS  
\$410,645,000  
ASSESSMENT BONDS  
2012 Series A**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish information in connection with the issuance by the Massachusetts Bay Transportation Authority (the “Authority” or “MBTA”) of its \$410,645,000 Assessment Bonds, 2012 Series A (the “Bonds”). Unless otherwise defined herein, certain capitalized terms used herein shall have the meanings set forth in APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE ASSESSMENT BOND TRUST AGREEMENT – Definitions” or, in the case of capitalized terms related to the Sales Tax Bond Trust Agreement (hereinafter defined), the meanings set forth in APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT.”

The Bonds are authorized to be issued pursuant to the Enabling Act (hereinafter defined), and are to be issued under the Assessment Bond Trust Agreement, dated as of July 1, 2000, between the Authority and U.S. Bank National Association, Boston, Massachusetts, as successor trustee (the “Trustee”), as amended (the “Trust Agreement”) and as supplemented by the Tenth Supplemental Trust Agreement authorizing the issuance of the Bonds (the “Tenth Supplemental Trust Agreement” and, together with the Trust Agreement, the “Assessment Bond Trust Agreement”), dated as of May 1, 2012, between the Authority and the Trustee.

In connection with the issuance of the Bonds, the Authority is amending the Trust Agreement to modify the definition of the Debt Service Reserve Requirement to provide for its calculation on an aggregate basis of all Assessment Bonds Outstanding and to change the required amount (the “Amendment”). The amended definition of Debt Service Reserve Requirement is set forth in APPENDIX A – “SUMMARY OF ASSESSMENT BOND TRUST AGREEMENT.” By the purchase of the Bonds from time to time on and after the date of delivery thereof, the Bondowners of the Bonds shall be deemed to consent to the Amendment.

The Bonds are being issued for the purpose of (i) paying costs of the Authority in accordance with the Enabling Act, including funding a portion of the Authority’s capital program; (ii) effecting a refunding and restructuring of the Authority’s outstanding bonds identified in Appendix F (the “Refunded Bonds”); and (iii) paying the costs of issuing the Bonds. See “SOURCES AND USES OF FUNDS,” “APPLICATION OF PROCEEDS” and “PLAN OF REFUNDING.”

As used herein, the term “Assessment Bonds” means the Bonds and all other Assessment Bonds previously or hereafter issued under the Trust Agreement on parity with the Bonds. The Trust Agreement provides for the issuance of additional Assessment Bonds, and the Authority expects to issue additional Assessment Bonds in the future. See “THE AUTHORITY – Capital Investment Program.”

The Bonds constitute special obligations of the Authority, secured as to the payment of principal of and redemption premium, if any, and interest thereon by a pledge of certain revenues and other moneys received or derived under the Enabling Act thereof for the purposes and on the terms and conditions provided therein, including without limitation, amounts assessed on cities and towns in the Authority’s territory in accordance with the Enabling Act (the “Assessments”). See “ASSESSMENTS.” The Bonds

constitute the sixth series of Assessment Bonds to be issued under the Trust Agreement. See “SECURITY FOR THE ASSESSMENT BONDS” and APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE ASSESSMENT BOND TRUST AGREEMENT.”

The Authority has no taxing power. Neither The Commonwealth of Massachusetts (the “Commonwealth”) nor any political subdivision thereof (other than the Authority) shall be obligated to pay the Bonds and neither the faith and credit nor the taxing power of the Commonwealth or any such political subdivision thereof is pledged to such payment, except as described herein.

## **Background**

The Authority was created in 1964 pursuant to Chapter 161A of Massachusetts General Laws, as a body politic and corporate and a political subdivision of the Commonwealth to finance and operate mass transportation facilities within (and to a certain extent, outside) its territory. The territorial area of the Authority consists of 175 communities.

As part of its Fiscal Year 2000 annual appropriations act, Chapter 127 of the Acts of 1999 of the Commonwealth, as amended (the “Forward Funding Legislation”), the Commonwealth repealed and restated Chapter 161A of Massachusetts General Laws (as restated, together with Section 35T of Chapter 10 of Massachusetts General Laws, as amended, collectively referred to herein as the “Enabling Act”).

Under the Enabling Act, the Authority receives a dedicated revenue stream consisting of the Assessments and the Dedicated Sales Tax (collectively, the “Dedicated Revenues”). The Dedicated Sales Tax is equal to the greater of the base revenue amount (as defined in the Enabling Act) and the amount raised by a 1% statewide sales tax to be funded from existing sales tax receipts, subject to adjustment under certain circumstances set forth in the Enabling Act. See “SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX.” The Enabling Act and the financing mechanism for the Authority established thereunder have been referred to as “Forward Funding” to reflect the fact that after Fiscal Year 2000, the Authority’s costs were no longer funded in arrears. As described in “Transportation Reform” and “SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX,” the Dedicated Sales Tax excludes the additional \$160 million earmarked for the MBTA from amounts deposited to the Commonwealth Transportation Fund established in Fiscal Year 2010, which amounts are subject to appropriation.

The Enabling Act expanded the territory of the Authority to 175 cities and towns, but aggregate annual Assessments payable by such cities and towns initially were reduced in five equal amounts from approximately \$144 million in Fiscal Year 2001 to approximately \$136 million in Fiscal Year 2006. After 2006, aggregate Assessments are adjusted annually for inflation but are not permitted to increase by more than 2.5% per year. For further information regarding Assessments, see “ASSESSMENTS.”

The Dedicated Revenues are credited upon receipt, without appropriation, to the Commonwealth’s State and Local Contribution Fund (the “Fund” or the “State and Local Contribution Fund”). Such amounts shall be disbursed to the Authority upon the request of the General Manager so long as the Authority shall certify that it has provided in its budget each year for the payment of the Prior Obligations due during such year. In connection with its Fiscal Years 2012 and 2012 budgets, the Authority has certified that it has provided for the payment of Prior Obligations in such annual budgets. See “SECURITY FOR THE ASSESSMENT BONDS – Provision for the Payment of Prior Obligations.”

In order to clarify certain procedural provisions in the Enabling Act, the Authority entered into a Memorandum of Understanding, dated as of July 1, 2000, with the Executive Office for Administration and Finance, the Office of the State Treasurer, the Office of the Comptroller and the Department of Revenue (the “MOU”). In accordance with the MOU, the Assessments shall be deposited to the Fund quarterly, on September 30, December 31, March 31 and June 30. The Dedicated Sales Tax generally is deposited not later than the last business day of each month on account of the prior month.

Under the Enabling Act, the Dedicated Revenues are impressed with a trust for the benefit of Authority bondowners. Furthermore, the Commonwealth covenants that while any Authority bonds or notes secured by the Dedicated Revenues are outstanding and remain unpaid, the Dedicated Revenues shall not be diverted, and, so long as the Dedicated Revenues are necessary for the purpose for which they have been pledged, the rate of the sales tax shall not be reduced below the amount of the Dedicated Sales Tax and annual aggregate Assessments shall not be reduced below \$136,026,868. See “SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX” and “ASSESSMENTS.”

Authority indebtedness may be a general obligation of the Authority or may be secured by a pledge or conveyance of all or a portion of revenues, receipts or other assets or funds of the Authority, including without limitation, the Assessments and Dedicated Sales Tax. Pursuant to the Assessment Bond Trust Agreement, the Bonds are secured by a pledge of Assessments and, after meeting the obligations under a Sales Tax Bond Trust Agreement, dated as of July 1, 2000, as amended and supplemented (the “Sales Tax Bond Trust Agreement”), by and between the Authority and U.S. Bank National Association, as successor trustee, the Dedicated Sales Tax, along with other Authority revenues as described under “SECURITY FOR THE ASSESSMENT BONDS – Pledge Under the Assessment Bond Trust Agreement.”

Under the Enabling Act, the Authority is required to meet all of its operating and capital expenditures from Dedicated Revenues, federal assistance and revenues generated from operation of the Authority’s system, including without limitation fare revenues and non-fare revenues (e.g., parking and advertising revenues).

As shown in the table under the heading “SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX,” since 2000 the growth in the Dedicated Sales Tax has been much slower than overall historical trends. In addition, due to the limited growth in the inflation index, the Authority has received minimal or no increases in the base revenue amount since 2000. During such period, operating expenses have continued, and are in the future expected to continue, to grow based on the rising cost of health care, energy, paratransit services, commitments under collective bargaining agreements and other factors. As described under “THE AUTHORITY – Operations,” the Authority’s Fiscal Year 2012 operating budget is balanced, but relies on a \$160 million payment to the Commonwealth Transportation Fund that is earmarked for the MBTA, expense reductions and a restructuring of approximately \$33 million of existing debt, which restructuring is to be accomplished through the issuance of the Bonds. The Authority also projects an approximately \$159 million operating deficit for Fiscal Year 2013 to be addressed as described under “THE AUTHORITY – Operations.” The Bonds are secured by a first lien on Assessments and other Pledged Revenues, prior to the payment of operating expenses. See “SECURITY FOR THE ASSESSMENT BONDS – Additional Indebtedness” for information regarding debt service coverage on the Bonds.

The Authority has identified and implemented certain cost management and revenue enhancement initiatives that it believes to be necessary to help provide for the short-term and long-term operation and maintenance of the Authority’s transportation system. In addition, the Authority has adopted a fare increase and service reduction effective July 1, 2012, as further described under “THE AUTHORITY – Operations.” The Authority continues to explore other cost management and revenue enhancement initiatives to address the longer-term structural deficits. There can be no assurance, however, that such initiatives can be implemented or will provide sufficient financial resources to sustain the operation and maintenance of the Authority’s transportation system. Under the Enabling Act, the pledge and receipt of Dedicated Revenues is not contingent upon the Authority’s provision of transportation services. Subject to the limitations with respect to the Assessments described under “ASSESSMENTS” and with respect to the Dedicated Sales Tax described under “SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX,” the Authority’s failure to provide transportation services at current levels would not affect the Commonwealth’s or the assessed cities’ and towns’ obligation or ability to provide the Dedicated Revenues. See “ASSESSMENTS – Legal

Obligations of Assessed Cities and Towns” and “SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX.”

## **Transportation Reform**

Chapter 25 of the Acts of 2009 of the Commonwealth of Massachusetts, as amended (the “Transportation Reform Act”) is designed to reform the Commonwealth’s transportation system. The Transportation Reform Act created a new authority, effective November 1, 2009, called the Massachusetts Department of Transportation (MassDOT), governed by a five-member board appointed by the Governor. The Governor appoints a Secretary of MassDOT, who serves as MassDOT’s chief executive officer. MassDOT has an office of planning and programming and four divisions – one for highways, one for mass transit, one for aeronautics and one for the Registry of Motor Vehicles – which share administrative functions such as human resources, financial management, information technology and planning. Each division is headed by an administrator appointed by the Secretary of MassDOT.

The Transportation Reform Act maintains the separate existence of the Massachusetts Bay Transportation Authority, but its governing board was abolished and replaced by a new five-member board appointed by the Governor, which is the same board as MassDOT. See “THE AUTHORITY – Board of Directors.” The Transportation Reform Act provided for the dissolution of the Massachusetts Turnpike Authority and the transfer of its assets, liabilities, obligations and debt to MassDOT, which has a separate legal existence from the Commonwealth. MassDOT assumed the rights, powers and duties of the Turnpike Authority upon the transfer on November 1, 2009. The Massachusetts Port Authority remains an independent authority, but the legislation provided that the Tobin Memorial Bridge, a tolled bridge which was owned and operated by the Port Authority, was transferred to MassDOT on January 1, 2010.

The Transportation Reform Act establishes a Massachusetts Transportation Trust Fund within MassDOT, into which all bridge, tunnel and highway tolls will be deposited, and upon agreement of MassDOT and the MBTA, transit fares may be deposited. The Trust Fund is to be used for operations, maintenance and capital costs related to the transportation assets under MassDOT’s jurisdiction, including MBTA assets and assets of the Turnpike Authority transferred pursuant to the legislation, as well as debt service on outstanding Turnpike Authority debt. MassDOT will be authorized to issue special obligation debt secured by moneys in the Trust Fund to refinance Turnpike Authority debt issued before July 1, 2009. MassDOT debt is not debt of the Commonwealth.

The Transportation Reform Act does not affect the MBTA State and Local Contribution Fund, into which the Dedicated Sales Tax and Assessments are deposited, the Dedicated Sales Tax, or Assessments. See “SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX” and “ASSESSMENTS.”

The Transportation Reform Act contemplates that the Legislature will continue to make capital appropriations for transportation improvements and that such appropriations will continue to be funded through the issuance by the State Treasurer of Commonwealth debt. The Commonwealth has indicated that certain MBTA expansion projects, other than the Greenbush line and Phase III of the Silver Line, are expected to be funded by the Commonwealth. See “THE AUTHORITY – Capital Investment Program.”

The Transportation Reform Act also establishes a Commonwealth Transportation Fund as a budgetary fund of the Commonwealth for transportation-related purposes, to receive essentially the same revenues that were previously deposited in the Commonwealth’s Highway Fund, including gasoline tax receipts and registry fee revenues. Legislation approved by the Governor on July 20, 2009 provides that the Commonwealth Transportation Fund will also receive the sales tax receipts dedicated to transportation purposes, with a guaranteed annual payment of \$275 million. The guaranteed amount of \$275 million includes \$100 million earmarked for costs including debt service on Turnpike Authority debt, \$160

million earmarked for the MBTA and \$15 million earmarked for the regional transit authorities. Such \$160 million was appropriated by the Commonwealth for Fiscal Years 2010-2012, has been included in both Fiscal Year 2013 Governor's budget proposal and in the versions adopted by the House of Representatives and the Senate, and is subject to appropriation in future years. Such amount does not constitute a Pledged Revenue under either the Sales Tax Bond Trust Agreement or Assessment Bond Trust Agreement but shall be applied to pay operating expenses and other obligations of the Authority. The \$160 million payment to the Commonwealth Transportation Fund is not part of the State and Local Contribution Fund and is not pledged to the payment of Assessment Bonds. Balances in two previously existing Commonwealth funds – the Deferred Maintenance Trust Fund and the Central Artery and Statewide Road and Bridge Infrastructure Fund – are also being transferred to the Commonwealth Transportation Fund. Moneys in the Commonwealth Transportation Fund will be used to pay Commonwealth debt service and contract assistance obligations for transportation-related investments, with the excess in each Fiscal Year to be available for transfer to the Massachusetts Transportation Trust Fund for use by MassDOT. See "SECURITY FOR THE ASSESSMENT BONDS."

### **Official Statement**

There follows in this Official Statement a description of the Authority, together with summaries of the terms of the Bonds and certain provisions of the Enabling Act, the Assessment Bond Trust Agreement, and the Sales Tax Bond Trust Agreement. All references herein to the Enabling Act, Transportation Reform Act, the Assessment Bond Trust Agreement, and the Sales Tax Bond Trust Agreement are qualified in their entirety by reference to such law and documents, copies of which are available from the Authority or the Trustee, and all references to the Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Assessment Bond Trust Agreement and the Sales Tax Bond Trust Agreement.

Appendix A is a summary of certain provisions of the Assessment Bond Trust Agreement. Appendix B is a summary of certain provisions of the Sales Tax Bond Trust Agreement. Appendix C sets forth the proposed form of opinion of Bond Counsel. Appendix D describes the proposed Continuing Disclosure Agreement to be executed by the Authority and the Trustee. Appendix E sets forth certain information regarding Assessments and Local Aid. Appendix F contains the list of Refunded Bonds to be refunded with a portion of the proceeds of the Bonds. Appendix G contains a detailed history of receipts of the Dedicated Sales Tax by Fiscal Year.

This Official Statement does not contain the audited financial statements of the Authority or general financial and operating information about the Authority because the Bonds are secured by a first lien on Assessments and other Pledged Revenues (hereinafter defined) under the Assessment Bond Trust Agreement and, as described herein, amounts available under the Sales Tax Bond Trust Agreement, and not by the general obligation of the Authority, and the Assessments are not derived from or otherwise related to the Authority's operations. See "THE AUTHORITY – Operations." For further information about the Authority, reference is made to the Authority's most recent annual report filed pursuant to the Authority's continuing disclosure undertaking for certain Prior Obligations, which report includes audited financial statements, among other information.

## THE AUTHORITY

The Authority was created in 1964 and is a body politic and corporate and a political subdivision of the Commonwealth. Under the Enabling Act, the territorial area of the Authority consists generally of 175 cities and towns directly or indirectly receiving Authority service. The 175 cities and towns are grouped into three categories, based upon the weighting of each member's allocable percentage of Assessments: (i) the 14 cities and towns; (ii) the 51 cities and towns; and (iii) the other served communities. See APPENDIX E – "INFORMATION REGARDING ASSESSMENTS AND LOCAL AID" for a list of such cities and towns grouped by such categories. The Authority finances and operates mass transportation facilities within its territory and to a limited extent outside its territory and is authorized to enter into agreements for providing mass transportation service by private companies, including railroads.

### **Board of Directors**

As described under "Transportation Reform" above, the Enabling Act was amended in connection with the reform of the Commonwealth's transportation system. While the MBTA remains a separate entity within the Massachusetts Department of Transportation, effective November 1, 2009, the governing board of the Authority was abolished and replaced by a new five-member board (the "Board of Directors" or "Board") appointed by the Governor. Members of the Board serve four-year terms and are eligible for reappointment. Of the appointees of the Governor, two shall be experts in the field of public or private transportation finance, two shall have practical experience in transportation planning and policy and one shall be a registered civil engineer with at least 10 years experience. One of the directors shall be appointed by the governor to serve as chairperson of the board; provided, however, that said designee shall not be an employee of the Authority, MassDOT or any division thereof. No more than three of the five directors shall be members of the same political party.

Under the Enabling Act, the Board has the power to appoint and employ a General Manager and other officers. The Enabling Act also provides that the Advisory Board, consisting of a representative of each of the cities and towns paying Assessments, shall have certain specified powers, including the power to review the Authority's long term capital program and annual operating budget. The Enabling Act does not provide for the Authority to be a debtor under the federal bankruptcy code.



The members of the Board, who also are members of the board of MassDOT, are:

JOHN R. JENKINS, *Board Chair, Natick, Massachusetts, term expires October 31, 2013.*

Chair of the MassDOT Board; former Massachusetts Turnpike Authority Board member; President of West Insurance Agency, Inc.

FERDINAND ALVARO, JR., *Director, Marblehead, Massachusetts, term expires October 31, 2013.*

Practicing attorney, Gonzalez Saggio & Harlan LLP; former Vice President, Commercial and General Counsel of BOC Process Systems; former Chief Executive Officer of the Cantarell Nitrogen Company; formerly served on the boards of directors of U.S., Chilean, Columbian, Mexican, and Venezuelan companies.

ELIZABETH LEVIN, *Director, Boston, Massachusetts, term expires October 31, 2013.*

President of Liz Levin & Company, a management consulting company that serves the transportation, design and environment community.

JANICE LOUX, *Director, Williamstown, Massachusetts, term expires October 31, 2013.*

President of Greater Boston Hotel Employees Local 26 Union; Treasurer of the Local 26 Trust Funds; former Vice-President and Benefits Officer of Local 26.

ANDREW WHITTLE, *Director, Boxborough, Massachusetts, term expires October 31, 2013.*

Geotechnical engineer; Department Head of the Massachusetts Institute of Technology's Department of Civil and Environmental Engineering.

## **Administration**

The Authority's principal officers are as follows:

JONATHAN R. DAVIS, *Acting General Manager and MassDOT Rail and Transit Administrator; Deputy General Manager and Chief Financial Officer.*

Former Budget Director, MBTA; former Vice-President and Controller, H.P. Hood, Inc.

RACHAEL ROLLINS, *General Counsel.*

Former Assistant United States Attorney for the District of Massachusetts; former attorney, Bingham McCutchen, LLP; former attorney, National Labor Relations Board.

GERALD K. KELLEY, *First Deputy General Counsel*

Former Senior Regional Counsel, Federal Deposit Insurance Corporation, Boston Regional Office; former Chief, Contracts Section, Office of the Attorney General, Commonwealth of Massachusetts; former, General Attorney, U.S. Coast Guard, First Coast Guard District; former, General Attorney, U.S. Army Corps. of Engineers, New England Division; retired Commander, U.S. Coast Guard Reserve.

WESLEY G. WALLACE, JR., *Treasurer-Controller.*

Former Deputy Treasurer-Controller, MBTA; former Consultant to Construction Department, MBTA; former Assistant General Manager, Regional Transit Authority, New Orleans.

## **General**

The MBTA is the oldest and fifth largest transit system in the country, operating subway, trackless trolley, trolley, bus and commuter rail service throughout eastern Massachusetts. The Authority is responsible for an estimated 1.3 million passenger trips every business day and operates over 432 miles of rapid transit rail routes. Service is also provided by streetcars and light rail vehicles on 26 miles of additional rail routes. The Authority owns more than 1,000 buses that cover routes totaling 763 miles. The MBTA's commuter rail service operates over 410 units of passenger rail equipment providing service between Boston and 131 outlying rail stations. In addition, the MBTA provides a broad range of other passenger services, including commuter boats, "The Ride" paratransit service, and express buses.

As of May 1, 2012, the Authority employed approximately 5,400 full-time and approximately 816 part-time employees. Approximately 5,900 employees are represented by one of 28 labor organizations. The largest, Local 589 Amalgamated Transit Union, represents nearly 3,600 Authority employees. The collective bargaining agreement between the Authority and Local 589 Amalgamated Transit Union expired on June 30, 2010. However, the parties have continued to operate under the terms of the prior agreement until a new agreement is determined.

## **Operations**

Under the Enabling Act, the Authority is required to meet all of its expenditures, both operating and capital, from a combination of Dedicated Revenues, federal assistance and revenues generated from operation of the Authority's transportation system. For information regarding capital expenditures and federal assistance therefor, see "THE AUTHORITY – Capital Investment Program."

The Authority's operating expenses (excluding debt service) for Fiscal Year 2010 and Fiscal Year 2011 were \$1.181 billion and \$1.217 billion, respectively, are budgeted to be \$1.294 billion for Fiscal Year 2012 and \$1.329 billion for Fiscal Year 2013. Debt service for each of the foregoing Fiscal Years was, or, in the case of Fiscal Years 2012 and 2013, are budgeted to be, approximately \$445 million, \$405 million, \$362 million and \$437 million, respectively, which in the case of Fiscal Year 2012, assumes the restructuring of a portion of the Refunded Bonds by the Bonds.

Dedicated Revenues for Fiscal Year 2012 are projected to be \$931 million, including approximately \$779 million of Dedicated Sales Tax and approximately \$152 million of Assessments. The Dedicated Sales Tax figure is the base revenue amount certified by the Comptroller on March 1, 2011 to be credited to the State and Local Contribution Fund during Fiscal Year 2012, and which exceeds the projected dedicated sales tax revenue amount for such Fiscal Year, of \$664,251,652, as was projected by the Comptroller on April 2, 2012.

On March 1, 2012, the Comptroller certified, with respect to Fiscal Year 2013, that the base revenue amount is \$786.87 million, which exceeds the Fiscal Year 2012 base revenue amount by \$7.78 million. See "DEDICATED SALES TAX."

Under a transition provision related to the Enabling Act, the annual Assessments initially had been reduced in five equal amounts from the approximately \$144 million in Fiscal Year 2001 to approximately \$136 million in Fiscal Year 2006. For Fiscal Year 2007 and thereafter, aggregate Assessments are adjusted annually for inflation, but are not permitted to increase by more than 2.5% per year. Aggregate Assessments in each of Fiscal Years 2010 and 2011 were \$150 million, and are projected to be approximately \$152 million in Fiscal Year 2012 and approximately \$156 million in Fiscal Year 2013. For more information regarding Assessments, see "ASSESSMENTS."

The Authority generates significant revenues from operation of its transportation system, including both fare revenues and non-fare revenues such as those derived from parking and advertising. The Authority also generates other non-operating revenues. The aggregate of all fare revenues and non-fare revenues was

approximately \$550 million and \$511 million for Fiscal Years 2010 and 2011, respectively, are budgeted to be approximately \$505 million for Fiscal Year 2012 and approximately \$579 million for Fiscal Year 2013.

Under the Enabling Act, the Authority is required to establish and implement policies to increase the portion of the Authority's expenses covered by system revenues. In Fiscal Years 2010 and 2011, the Authority paid 45%, and 44%, respectively, of its operating expenses excluding debt service from system revenues. The Authority is paying 39% in Fiscal Year 2012. The Blue Ribbon Committee established in April 2000 to make recommendations regarding the implementation of the Forward Funding Legislation proposed a goal of increasing revenues to recover at least 50% of operating expenses.

As shown in the table under the heading "SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX," since 2000 the growth in the Dedicated Sales Tax has been much slower than overall historical trends. In addition, due to the limited growth in the inflation index, the Authority has received minimal or no increases in the base revenue amount since 2000. During such period, operating expenses have continued to and are expected to continue to grow in the future based on the rising cost of health care, energy, paratransit services, commitments under collective bargaining agreements and other factors.

The Authority's Fiscal Year 2012 budget is balanced, but relies on the \$160 million guaranteed payment to the Commonwealth Transportation Fund that is earmarked for the MBTA, expense reductions and a restructuring of approximately \$33 million of existing debt, which restructuring is to be accomplished through the issuance of the Bonds. See "PLAN OF REFUNDING."

The Authority's Fiscal Year 2013 operating budget originally was estimated to have an approximately \$185 million deficit, after applying the \$160 million guaranteed payment to the Commonwealth Transportation Fund that is earmarked for the MBTA. Such deficit was reduced to approximately \$159 million through cost cutting. The remainder of the deficit is anticipated to be funded from a combination of (i) one-time revenues or cost cutting, including a transfer from MassDOT of excess funds for snow removal, a \$5 million payment under a lease of the Authority North Station garage and savings under other leases, (ii) other one-time or structural changes requiring legislative action, which Governor Patrick has filed and (iii) a far increase and modest service reductions effective July 1, 2012.

The Authority conducted a series of public hearings and meetings during January through March, 2012 to consider a fare increase and service changes. Based on input received through the public process, on April 4, 2012, the Board adopted an overall increase in fares of approximately 23% effective July 1, 2012 and limited reductions in bus, rail and ferry service.

Prior to such increase, the Authority implemented in January 2007 (February 2007 for monthly passes), January 2004 (February 2004 for monthly passes) and September 2000 (November 2000 for monthly passes), an overall increase in fares of approximately 25%, 24.4% and 25%, respectively. The 2000 fare increase was the first increase since 1991.

While the above-described initiatives are expected to address the Fiscal Year 2013 projected operating deficit and a portion of the ongoing structural deficit, the Authority, working with MassDOT and the Commonwealth, continues to develop plans to address the longer-term financial challenges. However, the Authority's ability to implement those plans could be adversely affected by a wide variety of factors, some of which are beyond the Authority's control, including the system's aging infrastructure and the concomitant need for significant investment in capital maintenance and renewal, costs of wages and benefits for labor unions that represent much of the Authority's workforce, the risk of unfunded legislative mandates or other legislative restrictions on the Authority, uncertainties as to future federal grants, slower than anticipated growth in Dedicated Revenues and other unexpected increases in operating costs.

The Bonds are secured by a first lien on Assessments and other Pledged Revenues, prior to the payment of operating expenses. See “SECURITY FOR THE ASSESSMENT BONDS – Additional Indebtedness” for information regarding debt service coverage on the Bonds.

Under the Enabling Act, the obligation of cities and towns in the Authority’s territory to pay Assessments is not contingent upon the Authority’s provision of specified transportation services to those cities and towns, though the Massachusetts Supreme Judicial Court has held that the method by which Authority costs are assessed on particular communities must be reasonable and not arbitrary. For more information regarding the obligation of cities and towns to pay Assessments, see “ASSESSMENTS – Legal Obligation of Assessed Cities and Towns.”

## **Indebtedness**

*Prior Obligations.* Prior to July 1, 2000, in order to fund a portion of its capital program, the Authority periodically issued bonds under the General Bond Resolution of the Authority adopted February 15, 1967, as amended, and had issued notes and entered into certain leases and other obligations. Such bonds, notes, leases and other obligations outstanding as of July 1, 2000 are collectively referred to herein as the “Prior Obligations.”

The Prior Obligations were a general obligation of the Authority. However, if the Authority lacked funds to pay such indebtedness, the Commonwealth was obligated to pay such amount, to which obligation the Commonwealth’s full faith and credit was pledged (the “Commonwealth Guaranty”). In addition, the Commonwealth entered into a contract for financial assistance with the Authority pursuant to which the Commonwealth agreed to pay a portion of the debt service on the Prior Obligations (“Section 28 Assistance”). Furthermore, the Commonwealth paid to the Authority the total amount of expenses in excess of revenues (“Net Cost of Service”).

Prior to July 1, 2000, the Prior Obligations were payable from Section 28 Assistance and the Authority’s reimbursement from the Commonwealth for Net Cost of Service or by a combination of the foregoing. Commencing July 1, 2000, the Authority no longer received Net Cost of Service, which had been unlimited, or Section 28 Assistance, and is no longer authorized to issue indebtedness supported by the Commonwealth Guaranty.

While the Authority no longer may incur indebtedness supported by the Commonwealth Guaranty, to the extent that the Dedicated Revenues are insufficient in any year to provide for the payment of the Prior Obligations in such year, the Commonwealth shall remain liable to pay such Prior Obligations to the same extent as under the Enabling Act in effect prior to July 1, 2000. The Enabling Act provides, however, that any such payment by the Commonwealth shall be repayable within five years by the Authority, without interest, from Dedicated Revenues.

The Enabling Act further provides that in order to draw upon Dedicated Revenues credited to the State and Local Contribution Fund, including Dedicated Sales Tax, for any Fiscal Year, the Authority shall have certified that it has provided in its annual budget for each year for the payment of Prior Obligations during such year. See “SECURITY FOR THE ASSESSMENT BONDS – Pledge Under the Sales Tax Bond Trust Agreement” and “Assessment Bond Trust Agreement and Assessments.”

The payment of Prior Obligations each year is provided for under the Sales Tax Bond Trust Agreement to be paid from the Dedicated Sales Tax. Under the Enabling Act, the Dedicated Sales Tax may not be less than the base revenue amount (as defined in the Enabling Act), which was approximately \$756 million in Fiscal Year 2008 and \$767 million in Fiscal Years 2009, 2010, 2011, and \$779 million in 2012 and \$786.87 million in Fiscal Year 2013 and is subject to adjustment in future years in accordance with the Enabling Act. See “SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX.”

Outstanding Prior Obligations include without limitation the Authority's General Transportation System Bonds, obligations of the Boston Metropolitan District ("BMD") for which the Authority is responsible and certain leases.

As of May 1, 2012, the Authority had outstanding \$494,700,000 aggregate principal amount of General Transportation System Bonds issued under its General Bond Resolution adopted February 15, 1967, as amended. The General Transportation System Bonds include \$199,255,000 principal amount bearing interest at variable rates. Under the supplemental resolutions authorizing such variable rate General Transportation System Bonds, the interest rate on such bonds may not exceed 12% per annum. As described under "Hedge Agreements" below, the Authority has hedged \$188 million of such variable rate obligations. Because under the Enabling Act the Authority is no longer authorized to issue bonds supported by the Commonwealth Guaranty or Section 28 Assistance, the Authority does not expect to issue any additional General Transportation System Bonds. A portion of the principal amount of General Transportation System Bonds that matured on March 1, 2012 were paid with the proceeds of Senior Sales Tax Bond Anticipation Notes which will be repaid with a portion of the proceeds of the Bonds.

As of May 1, 2012, there were outstanding \$6,080,000 of BMD obligations. The BMD will not issue debt other than periodic refunding issues which will be necessary from time to time in order to level out the maturities of its debt and to correlate its debt maturities with the Authority's obligations to the BMD.

Prior to July 1, 2000, the Authority entered into five long-term leases providing for the lease of equipment to the Authority, which leases constitute Prior Obligations. Under the remaining terms of such leases the Authority is required to make annual rental payments in the range of approximately \$6 million in the years 2012 to 2013. The Authority is also a party to several fully defeased leases under which there are no regularly scheduled payments by the Authority. In addition to its regularly scheduled lease payments, the Authority, under certain circumstances, may be required to pay additional amounts to the lessor. The defeasance obligations for three of such leases were provided or guaranteed by affiliates of Ambac Assurance Corporation ("Ambac"), the November 6, 2008 downgrade of which by Moody's to Baa1 required the Authority to replace Ambac. The Authority has terminated all three of such leases. In addition, the Authority has replaced the collateral on the other two leases guaranteed by MBIA, Inc. and continues to comply with the terms of those leases. All payments under such leases are subordinate to the payment of debt service on the Bonds.

In the event the Authority draws upon any of its liquidity facilities for its variable rate indebtedness, the Authority would be required to repay the liquidity provider the principal amount of such draw with interest at a variable rate substantially in excess of the rates assumed in the table of Prior Obligation Debt Service Requirements below.

The following table sets forth the total annual regularly scheduled debt service requirements on outstanding Prior Obligations for each Fiscal Year as of May 1, 2012:

**Prior Obligations Debt Service Requirements<sup>(1)</sup>**

Year	Principal	Interest <sup>(2)</sup>	Total	Year	Principal	Interest <sup>(2)</sup>	Total
2012	\$83,945,000	\$37,090,038	\$121,035,038	2022	\$10,955,000	\$8,467,825	\$19,422,825
2013	105,940,000	32,087,083	138,027,083	2023	10,740,000	7,714,700	18,454,700
2014	92,120,000	25,550,328	117,670,328	2024	11,495,000	6,962,900	18,457,900
2015	66,725,000	19,913,265	86,638,265	2025	12,300,000	6,158,250	18,458,250
2016	23,450,000	15,865,785	39,315,785	2026	13,160,000	5,297,250	18,457,250
2017	9,630,000	14,363,225	23,993,225	2027	14,080,000	4,376,050	18,456,050
2018	17,315,000	13,711,700	31,026,700	2028	15,065,000	3,390,450	18,455,450
2019	18,840,000	12,507,675	31,347,675	2029	16,120,000	2,335,900	18,455,900
2020	19,095,000	11,203,050	30,298,050	2030	17,250,000	1,207,500	18,457,500
2021	20,420,000	9,881,400	30,301,400				

Source: The MBTA

<sup>(1)</sup> Includes both principal and interest portions of lease payments for leases that constitute Prior Obligations.

<sup>(2)</sup> Assumes a 7% interest rate per annum for the General Transportation System Bonds, Variable Rate Demand Obligations, 1999 Series, outstanding in the principal amount of approximately \$19.72 million and for the General Transportation System Bonds, Variable Rate Demand Obligations, 2000 Series A-1 and A-2 (“2000 Bonds”) outstanding in the aggregate principal amount of \$185.665 million, both of which bear interest at a variable rate reset weekly. For a description of an interest rate swap agreement related to the 2000 Bonds, see “Hedge Agreements.”

*Hedge Agreements.* In December 2001, the Authority entered into two swaptions with Bear Stearns Financial Products Inc., which has been succeeded by merger to JPMorgan Chase & Co., in notional amounts of \$87,805,000 and \$79,645,000, respectively, both of which have been exercised. The first swap hedges a portion of the Authority’s Senior Sales Tax Bonds, 2003 Series B-1 and 2003 Series B-2 (collectively, the “2003 Series B Bonds”). The 2003 Series B Bonds were redeemed in March 2008 from the proceeds of commercial paper which remain outstanding and the swap agreement remains in effect. The Authority received an exercise premium in the amount of \$2,019,515, which was applied, together with a portion of the proceeds of the 2003 Series B Bonds, to refund the portion of the Authority’s General Transportation System Bonds, 1993 Series A Refunding, maturing March 1, 2022. Pursuant to the swap agreement, the Authority receives a variable rate equal to the Securities Industry and Financial Markets Association (formerly the Bond Market Association) Municipal Swap Index (the “SIFMA Index”) and pays a fixed rate of 5.20%. The other swap hedges the Authority’s Senior Sales Tax Bonds, Variable Rate Demand Obligations, 2010 Series A; the Authority received an exercise premium in the amount of \$1,035,385. Pursuant to the swap agreement, the Authority receives a variable rate equal to the SIFMA Index and pays a fixed rate of 5.61%. These swap agreements are Qualified Hedge Agreement under the Sales Tax Bond Trust Agreement, so regularly scheduled payments under such swap agreements are made under the Sales Tax Bond Trust Agreement from the Senior Debt Service Fund, and payments received by the Authority are deposited in the Senior Debt Service Fund. Termination payments are payable from the General Fund under the Sales Tax Bond Trust Agreement. Any payments made by the Authority in the event the counterparty is in default are general unsecured obligations of the Authority. See “SECURITY FOR THE ASSESSMENT BONDS” and APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT – Hedging Transactions.”

In July 2001, the Authority entered into a swaption with UBS AG in the notional amount of \$185,665,000, equal to the par amount of the Authority’s General Transportation System Bonds, Variable Rate Demand Obligations, 2000 Series, which swaption was exercised making the swap effective September 1, 2005. Under such swap, the Authority receives a variable rate equal to 67% of LIBOR and

pays a fixed rate of 5%. The Authority's payments to UBS AG under the swap agreement are subordinate to the payment of debt service on Sales Tax Bonds and Assessment Bonds.

In February 2004, the Authority entered into a swap with Morgan Stanley Capital Services, Inc. in the notional amount of \$25,005,000, which is equal to the par amount of the portion of the Authority's Senior Sales Tax Bonds, 2003 Series C, maturing July 1, 2020 (the "CPI Bonds") and bearing interest at a variable rate based on the Consumer Price Index ("CPI"). This swap provides that the Authority will pay a fixed rate of 4.13% and receive a floating rate based on the CPI plus 79 basis points. The purpose of this swap transaction is to hedge the Authority's exposure to changes in the CPI, which determines the floating rate at which the CPI Bonds bear interest. This swap agreement for the CPI Bonds is not a Qualified Hedge Agreement under the Sales Tax Bond Trust Agreement, so regularly scheduled payments under such swap agreement are made under the Sales Tax Bond Trust Agreement from the General Fund under the Sales Tax Bond Trust Agreement, and payments received by the Authority are deposited in the Pledged Revenue Fund. Termination payments and payments made by the Authority while the counterparty is in default are general unsecured obligations of the Authority.

In September 2006, the Authority entered into two swap agreements with Lehman Brothers Special Financing Inc. ("LBSF") in the notional amounts of \$19,260,000 and \$5,000,000, respectively, which is equal to the par amounts of the CPI Bonds issued in connection with its Assessment Bonds, 2006 Series A. These swaps provide that the Authority will pay a fixed rate of 4.67% and 4.66%, respectively, on the notional amounts and will receive a floating rate on the notional amounts based on the MUNI-CPI Rate plus 1.23%. These swap agreements for the CPI Bonds are not Qualified Hedge Agreements under the Assessment Bond Trust Agreement, so payments under such swap agreements are made from the General Fund and payments received by the Authority are deposited in the Pledged Revenue Fund. See "SECURITY FOR THE ASSESSMENT BONDS – Flow of Funds."

In November 2006, the Authority entered into a forward starting swap with LBSF in the notional amount of \$131,910,000, which is equal to the par amount of the Senior Sales Tax Bonds, Variable Rate Demand Obligations, 2008 Series A-1 (the "2008 Series A-1 Bonds") issued on April 2, 2008. Pursuant to such swap, effective February 28, 2008, the Authority pays a fixed rate of 3.834% on the notional amount. In exchange, the Authority receives a variable rate on the notional amount equal to the SIFMA Index. This swap agreement is not a Qualified Hedge Agreement under the Sales Tax Bond Trust Agreement, so payments under such swap agreement are made under the Sales Tax Bond Trust Agreement from the General Fund, and payments received by the Authority are deposited in the Pledged Revenue Fund.

In April 2008, the Authority entered into an interest rate swap agreement with LBSF in the notional amount of \$123,515,000, which is equal to the par amount of the Senior Sales Tax Bonds, Variable Rate Demand Obligations, 2008 Series A-2 (the "2008 Series A-2 Bonds") issued on April 2, 2008. Pursuant to such swap, the Authority pays a fixed rate of 3.083% on the notional amount. In exchange, the Authority receives a variable rate on the notional amount equal to the SIFMA Index for the period through but excluding July 1, 2010, and thereafter, the sum of 62% of London Inter Bank Offering Rate and 24 basis points. This swap agreement is not a Qualified Hedge Agreement under the Sales Tax Bond Trust Agreement, so payments under such swap agreement are made under the Sales Tax Bond Trust Agreement from the General Fund, and payments received by the Authority are deposited in the Pledged Revenue Fund. Any payments made by the Authority in the event the counterparty is in default will be general unsecured obligations of the Authority. See "SECURITY FOR THE SALES TAX BONDS" and APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT – Hedging Transactions."

On October 1, 2008, each of the Authority's four swap agreements with LBSF was terminated by the Authority as a result of the bankruptcy filing of Lehman Brothers Holdings, Inc. ("Holdings"). Simultaneously with such terminations the Authority entered into new swap agreements on substantially the same terms with Deutsche Bank AG. As described under the heading "LITIGATION" in January

2012, the Authority received a claim from LBSF objecting to certain elements of the calculation of the termination payment made to LBSF in 2008 and seeking a payment in excess of \$10 million.

In December 2000, the Authority entered into a swaption with UBS AG in an initial notional amount of \$49,122,655, an amount equal to the Debt Service Reserve Fund requirements for the Authority's then outstanding Assessment Bonds and Sales Tax Bonds. If exercised, the Authority will receive a fixed rate of 5.60% and pay a variable rate equal to the SIFMA Index. This swaption is exercisable commencing July 1, 2010, the date on which the investment contract for such Debt Service Reserve Funds is subject to termination without penalty. If this swaption is exercised, the Authority's payments to the counterparty under such swap agreement, including fees and termination payments, will be subordinate to the payment of debt service on Sales Tax Bonds. UBS offered to the Authority to terminate the swaption as of December 1, 2011, which offer the Authority accepted. Following such acceptance, UBS has attempted to rescind the offer on the grounds that it was made in error. The Authority has notified UBS that it rejects UBS' attempted rescission and that it considers the swaption terminated as of December 1, 2011 in accordance with the parties' agreement. The Authority cannot predict whether UBS will make additional claims.

*Assessment Bonds.* The Authority has issued five series of Assessment Bonds, which, as of May 1, 2012 were outstanding in the aggregate principal amount of \$612,770,000. Under the Assessment Bond Trust Agreement, the Authority pledges to the payment of obligations thereunder pledged revenues, including Assessments. The outstanding Assessment Bonds amortize through July 1, 2035. See "ASSESSMENTS."

*Sales Tax Bonds.* As of May 1, 2012, \$3,902,045,000 in aggregate principal amount of Sales Tax Bonds was outstanding.

In addition, the Authority maintains a commercial paper program under the Sales Tax Bond Trust Agreement in the aggregate principal amount not to exceed \$250 million. Such commercial paper notes are secured by the Sales Tax Bond Trust Agreement and repaid by the proceeds of other notes, Senior Sales Tax Bonds or the Dedicated Sales Tax. As of May 1, 2012, \$196,375,000 in aggregate principal amount of such notes was outstanding and a portion of which constitutes the notes initially issued to redeem the 2003 Series B Bonds in 2008 and a portion of which were used to repay certain Prior Obligations on March 1, 2012. The portion related to payment of the Prior Obligations will be repaid from a portion of the proceeds of the Bonds.

*Equipment Leases.* The Authority has entered into numerous equipment financing leases with terms not greater than five years. Annual payments under such leases are payable as operating expenses.

*Limitation on Debt Under the Enabling Act.* As of November 1, 2009 and as provided in the Transportation Reform Act, the Authority no longer is subject to a statutory dollar limit on the amount of debt outstanding.

### **Capital Investment Program**

The business of the Authority is capital intensive. In 1964, the Authority assumed control of the properties of its predecessor, the Metropolitan Transit Authority and since that time, the Authority has consistently engaged in a major program of capital improvements to modernize its equipment, improve its physical plant, and relocate and extend its rapid transit and commuter rail lines. The program has been financed primarily through the proceeds of Prior Obligations and federal aid. Since the implementation of Forward Funding, the capital program has been funded primarily through a combination of bonds issued under the Assessment Bond Trust Agreement and the Sales Tax Bond Trust Agreement as well as federal aid.



Under the Enabling Act, the Authority is required to develop a comprehensive, long-term (not greater than 25 years) Program for Mass Transit (the “Program”) which must be submitted for comment and recommendation to the Advisory Board not less than 60 days prior to the adoption thereof. The Authority shall prepare a written response to reports submitted to it by the Advisory Board which response shall state the basis for any substantial divergence between the actions of the Authority and the recommendations contained in such reports of the Advisory Board. In addition, the Authority is required to implement the Program through rolling five-year capital investment programs adopted each year (each, a “CIP”). Each year, following public hearings with respect thereto, the Authority shall file the CIP with the Advisory Board and the Legislature for their review not later than January 15 and May 1, respectively, prior to the commencement of the Fiscal Year. The Program and each CIP shall be based on the impact of projects on the effectiveness of the Commonwealth’s transportation system, service quality standards, environment, health and safety, operating costs, prevention or avoidance of deferred maintenance, and debt service costs.

In addition, the Enabling Act requires that each CIP shall identify for each project therein, the purpose and intended benefits, the total budget and timeline, the budget impact for the next Fiscal Year, the impact on operating expenses and revenues, and the cost of scheduled maintenance and useful life and shall prioritize the projects based upon the factors set forth above, with the highest priority to scheduled maintenance to prevent the deferral of routine and scheduled maintenance, projects with greatest benefits with least cost, certain transit projects intended to mitigate the potential adverse air quality impacts of the Central Artery/Tunnel Project, and compliance with the Americans with Disabilities Act. Furthermore, scheduled maintenance shall be undertaken prior to system expansion, unless expansion is required by law or is cost-effective, environmentally beneficial or produces quantifiable savings.

Total anticipated expenditures under the Authority’s five year Capital Investment Program (CIP) (FY2013-2017) equal approximately \$4.2 billion. Of such amount, approximately \$2.4 billion is expected to be funded from federal aid (including \$137 million for projects funded under the American Recovery and Reinvestment Act of 2009 and \$47 million of Homeland Security funds), with the remainder funded from (i) Authority bonds; (ii) pay-as-you-go capital funds, including amounts on deposit in the Capital Maintenance Fund; (iii) state reimbursements; and (iv) other financings. The current capital program funds a variety of projects, including those necessary to comply with legal commitments. Federal aid for transit programs has historically been provided pursuant to multi-year authorizations. The most recent federal multi-year authorization was the Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (“SAFETEA-LU”), which provided funding through federal Fiscal Year 2009. In the absence of agreement to a new multi-year authorization, Congress has maintained funding at the same level consistent with the level of funding authorized under SAFETEA-LU through adoption of continuing resolutions which were most recently extended through June 30, 2012. The Authority’s capital program assumes federal funding at the same level.

The Commonwealth has indicated that certain expansion projects, other than the Greenbush line and Phase III of the Silver Line, are expected to be funded by the Commonwealth.

The amount of debt service the Authority must pay will directly affect the amount of the Dedicated Revenues, after the payment of debt service, which are available to the Authority to support its operations, maintenance and capital reinvestment needs. The level or cost of the Authority’s transportation services will not affect the availability of the Dedicated Sales Tax, Assessments or other Pledged Revenues to meet debt service requirements on Assessment Bonds. See “ASSESSMENTS – Legal Obligations of Assessed Cities and Towns” and “SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX.”

## APPLICATION OF PROCEEDS

The proceeds from the sale of the Bonds and other funds available under the Trust Agreement and the Sales Tax Bond Trust Agreement are expected to be applied as follows:

To pay capital costs	\$218,117,289.95
To refund the Refunded Bonds	213,422,034.76
To refund bond anticipation notes used to repay certain Prior Obligations maturing March 1, 2012	33,000,000.00
To pay the costs of issuance of the Bonds, including underwriters' discount	<u>2,821,124.30</u>
Total Application of Funds	\$467,360,449.01

## PLAN OF REFUNDING

A portion of the proceeds of the Bonds will be deposited in accounts of the refunding trust fund held by U.S. Bank National Association, Boston, Massachusetts, as refunding trustee, in amounts and according to the report described in "VERIFICATION OF MATHEMATICAL COMPUTATIONS," in such investments that will mature at such times and earn interest in such amounts that will produce sufficient moneys to provide for the payment of principal of and redemption premium, if any, and interest on the Refunded Bonds as set forth in APPENDIX F – "LIST OF REFUNDED BONDS." The refunding is contingent upon delivery of the Bonds.

## THE BONDS

The Bonds will be issued in the aggregate principal amount of \$410,645,000. The Bonds will be dated the date of delivery, will mature on the dates as set forth on the inside cover hereof, and will bear interest from their date at the per annum rate as set forth on the inside cover hereof. Interest on the Bonds will be payable on July 1 and January 1, commencing January 1, 2013.

The Bonds are being issued only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as DTC or its nominee, Cede & Co., is Holder, payments of the principal of and interest on the Bonds will be made directly to such Holder. Disbursement of such payments to the DTC Participants (hereinafter defined) is the responsibility of DTC and disbursement of such payments to Beneficial Owners (hereinafter defined) is the responsibility of the DTC Participants and the Indirect Participants (hereinafter defined). See "BOOK-ENTRY ONLY SYSTEM."

## REDEMPTION PROVISIONS

### Redemption of the Bonds

The Bonds maturing on and after July 1, 2023 are subject to redemption prior to maturity, in whole or in part on any date on or after July 1, 2022 at the option of the Authority, 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 Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

### Mandatory Sinking Fund Redemption

The Bonds maturing on July 1, 2037 shall be subject to mandatory sinking fund redemption and shall be redeemed prior to their stated maturity, from sinking fund installments, payable on July 1 of the years and in the amounts set forth below, at a price of 100% of the principal amount of such Bonds called for redemption, plus accrued interest to the redemption date.

<u>Year</u>	<u>Sinking Fund Redemption</u>
2036	\$31,355,000
2037*	32,635,000

The Bonds maturing on July 1, 2041 and bearing interest at the rate of 4.050% shall be subject to mandatory sinking fund redemption and shall be redeemed prior to their stated maturity, from sinking fund installments, payable on July 1 of the years and in the amounts set forth below, at a price of 100% of the principal amount of such Bonds called for redemption, plus accrued interest to the redemption date.

<u>Year</u>	<u>Sinking Fund Redemption</u>
2038	\$17,500,000
2039	17,500,000
2040	17,500,000
2041*	17,500,000

The Bonds maturing on July 1, 2041 and bearing interest at the rate of 5.000% shall be subject to mandatory sinking fund redemption and shall be redeemed prior to their stated maturity, from sinking fund installments, payable on July 1 of the years and in the amounts set forth below, at a price of 100% of the principal amount of such Bonds called for redemption, plus accrued interest to the redemption date.

<u>Year</u>	<u>Sinking Fund Redemption</u>
2038	\$16,555,000
2039	18,135,000
2040	19,790,000
2041*	21,530,000

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\* Final maturity.

The principal amount of the Bonds required to be redeemed on any redemption date pursuant to the operation of mandatory sinking fund redemption provisions will be reduced, at the option of the Authority, by the principal amount of any Bond scheduled for redemption on such redemption date or dates, which, at least 45 days prior to the mandatory sinking fund redemption date, (1) have been acquired by the Authority

and delivered to the Trustee for cancellation, (2) have been acquired and canceled by the Trustee, at the direction of the Authority, at a price not exceeding the principal amount of such Bond plus accrued interest to the date of acquisition thereof, or (3) have been redeemed pursuant to the optional redemption provisions and not previously credited to a scheduled mandatory redemption. Upon such purchase of such Bonds, the Trustee shall then credit an amount equal to the principal of such Bonds so purchased towards the sinking fund installments for the Bonds of such maturity on a pro rata basis in accordance with a certificate of the Authority, which will direct the reduction of a ratable portion of each annual mandatory sinking fund installment requirement, in accordance with the procedures set forth under "Selection of Bonds to be Redeemed" below.

### **Selection of Bonds to be Redeemed**

If less than all of the Bonds are to be redeemed, the particular maturities of Bonds to be redeemed at the option of the Authority will be determined by the Authority in its sole discretion.

If the Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Bonds, if less than all of the Bonds of a maturity are called for prior redemption, the particular Bonds or portions thereof to be redeemed shall be selected on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

The Authority intends that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, neither the Authority nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of Bonds on such basis.

If the Bonds are no longer registered in book-entry-only form, each owner will receive an amount of Bonds equal to the original face amount then beneficially held by that owner, registered in such investor's name. Thereafter, any redemption of less than all of the Bonds of any maturity will continue to be paid to the registered owners of such Bonds on a pro-rata basis, based on the portion of the original face amount of any such Bonds to be redeemed.

### **Notice of Redemption; Effect of Redemption**

In the event any of the Bonds are called for redemption, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall (i) specify the Bonds to be redeemed, the redemption date, the redemption price, and the place or places where amounts due upon such redemption will be payable (which shall be the principal corporate trust office of the Trustee) and, if less than all of the Bonds are to be redeemed, the numbers of the Bonds, and the portions of the Bonds, so to be redeemed, (ii) state any condition to such redemption, and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Bonds to be redeemed shall cease to bear interest. CUSIP number identification shall accompany all redemption notices. Such notice may set forth any additional information relating to such redemption.

Such notice shall be given by mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption to each Holder of Bonds to be redeemed at its address shown on the registration books kept by the Trustee; provided, however, that failure to give such notice to any Bondholder or any defect in such notice shall not affect the validity of the proceedings for the redemption of any of the other Bonds. The Trustee shall send a second notice of redemption by certified mail return receipt requested to any registered Holder who has not submitted Bonds called for redemption 30 days after the redemption date, provided, however, that the failure to give any second notice by mailing, or any

defect in such notice, shall not affect the validity of any proceedings for the redemption of any of the Bonds and the Trustee shall not be liable for any failure by the Trustee to send any second notice.

Any Bonds and portions of Bonds that have been duly selected for redemption and that are paid in accordance with the Tenth Supplemental Trust Agreement, as applicable, shall cease to bear interest on the specified redemption date.

### **BOOK-ENTRY ONLY SYSTEM**

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

*General.* DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. 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 Standard & Poor's Ratings Group rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

*Direct and Indirect Participants acting on behalf of Beneficial Owners.* Beneficial Owners will not receive certificates representing their ownership interest in the Bonds except in the event that use of the book-entry system for the Bonds is discontinued.

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within a single maturity of a series of Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Redemption proceeds, distributions, and dividend payments on the 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 Trustee, on 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, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments 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 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry of tendered Bonds to the Tender Agent's DTC account.

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

***No Responsibility of Authority and Trustee.* Neither the Authority nor the Trustee will have any responsibility or obligations to direct participants or the persons for whom they act as nominees with respect to the payments to or the providing of notice for direct participants, indirect participants, or beneficial owners.**

**So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondowners or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.**

*Certificated Bonds.* DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. In addition, the Authority may determine that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners of the Bonds. If for either reason the Book-Entry Only System is discontinued, Bond certificates will be delivered as described in the Sales Tax Bond Trust Agreement and the Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Bondowner. Thereafter, the Bonds may be exchanged for an equal aggregate principal amount of the Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the principal corporate trust office of the Trustee. The transfer of any Bond may be registered on the books maintained by the Trustee for such purpose only upon assignment in form satisfactory to the Trustee. For every exchange or registration of transfer of the Bonds, the Authority and the Trustee may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the Bondowner for any exchange or registration of transfer of the Bonds. The Trustee will not be required to transfer or exchange any Bond during the notice period preceding any redemption if such Bond (or any part thereof) is eligible to be selected or has been selected for redemption.

### **Transfer and Exchange**

In the event that the Book-Entry Only System is discontinued, the following provisions would apply: Bonds of a series may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the principal corporate trust office of the Trustee. The transfer of any Bond may be registered on the books maintained by the Trustee for such purpose only upon the surrender thereof by the registered owner or by such owner's attorney duly authorized in writing to the Trustee with a duly executed assignment in form satisfactory to the Trustee. For every exchange or registration of transfer of Bonds the Authority and the Trustee may make a charge to the owner an amount sufficient to reimburse them for any tax, fee or other governmental charge required to be paid with respect to such exchange or registration of transfer, and, except for (i) with respect to the delivery of definitive Bonds in exchange for temporary bonds; (ii) in the case of a bond issued upon the first exchange or transfer of a Bond surrendered for such purpose within sixty (60) days after the first authentication and delivery of the Bonds; or (iii) as otherwise provided in the Sales Tax Bond Trust Agreement, the Trustee may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

Neither the Authority nor the Trustee shall be required (i) to register, transfer or exchange Bonds for a period of fifteen (15) days next preceding an interest payment on the Bonds or next preceding any selection of Bonds to be redeemed or thereafter until the mailing of any notice of redemption; or (ii) to register, transfer or exchange any Bonds called for redemption.

## DEBT SERVICE REQUIREMENTS ON ASSESSMENT BONDS

The following table sets forth Debt Service on all of the outstanding Assessment Bonds to be paid to Bondowners in each Fiscal Year in which the Assessment Bonds will be outstanding.

Fiscal Year Ending June 30	Debt Service on Outstanding Assessment Bonds	Principal on the Bonds	Interest on the Bonds	Total Debt Service on the Bonds	Total Debt Service on Assessment Bonds
2012	\$45,102,181	\$ -	\$ -	\$ -	\$45,102,181
2013	40,249,698	3,480,000	9,883,378	13,363,378	53,613,076
2014	24,743,973	-	18,674,200	18,674,200	43,418,173
2015	28,127,173	-	18,674,200	18,674,200	46,801,373
2016	24,546,948	2,360,000	18,638,800	20,998,800	45,545,748
2017	22,999,198	1,985,000	18,563,700	20,548,700	43,547,898
2018	22,999,198	11,695,000	18,290,100	29,985,100	52,984,298
2019	38,934,995	20,690,000	17,604,900	38,294,900	77,229,895
2020	26,355,392	31,840,000	16,370,125	48,210,125	74,565,517
2021	22,019,992	44,790,000	14,469,300	59,259,300	81,279,292
2022	22,019,992	41,390,000	12,329,900	53,719,900	75,739,892
2023	22,019,992	20,885,000	10,789,725	31,674,725	53,694,717
2024	22,019,992	18,060,000	9,820,100	27,880,100	49,900,092
2025	40,830,271	3,470,000	9,281,850	12,751,850	53,582,121
2026	44,696,150	-	9,195,100	9,195,100	53,891,250
2027	46,086,456	-	9,195,100	9,195,100	55,281,556
2028	46,098,100	-	9,195,100	9,195,100	55,293,200
2029	32,007,019	-	9,195,100	9,195,100	41,202,119
2030	60,408,038	-	9,195,100	9,195,100	69,603,138
2031	60,329,031	-	9,195,100	9,195,100	69,524,131
2032	63,923,488	-	9,195,100	9,195,100	73,118,588
2033	64,167,869	-	9,195,100	9,195,100	73,362,969
2034	67,653,606	-	9,195,100	9,195,100	76,848,706
2035	17,993,119	-	9,195,100	9,195,100	27,188,219
2036	36,109,388	-	9,195,100	9,195,100	45,304,488
2037	-	31,355,000	8,568,000	39,923,000	39,923,000
2038	-	32,635,000	7,288,200	39,923,200	39,923,200
2039	-	34,055,000	5,867,250	39,922,250	39,922,250
2040	-	35,635,000	4,291,250	39,926,250	39,926,250
2041	-	37,290,000	2,634,375	39,924,375	39,924,375
2042	-	39,030,000	892,625	39,922,625	39,922,625



## **SECURITY FOR THE ASSESSMENT BONDS**

The principal of and premium, if any, and interest on the Assessment Bonds are payable from and secured by the pledge of the Authority, all as more fully described below and in APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE ASSESSMENT BOND TRUST AGREEMENT – The Pledge Effected by the Assessment Bond Trust Agreement.” All of the Assessment Bonds are also secured by a lien and charge on all funds and accounts created under the Assessment Bond Trust Agreement (other than the Bond Proceeds Fund, while it is held by the Authority, and the Rebate Fund).

The Bonds will be the sixth series of Assessment Bonds to be issued under the Assessment Bond Trust Agreement. The Assessment Bond Trust Agreement provides that the Authority may incur particular obligations, including without limitation Assessment Bonds and notes, and provides for the payment of debt service on Sales Tax Bonds to the extent there are insufficient funds available therefor under the Sales Tax Bond Trust Agreement.

The Assessment Bonds are not subject to acceleration in the event of any default under the Assessment Bond Trust Agreement.

### **Pledge Under the Assessment Bond Trust Agreement**

Obligations under the Assessment Bond Trust Agreement are special obligations of the Authority payable solely from the items pledged therefor pursuant to the terms of the Assessment Bond Trust Agreement. Such pledge includes the following:

- all Pledged Revenues;
- Dedicated Payments allocated to Assessment Bonds and interest earnings thereon, if any;
- amounts received from the Trustee under the Sales Tax Bond Trust Agreement in accordance with the Assessment Bond Trust Agreement;
- the Deficiency Fund and the Capital Maintenance Fund including the investments, if any, thereof; and
- all Funds and Accounts established under the Assessment Bond Trust Agreement (other than the Bond Proceeds Fund, while it is held and administered by the Authority, and the Rebate Fund), including the investment income thereon, if any.

Subject to the foregoing, the above are pledged for the payment, first, of the Assessment Bonds and second, of the Sales Tax Bonds, as the respective interests of the holders thereof may appear, in accordance with the respective terms of such Bonds and the Assessment Bond Trust Agreement.

Under the MOU, Assessments shall be deposited to the State and Local Contribution Fund quarterly on September 30, December 31, March 31 and June 30. Assessments are collected by the Commonwealth and deducted from payments from the Commonwealth’s general revenue sharing funds and specific program funds to cities, towns and regional school districts (“Local Aid”) payable by the Commonwealth to assessed cities and towns. The amount of any assessment which exceeds a city or town’s Local Aid is payable directly by such city or town. Under Commonwealth law, there are other competing deductions and potential intercepts of Local Aid. See “ASSESSMENTS” and Appendix E.

In accordance with the Assessment Bond Trust Agreement, the Assessments credited to the State and Local Contribution Fund shall be deposited as soon as practicable to the Pledged Revenue Fund, provided, however, that the Authority has certified to the Commonwealth that it has provided for the

payment of its Prior Obligations in its annual budget. In connection with its Fiscal Years 2012 and 2013 budgets, the Authority has certified that it has provided for the payment of Prior Obligations in such annual budgets.

Under the Assessment Bond Trust Agreement, “Pledged Revenues” means Assessments, payments received by the Authority from a Provider of a Hedge Agreement that is not a Qualified Hedge and Alternate Revenues, if any. Notwithstanding the preceding sentence, however, Pledged Revenues shall not include (i) Dedicated Payments or (ii) amounts received under a Qualified Hedge Agreement which are deposited in the Debt Service Fund and have been relied upon in calculating Net Debt Service in accordance with the Assessment Bond Trust Agreement. See “ASSESSMENTS” for additional information concerning Assessments.

Under the Assessment Bond Trust Agreement, “Dedicated Payments” means any revenues of the Authority which are not Pledged Revenues as defined in the Assessment Bond Trust Agreement as initially entered into, which the Authority subsequently pledges as additional security for its payment obligations on Assessment Bonds pursuant to a resolution of the Authority and which are specifically designated as Dedicated Payments by the Authority in accordance with the limitations of the Assessment Bond Trust Agreement and, accordingly, are to be deposited in the Debt Service Fund upon receipt. See APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE ASSESSMENT BOND TRUST AGREEMENT.”

If Dedicated Payments are to be received from the United States of America, (a) they must automatically recur without appropriation, approval or other similar action by the United States of America or any agency or instrumentality thereof for so long as the Authority is relying thereon for the purpose of issuing Assessment Bonds and (b) the manner of determining the amounts to be derived therefrom must not be subject to change or revision during such period. If such Dedicated Payments are to be received from the Commonwealth, they must consist of a payment obligation payable to the Authority pursuant to a statutory or contractual arrangement with the Commonwealth which, in the opinion of Bond Counsel, constitutes a general obligation of the Commonwealth; provided that at the time of entering into such arrangement (a) such arrangement, by its terms, will not terminate so long as the Authority is relying thereon for the purpose of issuing Assessment Bonds and (b) the manner of determining the amounts to be derived from such arrangement is not subject to change or revision during such period. Notwithstanding the source of funding, if the Authority has received a written confirmation from each Rating Agency that its rating of Outstanding Assessment Bonds will not be adversely affected, the Authority may, in its sole discretion, designate any revenues which are not Pledged Revenues as Dedicated Payments. See APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE ASSESSMENT BOND TRUST AGREEMENT – Dedicated Payments.”

Under the Assessment Bond Trust Agreement, “Alternate Revenues” means any revenues of the Authority (other than Assessments) legally available and pledged by resolution of the Authority for its obligations under the Assessment Bond Trust Agreement and deposited to the Pledged Revenue Fund, provided that (i) if such Alternate Revenues are to be received from the United States of America or the Commonwealth, they must automatically recur without appropriation, approval or other similar action for so long as the Authority is relying thereon for the purpose of issuing Assessment Bonds or they constitute a general obligation of the Commonwealth and the manner of determining the amounts to be derived therefrom must not be subject to change or revision during such period, (ii) such Alternate Revenues consist of obligations with a rating by each Rating Agency in a category equal to or higher than its unenhanced, published rating on Outstanding Assessment Bonds or (iii) the Authority has received a written confirmation from each Rating Agency that its unenhanced, published rating of Outstanding Assessment Bonds will not be adversely affected by the designation of such revenues as Alternate Revenues.

**The Assessment Bonds are not a debt of the Commonwealth or any political subdivision thereof, and neither the Commonwealth nor any political subdivision thereof (other than the Authority) shall be liable thereon, except as described herein. The Authority has no taxing power.**

## **Flow of Funds**

The Assessment Bond Trust Agreement establishes the following Funds and Accounts, to be held and administered by the Trustee:

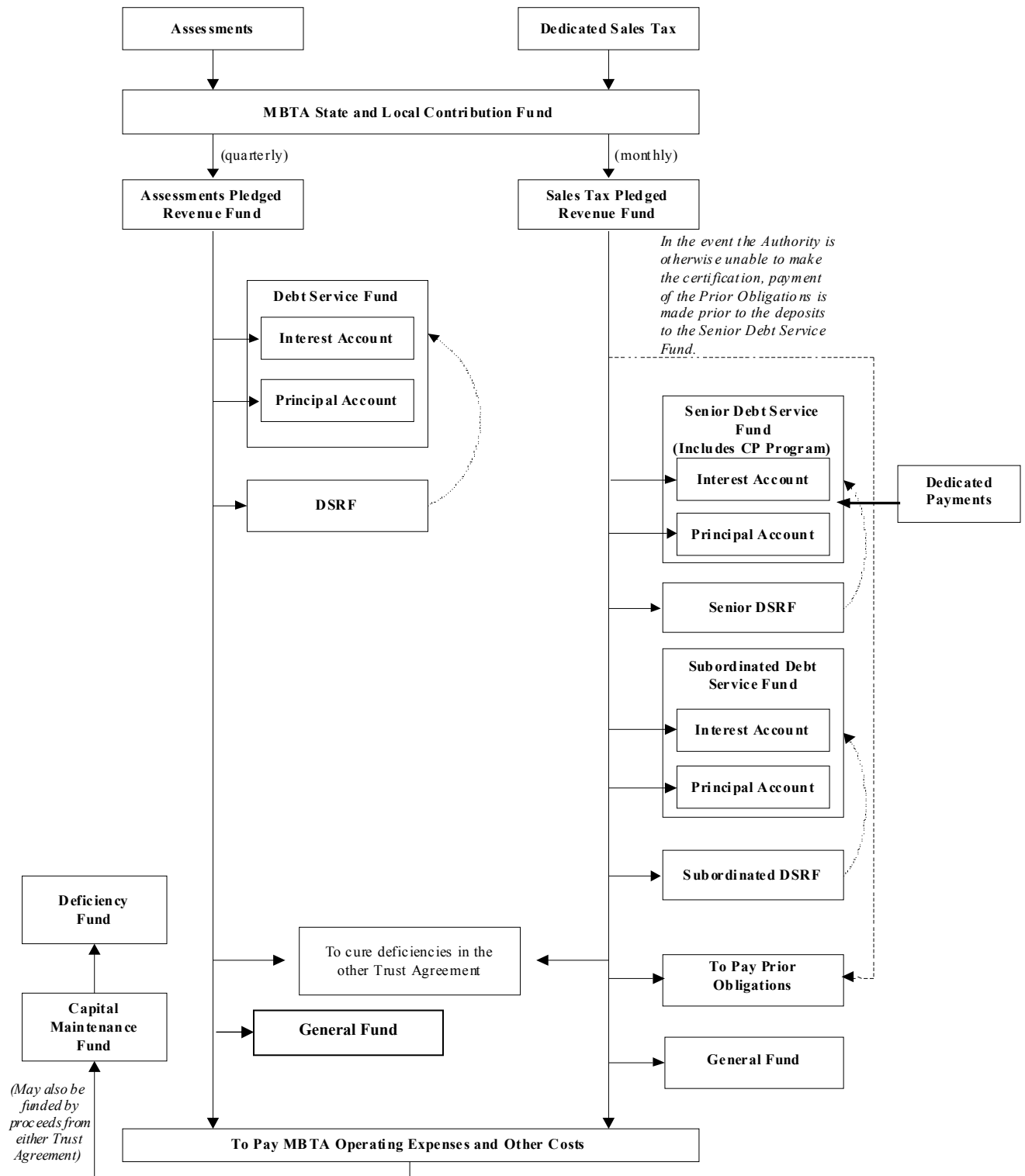
- (1) the Pledged Revenue Fund;
- (2) the Debt Service Fund;
- (3) the Debt Service Reserve Fund; and
- (4) the General Fund.

The Assessment Bond Trust Agreement establishes the following Funds and Accounts, to be held and administered by the Authority:

- (1) the Bond Proceeds Fund, which shall include a Capital Account and such other Accounts as the Authority may create by Supplemental Trust Agreement; and
- (2) the Rebate Fund.

The Authority by Supplemental Agreement authorizing a series of Assessment Bonds may designate that one or more Accounts in the Bond Proceeds Fund created by such Supplemental Agreement be held and administered by the Trustee and pledged to the Owners of the Assessment Bonds.

Set forth on the following page is an illustration of the flow of funds under the Assessment Bond Trust Agreement and under the Sales Tax Bond Trust Agreement which are more fully described in APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE ASSESSMENT BOND TRUST AGREEMENT – Establishment of Funds and Accounts” through “General Fund” and in APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT – Establishment of Funds and Accounts” through “General Fund,” respectively.



**Pledge of Amounts Payable Under the Sales Tax Bond Trust Agreement**

As of May 1, 2012, the Authority had issued twenty-nine series of Sales Tax Bonds under the Sales Tax Bond Trust Agreement. Under the Sales Tax Bond Trust Agreement, the Authority pledges to the payment of obligations thereunder pledged revenues, including the Dedicated Sales Tax.

The Dedicated Sales Tax consists of the greater of the base revenue amount or the dedicated sales tax revenue amount, both as defined in the Enabling Act. The dedicated sales tax revenue amount is equal to the amount raised by a one percent (1%) statewide sales tax, which equals 20% of the existing statewide 5% sales tax. The base revenue amount is \$779,091,803 for Fiscal Year 2012 and may be adjusted upward each year thereafter. Under the Assessment Bond Trust Agreement, to the extent the amounts in the Debt Service Fund are insufficient to pay Debt Service on Assessment Bonds, the Trustee shall deliver a certificate to the Authority and the trustee under the Sales Tax Bond Trust Agreement setting forth the amount of the shortfall and shall receive such amount from the Pledged Revenue Fund under the Sales Tax Bond Trust Agreement, to the extent available after deposits are made to pay debt service on, to fund the debt service reserve fund for and to pay rebate with respect to any Sales Tax Bonds issued under the Sales Tax Bond Trust Agreement. See “SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX – Dedicated Sales Tax” and APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT.”

### **Pledge Under Assessment Bond Trust Agreement to Sales Tax Bonds**

As described under “Flow of Funds,” in the event the Trustee shall have received a certificate of the trustee under the Sales Tax Bond Trust Agreement that amounts on deposit in any debt service fund thereunder are insufficient to pay debt service on any Sales Tax Bonds issued thereunder, the Trustee shall transfer to such trustee from the Pledged Revenue Fund the amount of the shortfall, to the extent available after making the required deposits to the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Subordinated Debt Service Fund, the Subordinated Debt Service Reserve Fund and the Rebate Fund.

### **Senior Debt Service Reserve Fund**

To the extent that amounts in the Senior Debt Service Fund, together with amounts transferred from the Sales Tax Bond Trust Agreement as described above under “Pledge of Amounts Payable Under the Assessment Bond Trust Agreement,” are insufficient to pay Net Debt Service, when due, on Assessment Bonds, deficiencies shall be made up from amounts in the Debt Service Reserve Fund. The Assessment Bond Trust Agreement requires the Authority to maintain cash and investment obligations or surety bonds, insurance policies, letters of credit or similar instruments in the Debt Service Reserve Fund equal to the Debt Service Reserve Requirement. The Debt Service Reserve Requirement shall equal one-half of the least of (i) 10% of the aggregate original net proceeds from the sale of all Bonds Outstanding, (ii) 125% of average annual Debt Service on all Bonds Outstanding, and (iii) the maximum amount of Debt Service due in any future Fiscal Year on all Bonds Outstanding. See APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE ASSESSMENT BOND TRUST AGREEMENT – Definitions” and “Debt Service Reserve Fund.” To the extent that the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, the Authority is required to restore the amount on deposit in such Debt Service Reserve Fund. Upon issuance of the Bonds, the Debt Service Reserve Fund will be fully funded.

### **Deficiency Fund and Capital Maintenance Fund**

Under a separate resolution, the Authority has created a Deficiency Fund and a Capital Maintenance Fund, each of which is pledged to the holders of Assessment Bonds under the Assessment Bond Trust Agreement and to the holders of Sales Tax Bonds under the Sales Tax Bond Trust Agreement. The resolution requires that the Authority shall hold on deposit in such funds the amounts determined from time to time by the Chief Financial Officer of the Authority in his sole discretion. The Deficiency Fund was depleted in Fiscal Year 2009 and as of May 1, 2012, the Capital Maintenance Fund Requirement equaled \$14.1 million. Each of the Deficiency Fund and the Capital Maintenance Fund is held by the Authority. See “THE AUTHORITY – Operations.”

## **Additional Indebtedness**

One or more additional series of Assessment Bonds may be authenticated and delivered upon original issue for any of the following purposes or any combination thereof: (i) to pay or provide for the payment of other Authority bonds, notes or other obligations; (ii) to refund Outstanding Assessment Bonds; (iii) to pay costs of the Authority in accordance with the Enabling Act; (iv) to make a deposit to the Bond Proceeds Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Deficiency Fund, the Capital Maintenance Fund, or any Qualified Reserve Fund, including any Accounts therein; and (v) to pay or provide for the payment of the costs incurred in connection with the issuance of Assessment Bonds.

The Assessment Bonds of such Series shall be authenticated only upon receipt of the Trustee (in addition to the other documents required under the Assessment Bond Trust Agreement for the issuance of Assessment Bonds) of a certificate of an Authorized Officer (i) setting forth (a) the Net Debt Service for Outstanding Assessment Bonds after the issuance of such Series of Assessment Bonds for the then current and each future Fiscal Year during which such Series of Assessment Bonds shall be Outstanding and (b) the Residual Sales Tax for the then current and each future Fiscal Year during which such Series of Assessment Bonds shall be Outstanding; (ii) stating that the amount on deposit in the Debt Service Reserve Fund (after taking into account any surety bond, insurance policy, letter of credit or other similar obligation on deposit therein) immediately after the authentication and delivery of the Assessment Bonds of such Series (and in the event that any Outstanding Assessment Bonds are then being redeemed, after such redemption) will be at least equal to the Debt Service Reserve Requirement; and (iii) demonstrating that (a)(1) for each year, the Assessment Floor Amount divided by the amount set forth in clause (i)(a) is (A) at least equal to 1.00 and (B) so long as the Outstanding Assessment Bonds are rated by Moody's Investors Service, Inc., at least equal to 1.20 or such lesser amount as shall be acceptable to Moody's Investors Service, Inc.; and (2) for each year, the sum of the Assessment Floor Amount plus the Residual Sales Tax set forth in clause (i)(b) divided by the amount set forth in clause (i)(a) is at least equal to 1.50; or (b) the aggregate of the amounts on deposit in each Qualified Reserve Fund shall equal the Qualified Reserve Fund Requirement. See APPENDIX A – "SUMMARY OF CERTAIN PROVISIONS OF THE ASSESSMENT BOND TRUST AGREEMENT – Provisions for Issuance of Assessment Bonds."

For Fiscal Years 2012 – 2042, coverage for purposes of the additional bonds tests described in the preceding paragraph are projected to be approximately 1.73 to 14.79 for the purpose of the test set forth in clause (iii)(a)(1) above and approximately 7.24 to 85.18 for the test set forth in clause (iii)(a)(2) above, in each case after giving effect to the issuance of the Bonds and the refunding of the Refunded Bonds.

Under the Assessment Bond Trust Agreement, "Residual Sales Tax" means for any year the greater of the Base Revenue Floor Amount and the Historic Dedicated Sales Tax Revenue Amount less the sum of (i) the estimated debt service on Prior Obligations, (ii) Senior Net Debt Service (as defined in the Sales Tax Bond Trust Agreement), (iii) Subordinated Net Debt Service (as defined in the Sales Tax Bond Trust Agreement) and (iv) debt service on indebtedness (other than Indebtedness) secured by a pledge of or a security interest in and payable from the Dedicated Sales Tax. Under the Assessment Bond Trust Agreement, "Base Revenue Floor Amount" means (as of the date of computation) the base revenue amount (as defined in Section 35T), as most recently certified by the Comptroller of the Commonwealth in accordance with Section 35T. Under the Assessment Bond Trust Agreement, "Historic Dedicated Sales Tax Revenue Amount" means (as of any date of computation) the dedicated sales tax revenue amount, as defined in Section 35T, for any consecutive 12 of the last 24 months, as determined by the Authority. Under the Assessment Bond Trust Agreement, "Assessment Floor Amount" means the amount below which the amount assessed on cities and towns pursuant to the Enabling Act shall not be reduced in accordance with Section 35T.

The Authority reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness or to enter into a hedge agreement 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 or provider of the hedge agreement is not, except as provided in the Assessment Bond Trust Agreement,

entitled to a charge or a lien or right with respect to the Pledged Revenues or the Funds and Accounts created by or pursuant to the Assessment Bond Trust Agreement.

The Assessment Bond Trust Agreement also provides for the issuance by the Authority of General Fund Indebtedness, which means any debt issued by the Authority which is secured or payable from the Pledged Revenues and other amounts on deposit from time to time in the General Fund, provided that the priority of such pledge shall not be prior to or equal to the pledge made by the Assessment Bond Trust Agreement for the benefit of Assessment Bonds.

### **Statutory Covenant**

The Enabling Act contains a statutory covenant that provides, in pertinent part, as follows:

In order to increase the marketability of any bonds or notes of the Authority which may be secured by or payable from amounts held in the Commonwealth's MBTA State and Local Contribution Fund, the sums to be credited to the Fund . . . are hereby impressed with a trust for the benefit of the Authority and the holders from time to time of any such bonds or notes, and, in consideration of the acceptance of payment for any such bonds or notes, the Commonwealth covenants with the purchasers and all subsequent holders and transferees of any such bonds or notes that while any such bond or note shall remain outstanding, and so long as the principal of or interest on any such bond or note shall remain unpaid, the sums to be credited to the Fund . . . shall not be diverted from the purposes identified [in the Enabling Act] and, so long as such sums are necessary, as determined by the Authority in accordance with any applicable trust agreement, bond resolution, or credit enhancement agreement, for the purposes for which they have been pledged, the rates of the excises imposed by said chapters 64H and 64I shall not be reduced below the dedicated sales tax revenue amount or the base revenue amount and the amount to be assessed on cities and towns pursuant to [the Enabling Act] shall not be reduced below \$136,026,868 per Fiscal Year.

In the opinion of Bond Counsel, this covenant is a valid contract between the Commonwealth and the holders of Assessment Bonds and Sales Tax Bonds which is binding on future legislatures. Furthermore, enactment of a law which would reduce the Pledged Revenues below that which is necessary to satisfy the obligations of the Authority to the holders of the Assessment Bonds and Sales Tax Bonds issued prior to enactment of such law, including the holders of the Bonds, would result in an unconstitutional impairment of contract rights or taking of property rights unless such holders are provided reasonable and adequate compensation.

The covenant with respect to the Assessments relates only to the aggregate amount of Assessments to be collected and not to the communities which are assessed or the amounts assessed on individual communities.

## ASSESSMENTS

Under the Enabling Act, the Commonwealth's annual obligation to support the Authority for operating costs and debt service will be limited to the Dedicated Revenues.

The Dedicated Revenues are credited upon receipt, without appropriation, to the Commonwealth's State and Local Contribution Fund. Such amounts shall be disbursed to the Authority upon the request of the General Manager so long as the Authority shall certify each year that it has provided in its budget for the payment of the Prior Obligations due during such year. In connection with its Fiscal Year 2012 budget, the Authority has certified that it has provided for the payment of Prior Obligations during Fiscal Year 2012 in such annual budget.

Pursuant to the MOU, Assessments shall be deposited to the Fund quarterly, on September 30, December 31, March 31 and June 30. Such quarterly dates are the dates not later than which the Commonwealth is required to pay Local Aid to cities and towns.

Under Chapter 161A of Massachusetts General Laws, as in effect prior to July 1, 2000 (the "Prior Act"), specified cities and towns were assessed to reimburse the Commonwealth for cash advances made to pay the Authority's Net Cost of Service on account of prior fiscal periods. The amount of assessments for any particular period varied, depending on the amount of the Net Cost of Service for that period and offsetting state appropriations, among other things. The Enabling Act increased the number of assessed cities and towns from 78 to 175 commencing in Fiscal Year 2002. Beginning in Fiscal Year 2006, Assessments cannot be less than \$136,026,868 and are adjusted each year thereafter for inflation, provided that such amount shall not increase by more than 2.5% per year. Under a transition provision, the Assessments paid by the previously assessed 78 cities or towns for Fiscal Year 2001 were frozen at the Fiscal Year 2000 level (\$144,578,734). Beginning in Fiscal Year 2002 and each Fiscal Year thereafter through Fiscal Year 2006, Assessments were reduced in five equal installments, while, commencing with Fiscal Year 2002, the additional cities and towns have been assessed and their portion of the Assessments were increased through Fiscal Year 2006 in five equal installments. In each case, individual Assessments are determined according to a weighted population formula. Total Assessments for Fiscal Year 2009 were \$146,486,060 and for each of Fiscal Years 2010 and 2011 were \$150,148,212. Total Assessments for Fiscal Years 2012 and 2013 are expected to be \$152,100,139 and \$155,902,644, respectively. Beginning in Fiscal Year 2002, cities and towns that are also assessed for regional transit authority expenses received a dollar-for-dollar credit against the Assessments, but this has no effect on the total amount assessed for the Authority, because the credited amounts are re-assessed on the "14 cities and towns" and the "51 cities and towns," but not on the "other served communities," as each is defined in the Enabling Act. See APPENDIX E – "INFORMATION REGARDING ASSESSMENTS AND LOCAL AID" for historical information on the amounts of Local Aid, Authority Assessments and other assessments related to the cities and towns in the Authority's territory.

Assessments are collected by the Commonwealth pursuant to Section 20 of Chapter 59 of the General Laws, which deals generally with the collection of state assessments and charges. Under Section 20, the State Treasurer must, not later than August 20 of each year, send formal notice by mail to the assessors and treasurers of municipalities that owe assessments and charges payable to the Commonwealth. In addition, Section 20 provides that the State Treasurer is to reduce the amounts payable by the Commonwealth to affected cities and towns under specified Local Aid programs by the amount of such assessments and charges and is to make payments to cities and towns in four quarterly installments, on or before each September 30, December 31, March 31 and June 30.

Pursuant to the Enabling Act, the Dedicated Revenues are credited to the Fund and may be disbursed to the Authority without appropriation and outside the state budget process, provided that the Authority certifies each year that it has provided for payment of the Prior Obligations in such year in its annual budget. The Authority will provide for payment of Prior Obligations from the Dedicated Sales Tax. See "SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX." The



Enabling Act contains a statutory covenant to the effect that the Dedicated Revenues may not be reduced or diverted. See “SECURITY FOR THE ASSESSMENT BONDS – Statutory Covenant.”

If the amount of assessments and other charges due to the Commonwealth by a particular city or town exceeds the amount of its Local Aid, Section 20 provides that the local treasurer must pay the remaining amount owed to the State Treasurer pursuant to a schedule established by the Secretary of Administration and Finance. If the amount is not paid by the city or town within the time specified, the State Treasurer must notify the local treasurer, who must then pay into the state treasury, in addition to the sum assessed, such further sum as would equal 1% per month during the delinquency from and after the time specified. If the amount remains unpaid after the expiration of ten (10) days after the time specified, the State Treasurer is explicitly authorized by Section 20 to sue the delinquent city or town in the Supreme Judicial Court. Upon notice to the delinquent city or town and after a summary hearing before the court or a single justice of the court, an order may be issued enforcing the payment under such penalties as the court or the single justice may require. The State Treasurer is also authorized by Section 20 to deduct at any time from any moneys which may be due from the Commonwealth to such city or town the whole or any part of any sum so assessed or any other sum or sums which may be due and payable to the Commonwealth from such city or town, together with accrued interest thereon.

Although the Enabling Act contemplates a course of action in the event the amount of assessments and other charges due to the state by a particular city or town exceeds the amount payable by the Commonwealth, historically, all of the cities and towns required to pay the Assessments currently receive substantially more Local Aid than they owe in state charges and assessments. See APPENDIX E – “INFORMATION REGARDING ASSESSMENTS AND LOCAL AID.”

### **Other Withholding of Local Aid**

*Qualified Bonds.* The Commonwealth’s Qualified Bond Act enables cities and towns, with the approval of a board comprised of the Commonwealth’s Attorney General, State Treasurer, State Auditor, and Director of Accounts, or their designees (the “Qualified Bond Act Board”), to issue “qualified bonds,” i.e., bonds on which the debt service is paid directly by the State Treasurer. The State Treasurer pays the debt service on behalf of the city or town according to the debt service schedule that has been established at the time of issuance by the city or town, and then subsequently deducts the debt service amount from distributable aid payable to the city or town or, if the amount of distributable aid in that year is insufficient for the purpose, from any other amounts payable by the state to the city or town. One of the factors to be taken into account by the Qualified Bond Act Board in giving its approval is the amount of state Local Aid payments likely to be made to the city or town compared to the amount of debt service on the qualified bonds. The Qualified Bond Act contains a statutory covenant for the benefit of the holders of qualified bonds that the Commonwealth will not give a priority to any other deduction from Local Aid which is superior in right or prior in time to debt service payments on qualified bonds. The covenant makes clear, however, that the Commonwealth is not obligated to continue authorizing Local Aid payments. Neither this covenant nor anything else in the Qualified Bond Act constitutes a pledge of the Commonwealth’s credit, and nothing in the act relieves the issuing city or town from its ultimate responsibility for the debt service on the bonds. Currently, nine communities in the Authority’s territory, Beverly, Brockton, Chelsea, Haverhill, Lawrence, Lowell, Medway, Quincy and Revere have outstanding Qualified Bonds.

### **Potential Local Aid Intercepts**

Under certain circumstances, the State Treasurer is required to intercept a portion of a city or town’s Local Aid in the event of non-payment of an obligation by such city or town.

*Massachusetts Water Resources Authority.* The Massachusetts Water Resources Authority (the “MWRA”) provides wholesale water and wastewater services to numerous cities and towns in Massachusetts, for which it assesses charges. The MWRA’s enabling act contains a Local Aid intercept

provision pursuant to which the MWRA may, in the event of a payment delinquency on the part of a city or town, certify the unpaid amount to the State Treasurer, whereupon the State Treasurer must promptly pay to the MWRA any amount otherwise certified to the State Treasurer for payment to the city or town as Local Aid until such time as any deficiency in the city or town's payment of charges to the MWRA has been set off by such payments from the State Treasurer. In the case of the cities of Boston and Lynn, Local Aid payments are not subject to setoff under the MWRA's enabling act on account of the payment obligations of the Boston Water and Sewer Commission and the Lynn Water and Sewer Commission ("LWSC"), respectively. If water and sewer commissions are established in other cities in the future, Local Aid payments to those cities will be subject to the intercept. The MWRA has utilized the intercept mechanism six times since 1990 for cities and towns in the Authority's territory.

*Massachusetts Water Pollution Abatement Trust.* The Massachusetts Water Pollution Abatement Trust (the "Trust") makes loans to cities, towns and other units of regional and local government (including the MWRA, LWSC and the South Essex Sewage District ("SESD")) to finance water and wastewater treatment facilities. The Trust's enabling act contains two Local Aid intercept provisions relative to amounts owed on loans, one governing payments owed to a regional unit of government (such as the MWRA, LWSC and SESD) by the underlying cities, towns and other entities receiving service from that regional unit and one governing payments by Trust borrowers directly to the Trust. In the former case, the regional entity may certify to the State Treasurer the amount owing to the regional entity, whereupon the State Treasurer must promptly pay to the regional entity any Local Aid distributions otherwise certified to the State Treasurer as payable to the offending city or town until such time as the deficiency has been offset. In the case of the intercept provisions in the Trust's enabling act, Local Aid payments to cities served by water and sewer commissions, such as Boston and Lynn, are subject to offset. In the latter case, the Trust itself may certify to the State Treasurer the amount of the delinquency, and the State Treasurer must promptly pay to the Trust any Local Aid distributions otherwise payable to the borrowing entity. If the borrowing entity is a regional entity consisting of more than one local entity, and if the Trust determines that the regional borrower's delinquency is attributable to a particular local entity, the Trust may certify to the State Treasurer to have that local entity's Local Aid payments diverted. If the Trust determines that no local entity is in default to the regional borrower, the State Treasurer must pay the Trust and deduct Local Aid payments otherwise payable to all of the underlying local entities constituting the regional entity pro rata. If a local entity is in default both to a regional entity and to the Trust, intercepted Local Aid distributions are to be paid pro rata by the State Treasurer to the regional entity and to the Trust.

There are no provisions in state law governing the priority among these various Local Aid withholding or intercept provisions. However, Assessments are deducted from state Local Aid payments at the end of each calendar quarter. In the past, Local Aid payments have been advanced to a distressed city or town. State grants to municipalities under the school building assistance program are payable at various times throughout the year. Local payments to the MWRA are payable in four equal installments due on or before September 15, November 15, March 15 and May 15 of each Fiscal Year, while payments to the Trust are generally due on August 1 and February 1 of each Fiscal Year.

### **Legal Obligations of Assessed Cities and Towns**

Although the mechanism by which a city or town "pays" Assessments is by deduction from Local Aid distributions received from the State Treasurer, payment of Assessments is a legal obligation of each assessed city and town. Under Section 21 and Section 23 of Chapter 59 of the General Laws, local assessors are required to include Assessments in the computation of the local tax rate. Along with debt service, final judgments and certain other specified items, assessments and charges owing to the state must be included in the total amount to be raised by taxation. In practice, the deduction of Local Aid distributions from the amount to be raised by the tax levy masks this requirement, but the obligation of the city or town to raise the money by taxation remains. Proposition 2½ provides that the total taxes assessed within a city or town may not exceed 2.5% of the full and fair cash value of all real estate and personal property in the city or town (the "maximum levy limit") and further provides that the maximum

levy limit may not increase annually by more than 2.5%, with certain exceptions, as more fully described under “Proposition 2½” herein. Currently, the payment of Assessments is effectively shielded from these provisions by virtue of the deduction of such payments from Local Aid distributions. Because Assessments are imposed directly by statute, they must be paid by the assessed city or town whether or not the local property tax rate for that Fiscal Year has been approved and whether or not the local budget for that Fiscal Year has been approved.

As noted above, cities and towns are subject to suit by the State Treasurer for payment of Assessments. Under state law, the payment by a city or town of its Assessment is not limited to a particular fund or revenue source and, as a result, such Assessment constitutes a general obligation of the city or town. The only provisions in state law that provide for priorities among municipal obligations are the provisions for setoffs against state Local Aid payments and the provisions of the Qualified Bond Act. There is no provision in state law for a lien on any portion of the local property tax levy to secure a particular obligation, including assessments, judgments or debt service, in priority to other claims. Cities and towns do have standing authority to borrow to pay final judgments, subject to the general debt limit. Subject to the approval of the state Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless otherwise provided for.

The Commonwealth budget for Fiscal Year 2012 provides Local Aid to the City of Boston of \$379,276,280 and the Assessment for the Authority is \$77,760,210 or 20.5% of the City’s Local Aid. Such Assessment will account for 51.1% of the total Assessments for the Authority from all assessed cities and towns. For general information about the City of Boston, specific reference is made to the Official Statement dated March 14, 2012 of the City of Boston with respect to its \$121,975,000 General Obligation Bonds, 2012 Series A, a copy of which is available via the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system at <http://msrb.emma.org> and the most recent annual report filed with EMMA pursuant to the City’s continuing disclosure undertaking.

Under the Enabling Act, the obligation to pay Assessments is not contingent upon the Authority’s provision of specified transportation services to the affected cities and towns. Some assessed cities and towns receive no direct service from the Authority, as was the case under the Prior Act. The validity of the assessments under the Prior Act was upheld by the Supreme Judicial Court in 1965, when the constitutionality of the Prior Act was challenged, and in 1975, when the assessment provisions were challenged by a town that received no direct service. In those decisions and in others involving similar mechanisms for apportioning costs of various public services on groups of communities, the court has acknowledged that cost allocations must be reasonable and may not be arbitrary, but the court has emphasized that the burden imposed upon a particular city or town need not be proportional to the benefits it receives. The court has recognized that “[b]y any measuring and apportioning schemes that can feasibly be administered, only a rough approximation of equality in the distribution of burdens can be had” and has indicated that it would defer to the Legislature’s chosen methodology unless it is “arbitrary, despotic or a flagrant misuse of legislative power.”

### **Proposition 2½**

In November 1980, voters in the Commonwealth approved a statewide tax limitation initiative petition, commonly known as Proposition 2½, to constrain levels of property taxation and to limit the charges and fees imposed on cities and towns by certain governmental entities, including county governments. Proposition 2½ is not a provision of the state constitution and accordingly is subject to amendment or repeal by the legislature. Proposition 2½, as amended to date, limits the property taxes that may be levied by any city or town in any Fiscal Year to the lesser of (i) 2.5% of the full and fair cash valuation of the real estate and personal property therein; and (ii) 2.5% over the previous year’s levy limit plus any growth in the tax base from certain new construction and parcel subdivisions. Proposition 2½ also limits any increase in the charges and fees assessed by certain governmental entities, including Assessments, on cities and towns to the sum of (i) 2.5% of the total charges and fees imposed in the

preceding Fiscal Year; and (ii) any increase in charges for services customarily provided locally or services obtained by the city or town at its option. The law contains certain override provisions and, in addition, permits debt service on specific bonds and notes and expenditures for identified capital projects to be excluded from the limits by a majority vote at a general or special election. At the time Proposition 2½ was enacted, many cities and towns had property tax levels in excess of the limit and were therefore required to roll back property taxes with a concurrent loss of revenues. Between Fiscal Year 1981 and Fiscal Year 2011, the aggregate property tax levy grew from \$3.347 billion to \$12.485 billion, a compound annual growth rate of 4.45%.

Proposition 2½ allows a community, through voter approval, to override the levy limit of Proposition 2½, or to assess taxes in excess of its levy limit for the payment of certain capital projects (capital outlay expenditure exclusions) and for the payment of specified debt service costs (debt exclusions).

### **Local Aid**

During the 1980s, the Commonwealth increased Local Aid to mitigate the impact of Proposition 2½ on local programs and services. In Fiscal Years 2006 and 2007, 18% and 19.6%, respectively, of the Commonwealth's budgeted spending was allocated to direct Local Aid. Since Fiscal Year 2006 Local Aid expenditures are exclusive of the school building assistance program, which was restructured and moved off budget in Fiscal Year 2006. Local Aid payments to cities, towns and regional school districts take the form of both direct and indirect assistance. Direct Local Aid consists of general revenue sharing funds and specific program funds sent directly to local governments and regional school districts as reported on the "cherry sheet," excluding certain pension funds and nonappropriated funds.

As a result of comprehensive education reform legislation enacted in June 1993, a large portion of general revenue sharing funds is earmarked for public education and is distributed through a formula designed to provide more aid to the Commonwealth's poorer communities. The legislation requires the Commonwealth to distribute aid to ensure that each district reaches at least a minimum level of spending per public education pupil. Since Fiscal Year 2004, the Commonwealth has fully funded the requirements imposed by this legislation in each of the annual budgets. Beginning in Fiscal Year 2007, the Legislature implemented a new model for the program which was adjusted to resolve aspects of the formulas that were perceived to be creating inequalities in the aid distribution. In Fiscal Year 2011, the fifth year of this five-year model, the Commonwealth provided a total of \$3.851 billion of state aid through this program.

Another component of general revenue sharing is a program entitled Unrestricted General Government Aid which is partially determined using the Fiscal Year 2009 Lottery and Additional Assistance programs. There are also several specific programs funded through direct Local Aid, such as highway construction, school building construction, and police education incentives.

Except for delays in distributions of Local Aid in Fiscal Years 1989 and 1990, the Commonwealth has always paid Local Aid on schedule. In response to a budget deficit in Fiscal Year 1989, the Commonwealth delayed for one month the payment of approximately 10% of Local Aid (excluding amounts applicable to debt service on local government bonds). Local Aid payments which the recipient identified as applicable to debt service on its obligations were paid on time. Similarly, as a result of the Commonwealth's Fiscal Year 1990 deficit, the Commonwealth deferred \$1.26 billion of Local Aid due June 30, 1990 which was paid in early Fiscal Year 1991.

During Fiscal Year 2003, the Governor of the Commonwealth reduced Local Aid in response to declining revenues of the Commonwealth, pursuant to authority under Chapter 29, Section 9C of the Massachusetts General Laws. In the Fiscal Year 2004 General Appropriations Act, direct Local Aid was reduced by an additional \$288.7 million, or 5.7%. The Fiscal Year 2004 final supplemental appropriations act signed into law on September 17, 2004 appropriated \$75 million in one-time local aid payments to be

distributed in Fiscal Year 2005. In Fiscal Year 2009 the Governor again sought authority to expand his powers under Chapter 29, Section 9C and reduced the combined additional assistance and lottery programs by \$128.0 million and later reduced Chapter 70 by \$412 million which was replaced by federal State Fiscal Stabilization Funds.

The Commonwealth's Fiscal Year 2012 budget provides \$3.359 billion in state-funded local aid to municipalities. The budget includes state funding for Chapter 70 education aid of \$631.6 million. The Fiscal Year 2012 budget also includes \$833 million for unrestricted general government aid. This amount is \$65 million lower than the total amount funded in Fiscal Year 2011. Regardless, the Local Aid still will exceed the amount of state charges and assessments owed by each city or town required to pay Assessments. See APPENDIX E – "INFORMATION REGARDING ASSESSMENTS AND LOCAL AID."

Additional information about the Commonwealth, including its most recent Information Statement is available at <http://msrb.emma.org>. The Information Statement is not specifically incorporated by reference herein.

### **SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX**

The Authority has issued twenty-nine series of Sales Tax Bonds under the Sales Tax Bond Trust Agreement. The Sales Tax Bond Trust Agreement provides that the Authority may incur particular obligations, including without limitation Senior Sales Tax Bonds, Subordinated Sales Tax Bonds and notes, and provides for the payment of Prior Obligations, funding the Senior Debt Service Reserve Fund and Subordinated Debt Service Reserve Fund and payment of debt service on Assessment Bonds to the extent there are insufficient funds available therefor under the Assessment Bond Trust Agreement.

The Authority also provides for the payment of the Prior Obligations under the Sales Tax Bond Trust Agreement. See "THE AUTHORITY – Indebtedness." The Authority also maintains a commercial paper program under the Sales Tax Bond Trust Agreement in the aggregate principal amount not to exceed \$250 million. As of May 1, 2012, \$196,375,000 in aggregate principal amount of such notes were outstanding, a portion of which notes were initially issued to redeem the 2003 Series B Bonds (auction rate bonds) in 2008 and a portion of which were used to repay certain Prior Obligations on March 1, 2012. The portion related to payment of the Prior Obligations will be repaid from a portion of the proceeds of the Bonds.

Obligations under the Sales Tax Bond Trust Agreement are payable from and secured by a pledge of the Sales Tax Pledged Revenues (hereinafter defined) and a lien and charge on all funds and accounts created under the Sales Tax Bond Trust Agreement (other than the Bond Proceeds Funds while it is held and administered by the Authority and the Rebate Fund, the Subordinated Debt Service Fund and the Subordinated Debt Service Reserve Fund).

#### **Pledge Under the Sales Tax Bond Trust Agreement**

Obligations under the Sales Tax Bond Trust Agreement are special obligations of the Authority payable solely from the items pledged therefor pursuant to the terms of the Sales Tax Bond Trust Agreement. Such pledge includes the following:

- all Sales Tax Pledged Revenues,
- Dedicated Payments allocated to Senior Sales Tax Bonds and interest earnings thereon, if any,
- amounts received from the Trustee under the Assessment Bond Trust Agreement in accordance with the Sales Tax Bond Trust Agreement,
- the Deficiency Fund and the Capital Maintenance Fund including the investments, if any, thereof, and
- all Funds and Accounts established under the Sales Tax Bond Trust Agreement (other than the Bond Proceeds Fund, while it is held and administered by the Authority, and the Rebate Fund, provided that only Senior Sales Tax Bonds are secured by the Senior Debt Service Fund and the

Senior Debt Service Reserve Fund and only Subordinated Sales Tax Bonds are secured by the Subordinated Debt Service Fund and the Subordinated Debt Service Reserve Fund), including the investment income thereon, if any.

Subject to the foregoing, the above are pledged for the payment, first, of the Senior Sales Tax Bonds, second, of the Subordinated Sales Tax Bonds, third, of the Assessment Bonds, and, fourth, of the Prior Obligations, as the respective interests of the holders thereof may appear, in accordance with the respective terms of such Bonds and the Sales Tax Bond Trust Agreement; provided, however, that in the event the Authority is unable to make the below-described certification, payment of the Prior Obligations shall be made prior to the deposit to the Senior Debt Service Fund established under the Sales Tax Bond Trust Agreement. See “SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX – Provision for the Payment of Prior Obligations.”

In accordance with the Sales Tax Bond Trust Agreement, the Dedicated Sales Tax credited to the State and Local Contribution Fund shall be deposited as soon as practicable to the Sales Tax Pledged Revenue Fund, provided, however, that the Authority has certified to the Commonwealth that it has provided for the payment of its Prior Obligations in its annual budget. The Authority has so certified in connection with its Fiscal Year 2012 budget.

Under the Sales Tax Bond Trust Agreement, “Pledged Revenues” (referred to herein as the “Sales Tax Pledged Revenues”) means the Dedicated Sales Tax, payments received by the Authority from a Provider of a Hedge Agreement that is not a Qualified Hedge and Sales Tax Alternate Revenues, if any. Notwithstanding the preceding sentence, however, Sales Tax Pledged Revenues shall not include (i) Sales Tax Dedicated Payments or (ii) amounts received under a Qualified Hedge Agreement which are deposited in the Senior Debt Service Fund and Subordinated Debt Service Fund and have been relied upon in calculating Net Debt Service in accordance with the Sales Tax Bond Trust Agreement. “Dedicated Sales Tax” means the base revenue amount or the dedicated sales tax revenue amount, both as defined in the Enabling Act. See “Dedicated Sales Tax.”

Under the Sales Tax Bond Trust Agreement, “Dedicated Payments” (referred to herein as the “Sales Tax Dedicated Payments”) means any revenues of the Authority which are not Pledged Revenues as defined in the Sales Tax Bond Trust Agreement as initially entered into, which the Authority subsequently pledges as additional security for its payment obligations on Sales Tax Bonds pursuant to a resolution of the Authority and which are specifically designated as Sales Tax Dedicated Payments by the Authority in accordance with the limitations of the Sales Tax Bond Trust Agreement and, accordingly, are to be deposited in the Senior Debt Service Fund and the Subordinated Debt Service Fund upon receipt. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT.”

### **Flow of Funds**

The Sales Tax Bond Trust Agreement establishes the following Funds and Accounts, to be held and administered by the Trustee:

- (1) the Pledged Revenue Fund;
- (2) the Senior Debt Service Fund;
- (3) the Senior Debt Service Reserve Fund;
- (4) the Subordinated Debt Service Fund;
- (5) the Subordinated Debt Service Reserve Fund; and
- (6) the General Fund.

The Sales Tax Bond Trust Agreement establishes the following Funds and Accounts, to be held and administered by the Authority:

- (1) the Sales Tax Bond Proceeds Fund, which shall include a Capital Account and such other Accounts as the Authority may create by Supplemental Trust Agreement; and

(2) the Sales Tax Rebate Fund.

The Authority by Supplemental Trust Agreement authorizing a Series of Sales Tax Bonds may designate that one or more Accounts in the Sales Tax Bond Proceeds Fund created by such Supplemental Trust Agreement be held and administered by the Trustee and pledged to the Owners of the Sales Tax Bonds.

For a description of the Funds and Accounts under the Sales Tax Bond Trust Agreement, see APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT.”

For an illustration of the flow of funds under the Sales Tax Bond Trust Agreement, see “SECURITY FOR THE ASSESSMENT BONDS – Flow of Funds.”

### **Provision for the Payment of Prior Obligations**

In the event that by April 1 of any year, the Authority is otherwise unable to certify that it has provided for payment of the Prior Obligations during the next Fiscal Year without changing the priority of payment of the Prior Obligations coming due during such Fiscal Year, as set forth above, the Authority shall deposit sufficient amounts of Dedicated Sales Tax to pay the Prior Obligations coming due during such Fiscal Year prior to making the required deposit to the Senior Debt Service Fund during the following Fiscal Year; provided, however, that if during such Fiscal Year the Authority shall adopt a supplemental budget which would permit the Authority to be able to make such certification without changing the original priority, the required deposit for the Prior Obligations shall not be required to be paid prior to the deposit required to the Senior Debt Service Fund for the remainder of such Fiscal Year.

### **Dedicated Sales Tax**

Under the Enabling Act, the Dedicated Sales Tax consists of the greater of the base revenue amount or the dedicated sales tax revenue amount. The dedicated sales tax revenue amount is equal to the amount raised by a one percent (1%) statewide sales tax (excluding meals tax). The base revenue amount is adjusted by the percentage change in inflation, as measured by the Boston Consumer Price Index (the “Boston CPI”) for the prior year, except as follows:

- If the percent change in inflation, as measured by the Boston CPI for the prior year, is greater than or equal to 3% and there was an increase in the gross sales tax revenues, the base revenue amount is increased by 3%.
- If the percent change in inflation, as measured by the Boston CPI for the prior year, is less than 3% but greater than the percent increase in the gross sales tax revenues, the base revenue amount is increased by the same percentage increase as the amount of the gross sales tax revenues percentage increase; provided, however, that such increase shall in no event exceed 3%.
- If there was no increase in the gross sales tax revenue or the inflation index, the base revenue amount is held constant.

The gross sales tax revenues are equal to the gross sales tax revenue received, in the preceding 12 months, pursuant to chapters 64H and 64I of the Massachusetts General Laws, excluding any portion of such taxes imposed on meals as defined in paragraph (h) of section 6 of said chapter 64H.

The Comptroller of the Commonwealth certified, as of March 1, 2011, the base revenue amount for Fiscal Year 2012 as being \$779,091,803, which reflected a growth of \$12,035,119 compared to the Fiscal Year 2011 base revenue of \$767,056,684, due to inflation of 1.569%. On March 1, 2012, the Comptroller certified that the base revenue amount for Fiscal Year 2013 was \$786,866,936, which reflected a growth of

\$7,775,133 compared to the Fiscal Year 2012 base revenue amount, due to gross sales tax revenue growth of 0.998%.

The following table sets forth, for Fiscal Year 2001 through Fiscal Year 2012, the base revenue amount as certified by the Comptroller in accordance with the Enabling Act:

Fiscal Year	Base Revenue Amount	Percent Increase
2001	\$645,000,000	---
2002	664,350,000	3.00%
2003	684,280,500	3.00
2004	684,280,500	0.00
2005	704,808,915	3.00
2006	712,585,739	1.10
2007	733,963,311	3.00
2008	755,982,210	3.00
2009	767,056,684	1.46
2010	767,056,684	0.00
2011	767,056,684	0.00
2012	779,091,803	1.57

Pursuant to the Enabling Act, the dedicated sales tax revenue amount is credited to the State and Local Contribution Fund. For the purpose of determining the dedicated sales tax revenue amount to be credited to the State and Local Contribution Fund, the Comptroller shall on March 1 of each year certify the base revenue amount for the following Fiscal Year. On March 15 of each year, the Comptroller shall, after consultation with and based on projections of the department of revenue, certify whether the dedicated sales tax revenue amount is projected to exceed the base revenue amount for the upcoming Fiscal Year. If the Comptroller certifies that the projected dedicated sales tax revenue amount will be less than the base revenue amount, then the Comptroller shall for the following Fiscal Year credit to the Fund amounts sufficient to meet the base revenue amount. If the Comptroller certifies that the projected dedicated sales tax revenue amount will exceed the base revenue amount, then the Comptroller shall for the following Fiscal Year credit to the Fund the dedicated sales tax revenue amount. On November 15 of each year, the Comptroller shall certify whether the dedicated sales tax revenue amount as of that date is projected to exceed the base revenue amount for the current Fiscal Year. If the Comptroller certifies that the dedicated sales tax revenue amount is projected to be less than the base revenue amount, then the Comptroller shall credit to the Fund amounts sufficient to meet the base revenue amount for that Fiscal Year. If the Comptroller certifies that the dedicated sales tax revenue amount is greater than the base revenue amount, then the Comptroller shall credit to the Fund the dedicated sales tax revenue amount. On April 1 of each year the Comptroller shall repeat the certification process required on November 15 and shall credit the appropriate amount to the Fund. In accordance with the MOU, the Dedicated Sales Tax generally is deposited not later than the last business day of each month, on account of the prior month.

In accordance with the foregoing procedure, for Fiscal Year 2011, the base revenue amount of \$767.1 million exceeded the dedicated sales tax revenue of \$654.6 million and the difference was credited to the State and Local Contribution Fund. On March 1, 2011, the Comptroller certified, with respect to Fiscal Year 2012, that the base revenue amount was \$779.09 million, which exceeds the projected dedicated sales tax revenue of \$664.3 million that was projected by the Comptroller on April 2, 2012. The difference will be credited to the State and Local Contribution Fund. On March 1, 2012, the Comptroller certified, with respect to Fiscal Year 2013, that the base revenue amount was \$786.87 million, which exceeds the Fiscal Year 2012 base revenue amount by \$7.78 million.



For detailed information regarding monthly deposits of the Dedicated Sales Tax to the State and Local Contribution Fund, see APPENDIX G – “HISTORY OF DEDICATED SALES TAX RECEIPTS.”

The sales tax applies generally to retail sales of tangible personal property, meals, and telecommunications services, subject to certain statutory exemptions, including food that is not served as part of a meal and most clothing. A complementary use tax is imposed on storage, use or consumption of the same property or services, subject generally to the same exemptions, to the extent such property or services have not already been subject to sales tax in Massachusetts or another state. The Dedicated Sales Tax excludes any portion of the sales tax imposed on the sales of meals.

The following table sets forth, for Fiscal Year 1978 through Fiscal Year 2011, the Commonwealth’s total sales tax receipts, less sales tax on meals and less sales tax receipts from the Convention Center Financing District in Boston, as described below. The sales tax figures in the table are sales tax receipts after reimbursements and abatements. The “regular” sales tax was first imposed in April 1966 at a rate of 3%. In July 1976, this rate was increased to 5%. Sales of tangible personal property including motor vehicles were first taxed in Massachusetts under Stat. 1966 c. 14, § 1 at a rate of 3%. Originally a temporary tax, this tax was made permanent by Stat. 1967, c. 757, which enacted the first 31 sections of the sales tax. The new tax was also at 3%, and was effective January 1, 1968. The rate of tax was changed to 5% by Stat. 1975, c. 684, § 59, effective November 12, 1975. In 1991, a new law added services to the regular sales tax base, but prior to receipt of any sales tax on services, the law was partially repealed. Only telecommunications services remain in the regular sales tax base. In January 1998, the payment schedule for businesses with tax liabilities greater than \$25,000 per year was changed to simplify the time period on which such payments are based. While the timing change did not affect the amount of tax owed by the affected businesses, the new payment schedule caused a one-time delay in receipt of tax revenues realized in Fiscal Year 1998. Commencing July 1, 1997, total sales tax receipts exclude all receipts from the excise imposed upon sales at retail by vendors located in the Convention Center Financing District in Boston and vendors located in hotels in Cambridge and in Boston, outside of the Convention Center Financing District, in each case only for vendors that opened after July 1, 1997. The total amount of such excluded receipts for Fiscal Years 2007, 2008, 2009, 2010, and 2011 were \$1,664,557, \$2,884,929, \$2,654,534, \$2,824,648, and \$2,539,545, respectively.

Historical Commonwealth Sales Tax Receipts\*

Fiscal Year	Sales Tax Receipts	20% of Sales Tax Receipts**	% Increase/ (Decrease)	Fiscal Year	Sales Tax Receipts	20% of Sales Tax Receipts**	% Increase/ (Decrease)
1978	\$520,701,180	\$104,140,236	17.8	1995	\$2,136,971,274	\$427,394,255	8.0
1979	577,811,734	115,562,347	11.0	1996	2,252,083,428	450,416,686	5.4
1980	608,428,226	121,685,645	5.3	1997	2,494,701,986	498,940,397	10.8
1981	704,188,866	140,837,773	15.7	1998	2,572,447,261	514,489,452	3.1
1982	753,147,231	150,629,446	7.0	1999	2,833,016,602	566,603,320	10.1
1983	865,291,925	173,058,385	14.9	2000	3,107,166,500	621,433,300	9.7
1984	1,041,797,387	208,359,477	20.4	2001	3,272,953,839	654,590,768	5.3
1985	1,209,522,818	241,904,564	16.1	2002	3,193,946,638	638,789,328	(2.4)
1986	1,452,092,246	290,418,449	20.1	2003	3,196,008,691	639,201,738	0.1
1987	1,600,004,046	320,000,809	10.2	2004	3,211,141,238	642,228,248	0.5
1988	1,733,312,576	346,662,515	8.3	2005	3,330,838,208	666,167,642	3.7
1989	1,787,062,915	357,412,583	3.1	2006	3,420,208,843	684,041,769	2.7
1990	1,660,519,469	332,103,894	(7.1)	2007	3,458,884,551	691,776,910	1.1
1991	1,617,727,175	323,545,435	(2.6)	2008	3,453,776,709	690,755,342	(0.1)
1992	1,682,319,431	336,463,886	4.0	2009	3,239,083,506	647,816,701	(6.2)
1993	1,820,971,551	364,194,310	8.2	2010	3,852,057,082	637,083,944	(1.7)
1994	1,978,773,555	395,754,711	8.7	2011	4,091,484,725	654,642,631	2.8

Source: Massachusetts Department of Revenue

\* Total sales tax receipts after reimbursements and abatements, less sales tax on meals and less sales tax from the Convention Center Financing District of Boston. Effective August 1, 2009 the rate of such tax was increased to 6.25% from 5.00%.

\*\* 20% of a 5% sales tax, which approximates the dedicated sales tax revenue amount. The August 1, 2009 increase in the sales tax rate did not increase the dedicated sales tax revenue amount.

Effective August 1, 2009, the sales and use tax rate was increased from 5% to 6.25%. Effective August 1, 2009, the exemption of taxes on alcohol sales was eliminated; this legislation, however, was repealed by the voters at the November 2010 statewide election, effective January 1, 2011. Based on information provided by the Department of Revenue, (i) the rate increase to 6.25% produced approximately \$739 million and \$918 million in additional gross sales tax receipts in Fiscal Year 2010 and Fiscal Year 2011, respectively, and (ii) the tax on alcohol sales is estimated to have generated approximately \$96.6 million and \$81.0 million in Fiscal Year 2010 and Fiscal Year 2011 (through the date of its repeal on January 1, 2011), respectively. Beginning in Fiscal Year 2011, a portion of the Commonwealth's receipts from the sales tax (other than taxes required to be credited to the Convention Center Fund) is dedicated to the Massachusetts Transportation Trust Fund. The amount dedicated is the amount raised by a portion of the sales tax equal to a 0.385% sales tax, with a floor of \$275 million per Fiscal Year. Pursuant to Section 2ZZZ of Chapter 29 of the Massachusetts General Laws such sales tax receipts are dedicated to the Commonwealth Transportation Fund rather than directly to the Massachusetts Transportation Trust Fund. The Commonwealth's Fiscal Year 2012 budget includes \$313.4 million of sales tax receipts to the Commonwealth Transportation Fund.

## **Indebtedness Under the Sales Tax Bond Trust Agreement**

For a description of the conditions to the Authority issuing indebtedness under the Sales Tax Bond Trust Agreement, see APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT.”

### **Statutory Covenant**

The Enabling Act contains a statutory covenant that provides that the rate of the statewide sales tax will not be reduced below the amount of the Dedicated Sales Tax. See “SECURITY FOR THE ASSESSMENT BONDS – Statutory Covenant.”

In the opinion of Bond Counsel, this covenant is a valid contract between the Commonwealth and the holders of Assessment Bonds and Sales Tax Bonds which is binding on future legislatures. Furthermore, enactment of a law which would reduce the Pledged Revenues below that which is necessary to satisfy the obligations of the Authority to the Holders of the Assessment Bonds and Sales Tax Bonds issued prior to enactment of such law, including the Holders of the Bonds, would result in an unconstitutional impairment of contract rights or taking of property rights unless such Holders are provided reasonable and adequate compensation.

The covenant with respect to the Dedicated Sales Tax relates only to the rate of sales tax and the Base Revenue Floor Amount, and not to the types of property and services that are taxed.

## **LEGAL INVESTMENTS AND SECURITY FOR DEPOSITS**

Under the Enabling Act, the Bonds are made securities in which all public officers and public bodies of the Commonwealth and its political subdivisions, all insurance companies, trust companies, banking associations, savings banks, cooperative banks, investment companies, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or notes or other obligations of a similar nature may properly and legally invest funds, including capital, deposits or other funds in their control or belonging to them. The Bonds are thereby made 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 now or may hereafter be authorized by law.

## **LITIGATION**

The Authority is engaged in numerous matters of routine litigation. These matters include tort and other claims where the Authority’s liability is in whole or in part self-insured. In the opinion of the Authority’s General Counsel, these matters are not reasonably expected to require amounts to be paid by the Authority which in the aggregate would be material to the financial information contained herein. Other cases and claims include disputes with contractors and others, arising out of the Authority’s capital investment program. In the opinion of the Authority’s General Counsel, any amounts reasonably expected to be paid by the Authority would be within the scope of grant funds and other moneys available to the Authority for the respective projects.

As described under the heading “THE AUTHORITY – Indebtedness - Hedge Agreements,” in 2008, the Authority terminated four swap agreements with Lehman Brothers Special Financing, Inc. as a result of the bankruptcy filing of Lehman Brothers Holdings, Inc. In January 2012, the Authority received a claim from LBSF objecting to certain elements of the calculation of the termination payment made to LBSF in 2008 and seeking a payment in excess of \$10 million, inclusive of interest since 2008. Pursuant to procedures mandated by the bankruptcy court in the Holdings matter, the parties are subject to non-

binding mediation. In the event of failure to reach an agreement through such process, the parties have recourse through the bankruptcy court. The Authority cannot predict how the matter will be resolved. Any payment to LBSF would be a general unsecured obligation of the Authority, subordinate to the Sales Tax Bonds and Assessment Bonds.

## **LEGISLATION**

Legislation relating to the Authority is periodically filed in the state legislature. Such bills are subject to the legislative process and no prediction can be made as to whether or not such bills will be enacted into law. In addition, any such legislation enacted subsequent to the issuance of the Bonds would with respect to the Bonds be subject to the provisions of Article 1, Section 10 of the United States Constitution prohibiting any law impairing the obligation of contracts and therefore could not unconstitutionally impair the contract of the Holders of the Bonds.

## **TAX MATTERS**

Bond Counsel is of the opinion that, under existing law, interest on the Bonds, including any accrued original issue discount, as discussed below, will not be included in the gross income of the holders of the Bonds for federal income tax purposes. This opinion is expressly conditioned upon compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), which requirements must be satisfied subsequent to the date of issuance of the Bonds in order to ensure that interest on the Bonds is and continues to be excluded from the gross income of the holders thereof. Failure to so comply could cause the interest on the Bonds to be included in the gross income of the holders thereof, retroactive to the date of issuance of the Bonds. In particular, and without limitation, those requirements include restrictions on the use, expenditure and investment of proceeds and 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, because the Bonds are not "private activity bonds" under the Code, interest on the Bonds will not constitute a preference item under Section 57(a)(5) of the Code for purposes of computation of the alternative minimum tax imposed on certain individuals and corporations under Section 55 of the Code. However, interest on the Bonds will be included in "adjusted current earnings" of corporate holders of the Bonds and therefore will be taken into account under Section 56(g) of the Code in the computation of the alternative minimum tax applicable to certain corporations.

Interest on the Bonds includes any accrued original issue discount. Original issue discount with respect to a Bond is equal to the excess, if any, of the stated redemption price at maturity of a Bond over the initial offering price at which price a substantial amount of all Bonds with the same maturity were sold (other than to underwriters and other intermediaries). Original issue discount accrues actuarially over the term of a Bond and results in a corresponding increase in the holder's tax basis in such Bond. Holders should consult their own tax advisors with respect to the computation of original issue discount during the period in which any such Bond is held.

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

Bond Counsel has not opined as to other federal tax consequences of holding the Bonds. However, prospective purchasers should be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on such Bonds, (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(1) reduces the deduction for losses incurred by 15% of the sum of certain items, including interest on the Bonds, (iii) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a foreign branch profits tax imposed by section 884 of the Code, (iv) passive investment income, including interest on the Bonds, may be subject to federal income taxation under section 1375 of the Code for an S Corporation that has Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such S Corporation is passive investment income, (v) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income receipts or accruals of interest on the Bonds and (vi) receipt of investment income, including interest on the Bonds, may, pursuant to section 32(i) of the Code, disqualify the recipient from obtaining the earned income credit otherwise provided by section 32(a) of the Code.

In the opinion of Bond Counsel, interest on the Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to the other Massachusetts tax consequences resulting from holding the Bonds. However, prospective purchasers should be aware that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the 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 states other than the Commonwealth.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds, including legislation, court decisions, or administrative actions, whether at the federal or state level, may affect the tax exempt status of interest on the Bonds or the tax consequences of ownership of the Bonds. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of the interest on the Bonds from gross income for federal income tax purposes or any state tax benefit. Deficit reduction measures, including the limitation of federal tax expenditures, will be under ongoing consideration by the United States Congress, as will tax reform proposals. These efforts to date have included provisions to reduce the benefit of the interest exclusion from income for certain holders of tax-exempt bonds, including bonds currently outstanding. Any such proposed changes could affect the market value or marketability of the Bonds. Holders should consult their own tax advisors with respect to any of the foregoing.

Interest paid on tax-exempt obligations such as the Bonds is now generally required to be reported by payors to the Internal Revenue Service ("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 Bond owner 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 Bond owner 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 Bonds from gross income for federal tax purposes.

On the date of delivery of the Bonds, the original purchasers of the Bonds will be furnished with an opinion of Bond Counsel substantially in the forms shown in "PROPOSED FORM OF OPINION OF BOND COUNSEL" attached hereto as Appendix C.

## **RATINGS**

The Bonds have been assigned long-term ratings of “AAA” and “Aa1” by S&P and Moody’s, respectively.

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 rating will continue for any given period of time or that a rating will not be revised or withdrawn entirely by any or all of such rating agencies, if, in its or their judgment, circumstances so warrant. Any downward revision or withdrawal of a rating could have an adverse effect on the market prices of the Bonds.

## **CERTAIN LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel. The approving opinion of Bond Counsel in substantially the form attached hereto as Appendix C will be delivered with the Bonds. Certain legal matters will be passed upon for the Underwriters by Eckert Seamans Cherin & Mellott, LLC, Boston, Massachusetts.

## **UNDERWRITING**

The Underwriters, for whom Samuel A. Ramirez & Co., Inc. is acting as representative, have agreed, subject to certain conditions, to purchase from the Authority the Bonds at a discount from the initial offering price of the Bonds equal to \$2,191,333.69. The initial public offering price of the Bonds may be changed from time to time by the Underwriters. The Underwriters will be obligated to purchase all Bonds if any such Bonds are purchased.

Loop Capital Markets LLC (“Loop Capital”) has entered into an agreement (the “Distribution Agreement”) with UBS Financial Services Inc. (“UBS”) for the retail distribution of certain municipal securities offerings, including the Bonds, at the original issue prices. Pursuant to the Distribution Agreement, Loop Capital may share a portion of its underwriting compensation with respect to the Bonds with UBS.

## **CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the “Rule”), the Authority will enter into a Continuing Disclosure Agreement with the Trustee for the benefit of owners of the Bonds setting forth the undertaking of the Authority regarding continuing disclosure with respect to the Bonds. The proposed Continuing Disclosure Undertaking is set forth in Appendix D. Pursuant to prior continuing disclosure agreements, the Authority has filed the annual information and notices of events for the Sales Tax Bonds, the Assessment Bonds and the Prior Obligations, as applicable, in accordance with the Rule.

The City of Boston, Massachusetts is obligated to provide certain annual reports and notices of material events pursuant to continuing disclosure undertakings entered into by the City under the Rule in connection with the Assessment Bonds and various bonds and notes issued by the City. The City has not failed to comply in all material respects with any previous continuing disclosure undertaking to provide annual reports or notices of material events in accordance with the Rule, except that, due to an administrative oversight, the annual reports required to be filed for Fiscal Years 2002, 2003 and 2004 were not filed within the time periods required under certain of such undertakings. The City has since filed a

report to comply with such continuing disclosure undertakings, and it has implemented procedures to ensure timely filing of all future annual reports and notices of material events required thereunder.

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Grant Thornton LLP, a firm of independent public accountants, will deliver to the Authority and the Underwriters on or before the date of delivery of the Bonds its verification report indicating that it has verified, in accordance with the standards established by the American Institute of Certified Public Accountants: (i) the mathematical accuracy of certain computations showing the adequacy of the cash and the maturing principal of and interest on certain government obligations held in the refunding trust fund to provide for the payment of the principal of and interest and redemption premiums, if any, on the Refunded Bonds; and (ii) the yields on the Bonds and the investments purchased with a portion of the proceeds of the sale of the Bonds. Such verification will be used by Bond Counsel in concluding that the Bonds are not arbitrage bonds within the meaning of the Code.

The verification report will state that Grant Thornton LLP has no obligation to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

### **MISCELLANEOUS**

The summaries of the provisions of the Enabling Act, the Bonds, the Assessment Bond Trust Agreement and the Sales Tax Bond Trust Agreement contained herein do not purport to be complete and are made subject to the detailed provisions thereof to which reference is hereby made. Copies of the Enabling Act, the form of the Bonds, the Assessment Bond Trust Agreement and the Sales Tax Bond Trust Agreement are available for inspection at the offices of the Authority and the Trustee.

Information relating to DTC and the book-entry system described under the heading “BOOK-ENTRY ONLY SYSTEM” has been furnished by DTC. Neither the Authority nor the Underwriters make any representations or warranties whatsoever with respect to such information.

U.S. Bank National Association by acceptance of its duties as Trustee under the Assessment Bond Trust Agreement 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 Bonds or related activities.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY

By: /s/ Jonathan R. Davis  
Jonathan R. Davis  
Acting General Manager,  
Deputy General Manager and Chief Financial Officer

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**SUMMARY OF CERTAIN PROVISIONS OF THE  
ASSESSMENT BOND TRUST AGREEMENT**

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

***Definitions***

The following are definitions in summary form of certain terms contained in the Assessment Bond Trust Agreement and used in this Official Statement:

*Account or Accounts* shall mean each account or all of the accounts established by or pursuant to the Assessment Bond Trust Agreement.

*Accreted Value* shall mean with respect to any Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth in a Supplemental Agreement authorizing the issuance of such Assessment Bond 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 three hundred sixty (360) day year of twelve (12) thirty (30) day months.

*Act* shall mean Chapter 161A of the Massachusetts General Laws, as from time to time in effect.

*Aggregate Debt Service* for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Outstanding Assessment Bonds; provided, however, that for purposes of estimating Aggregate Debt Service for any future period, (i) any Variable Interest Rate Bonds shall be deemed to bear at all times (for which the interest rate is not yet determined) to the maturity thereof the Estimated Average Interest Rate applicable thereto; and (ii) any Put Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof, unless the Credit Facility or Liquidity Facility securing such Put Bonds expires within three months or less of the date of calculation and has not been renewed or replaced in which case such Put Bonds shall be assumed to mature on the expiration date of such Credit Facility or Liquidity Facility. For purposes of this definition, the principal and interest portions of the Accreted Value of any Capital Appreciation Bonds becoming due at maturity or by virtue of a Sinking Fund Installment and the principal and interest portions of the Appreciated Value of any Deferred Income Bonds 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 Agreement authorizing Assessment Bonds which are Capital Appreciation Bonds or Deferred Income Bonds, as the case may be.

*Alternate Revenues* shall mean any revenues of the Authority (other than Assessments) legally available and pledged by resolution of the Authority for its obligations under the Assessment Bond Trust Agreement and deposited to the Pledged Revenue Fund, provided that (i) if such Alternate Revenues are to be received from the United States of America or the Commonwealth, they must automatically recur

without appropriation, approval or other similar action for so long as the Authority is relying thereon for the purpose of issuing Assessment Bonds or they constitute a general obligation of the Commonwealth and the manner of determining the amounts to be derived therefrom must not be subject to change or revision during such period, (ii) such Alternate Revenues consist of obligations with a rating by each Rating Agency in a category equal to or higher than its unenhanced, published rating on Outstanding Assessment Bonds or (iii) the Authority has received a written confirmation from each Rating Agency that its unenhanced, published rating of Outstanding Assessment Bonds will not be adversely affected by the designation of such revenues as Alternate Revenues.

*Amortized Value*, when used with respect to Investment Obligations purchased at a premium above or a discount below par, shall mean 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* shall mean with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the applicable Supplemental Trust Agreement, (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 three hundred sixty (360) day year of twelve (12) thirty (30) day months.

*Assessment Bond or Bonds* shall mean any bond or bonds and any Bond Anticipation Notes authenticated and delivered under the Assessment Bond Trust Agreement.

*Assessment Floor Amount* shall mean the amount below which the amount assessed on cities and towns pursuant to the Act shall not be reduced in accordance with Section 35T.

*Assessments* shall mean all assessments on cities and towns received by the Authority pursuant to the Act.

*Authority* shall mean the Massachusetts Bay Transportation Authority.

*Authorized Newspaper* shall mean 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 the City or in the Borough of Manhattan, City and State of New York.

*Authorized Officer* shall mean the General Manager, the Chief Financial Officer, the Director of Financial Planning, the Treasurer-Controller or the General Counsel 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.

*Bank Bonds* shall mean any Assessment Bonds issued to or acquired or held by any bank, insurance company or other provider of credit and/or liquidity support or any designee thereof for any Assessment Bonds or for any Bond Anticipation Notes as evidence of the obligations of the Authority arising under any letter of credit, revolving credit agreement, insurance policy, reimbursement agreement or any other agreement, instrument or document relating to such credit and/or liquidity support; provided, however, that Bank Bonds do not include any Assessment Bonds issued to or held by any such party or its designee in any other capacity.

*Base Revenue Floor Amount* shall mean (as of the date of computation) the base revenue amount (as defined in Section 35T), as most recently certified by the Comptroller of the Commonwealth in accordance with Section 35T.

*Bond Anticipation Note* shall mean a note issued pursuant to the Assessment Bond Trust Agreement.

*Bond Counsel* shall mean Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. or any other lawyer or firm of lawyers nationally recognized in the field of municipal finance and satisfactory to the Authority.

*Bondowner or Owner, or Owner of Assessment Bonds*, or any similar terms, shall mean any person who shall be the registered owner of any Outstanding Assessment Bond or Bonds.

For all purposes of the provisions of the Trust Agreement and the applicable Supplemental Trust Agreement, except the giving of any required notice of default to holders of the Insured Bonds, the Bond Insurer shall be deemed to be the sole holder of the Insured Bonds for so long as it has not failed to comply with its payment obligations under the Policy.

*Bond Proceeds Fund* shall mean the Fund by that name established by the Assessment Bond Trust Agreement.

*Business Day* shall mean any day that is not a Saturday, Sunday or legal holiday in the Commonwealth or a day on which banks in the City are authorized or required by law or executive order to close.

*Capital Appreciation Bond* shall mean any Assessment Bond as to which interest is payable only at the maturity or prior redemption of such Assessment 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 Assessment 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 Assessment Bond Trust Agreement for any purpose whatsoever, unless otherwise provided in the Supplemental Agreement authorizing such Capital Appreciation Bonds, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

*Capital Maintenance Fund* shall mean the fund of such name created and held by the Authority pursuant to Authority resolution, which fund shall be used to pay a portion of the ongoing schedule of maintaining the equipment and mass transportation facilities of the Authority.

*City* shall mean the City of Boston in the Commonwealth.

*Code* shall mean the Internal Revenue Code of 1986, as amended to the date of adoption of the Assessment Bond Trust Agreement, unless a later day shall be specified in a Supplemental Agreement to be applicable to one or more Series of Assessment Bonds, and the applicable regulations thereunder, and

any reference in the Assessment Bond Trust Agreement to any section thereof shall, to the extent the provisions of the Internal Revenue Code of 1986, as amended to the date of adoption of the Assessment Bond Trust Agreement, unless a later date shall be specified in a Supplemental Agreement to be applicable to one or more Series of Assessment Bonds, are included in a successor code or in an equivalent section or sections of such a successor code, be deemed to include such successor code and the equivalent section or sections of such successor code and the applicable regulations thereunder.

*Commonwealth* shall mean The Commonwealth of Massachusetts.

*Counsel's Opinion or Opinion of Counsel* shall mean 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* shall mean an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase 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 Assessment 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 Assessment Bond Trust Agreement, whether or not the Authority is in default under the Assessment Bond Trust Agreement.

*Debt Service* for any period shall mean, as of any date of calculation and with respect to the Outstanding Assessment Bonds of any Series, an amount equal to the sum of (i) interest accruing during such period on Outstanding Assessment 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 Assessment Bonds of such Series, whichever date is later. Such interest and Principal Installments for such Series shall be calculated on the assumption that (1) no Assessment Bonds (except for Put Bonds actually tendered for payment and not purchased in lieu of redemption prior to the redemption date thereof) 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 and (2) the principal amount of Put Bonds tendered for payment and not purchased in lieu of redemption prior to the redemption date thereof shall be deemed to accrue on the date required to be paid pursuant to such tender. 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 Agreement. Debt Service on Assessment Bonds with respect to which there is a Qualified Hedge Agreement shall be calculated consistent with the Assessment Bond Trust Agreement. Debt Service shall include costs of Credit Facilities and Liquidity Facilities and reimbursement to Providers of Credit Enhancement, in each case if and to the extent payable from the Debt Service Fund. Debt Service on Bond Anticipation Notes shall not include any Principal Installments thereon.

*Debt Service Fund* shall mean the Fund by that name established by the Assessment Bond Trust Agreement.

*Debt Service Reserve Fund* shall mean the Fund by that name established by the Assessment Bond Trust Agreement.

Upon the issuance of the Bonds and the refunding of the Refunded Bonds, the following definition of Debt Service Reserve Requirement is expected to become effective pursuant to the Ninth Supplemental Trust Agreement, dated as of March 1, 2012 between the Authority and the Trustee:

*Debt Service Reserve Requirement* shall mean as of any date of calculation, an amount equal to one-half of the least of (i) 10% of the aggregate original net proceeds from the sale of all Bonds Outstanding, (ii) 125% of average annual Debt Service on all Bonds Outstanding, and (iii) the maximum amount of Debt Service due in any future Fiscal Year on all Bonds Outstanding. The Estimated Average Interest Rate as of the date of issue for any Variable Interest Rate Bonds shall be used to establish Debt Service on such Assessment Bonds for the purpose of the Debt Service Reserve Requirement.

*Dedicated Payments* shall mean any revenues of the Authority which are not Pledged Revenues, as defined in the Trust Agreement as initially entered into which the Authority subsequently pledges as additional security for its payment obligations on the Assessment Bonds pursuant to a resolution of the Authority and which are specifically designated as Dedicated Payments by the Authority in accordance with the limitations of the Assessment Bond Trust Agreement and, accordingly, are to be deposited in the Debt Service Fund upon receipt.

*Dedicated Sales Tax* shall mean the base revenue amount or the dedicated sales tax revenue amount (as defined in Section 35T).

*Deferred Income Bond* shall mean any Assessment Bond (i) as to which interest accruing thereon prior to the Interest Commencement Date of such Assessment 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 Assessment 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 applicable Supplemental Agreement. 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 Assessment 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 Assessment Bond Trust Agreement for any purposes whatsoever, unless otherwise provided in the applicable Supplemental Agreement, the principal amount of a Deferred Income Bond shall be deemed to be its Appreciated Value.

*Deficiency Fund* shall mean the fund by such name created and held by the Authority pursuant to Authority resolution, which fund may be used to pay debt service on Authority bonds, notes and other obligations and other expenses of the Authority.

*Estimated Average Interest Rate* shall mean, as to any Variable Interest Rate Bond and as of any date of calculation, the “25-year revenue bond index” most recently published in The Bond Buyer or, if such index is no longer published, such other substantially comparable index as determined by the Authority.

*Fiduciary or Fiduciaries* shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

*Fiscal Year* shall mean 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.

*Fund or Funds* shall mean each fund or all of the funds established by the Assessment Bond Trust Agreement, as the case may be.

*General Fund Expenses* shall mean, to the extent such expenses shall not have been otherwise provided for, (i) the net costs (including, in certain circumstances, termination payments or fees) of any Hedge Agreements payable from the General Fund pursuant to and in accordance with Section 104 of the Assessment Bond Trust Agreement and (ii) and any other costs approved by the Board of Directors of the Authority.

*General Fund Indebtedness* shall mean any bond, note or other evidence of indebtedness issued by the Authority in accordance with Section 206 of the Assessment Bond Trust Agreement which is secured by or payable from the Pledged Revenues and other amounts on deposit from time to time in the General Fund, provided that any such pledge shall not be prior or equal to the pledge thereof made hereby for the benefit of Sales Tax Bonds.

*Hedge Agreement* shall mean a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Authority providing for payments between the parties based on levels of, or changes in interest rates, stock or other indices or contracts to exchange cash flows or a series of payments or contracts, including without limitation, interest rate floors, or caps, options, puts or calls, which allows the Authority to manage or hedge payment, rate, spread or similar risk with respect to any Series of Assessment Bonds.

*Historic Dedicated Sales Tax Revenue Amount* shall mean (as of any date of computation) the dedicated sales tax revenue amount, as defined in Section 35T, for any consecutive 12 of the last 24 months, as determined by an Authorized Officer.

*Indebtedness* shall mean Assessment Bonds or Bond Anticipation Notes.

*Interest Commencement Date* shall mean, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the applicable Supplemental Agreement after which interest accruing on such Assessment 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 Agreement authorizing such Deferred Income Bond.

*Investment Agreement* shall mean an agreement for the investment of moneys with, or unconditionally guaranteed by, a Qualified Institution but shall not mean an obligation of the type described in clause (ix) of the definition of Investment Obligation herein.

*Investment Income* shall mean income from Investment Obligations held in the Funds and Accounts established in the Assessment Bond Trust Agreement, other than (i) if so determined in a Supplemental Agreement, income from Investment Obligations purchased from the proceeds of such Assessment Bonds held in the Bond Proceeds Fund and (ii) income from Investment Obligations held in the Rebate Fund.

*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) a bond or other obligation which as to principal and interest constitutes a direct obligation of, or is unconditionally guaranteed by, the United States of America, including an obligation of any of the Federal Agencies described in clause (iii) below to the extent unconditionally guaranteed by the United States of America;

(ii) a bond or other obligation of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which is not callable prior to maturity or

as to which irrevocable instructions have been given to the trustee of such bond or other obligation by the obligor to give due notice of redemption and to call such bond or other obligation for redemption on the date or dates specified in such instructions, (b) which is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bond or other obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) above which have been deposited in such fund, together with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bond or other obligation described in this clause (ii) on the maturity date thereof or on the redemption date specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate;

(iii) a bond, debenture, or other evidence of indebtedness issued or guaranteed at the time of the investment by the Student Loan Marketing Association, Federal National Mortgage Association, Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, the Tennessee Valley Authority, the United States Postal Service, Federal Farm Credit System Obligations, the Export Import Bank, the World Bank, the International Bank for Reconstruction and Developments, the Federal Home Loan Mortgage Corporation, the Resolution Funding Corporation, the U.S. Agency for International Development and the Inter-American Development Bank 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;

(iv) an obligation of any state of the United States of America or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which shall be rated at the time of the investment in a category equal to or higher than its unenhanced, published rating on Outstanding Assessment Bonds by each Rating Agency;

(v) a certificate or other instrument that evidences ownership of the right to payment of the principal of or interest on obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, provided that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under the Assessment Bond Trust Agreement, and provided further that the payment of all principal of and interest on such certificate or such instrument shall be fully insured or unconditionally guaranteed by, or otherwise unconditionally payable pursuant to a credit support arrangement provided by, one or more financial institutions or insurance companies or associations which at the date of investment shall have an outstanding, unsecured, uninsured and unguaranteed debt issue rated in a category equal to or higher than its unenhanced, published rating on Outstanding Assessment Bonds by any Rating Agency, or, in the case of an insurer providing municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bonds, such insurance policy shall result in such municipal bonds being rated in the highest rating category by any Rating Agency, without regard to any refinement or gradation of such rating;

(vi) time deposits, certificates of deposit or any other deposit with a bank, trust company, national banking association, savings bank, federal mutual savings bank, savings and loan association, federal savings and loan association or any other institution chartered or licensed by any state or the U.S. Comptroller of the Currency to accept deposits in such state (as used herein, "deposits" shall mean obligations evidencing deposit liability which rank at least on a parity with the claims of general creditors in liquidation), which are (a) fully secured, to the extent not insured by the Federal Deposit Insurance Corporation, by any of the obligations described in clauses (i) or (iii) above having a market value (exclusive of accrued interest) of not less than the uninsured amount of such deposit or (b) (1) unsecured

or (2) secured to the extent, if any, required by the Authority and in either case made with a Qualified Institution;

(vii) a certificate that evidences ownership of the right to payments of principal of or interest on obligations described in clause (i), provided that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under the Assessment Bond Trust Agreement;

(viii) a time deposit, certificate of deposit, whether negotiable or non-negotiable, and a banker's acceptance of one or more of the 50 largest banks in the United States or commercial paper issued by the parent holding company of any such bank which at the time of investment has an outstanding unsecured, uninsured and unguaranteed debt issue rated in a category equal to or higher than its unenhanced, published rating on Outstanding Assessment Bonds by any Rating Agency, (including the Trustee and its parent holding company, if any, if it otherwise qualifies);

(ix) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York which at the time of investment has an outstanding unsecured, uninsured and unguaranteed long-term debt issue or commercial paper issue rated in a category equal to or higher than its unenhanced, published rating on Outstanding Assessment Bonds by any Rating Agency (including the Trustee and its parent holding company, if any, if it otherwise qualifies), which agreement is secured by any one or more of the securities described in clause (i), (iii) or (vii) above which securities shall at all times have a market value (exclusive of accrued interest) of not less than the full amount of the repurchase agreement and be delivered to another bank or trust company organized under the laws of any state of the United States of America or any national banking association, as custodian;

(x) an Investment Agreement;

(xi) money market funds registered under the Federal Investment Company Act of 1940, as amended, whose shares are registered under the Federal Securities Act of 1933, and having a rating in a category equal to or higher than its unenhanced, published rating on Outstanding Assessment Bonds by any Rating Agency;

(xii) commercial paper, notes, bonds or other obligations of any corporation rated, at the time of investment, in a category equal to or higher than its unenhanced, published rating on Outstanding Assessment Bonds by any Rating Agency, without regard to refinement or gradation of such rating; and

(xiii) any other investment in which moneys of the Authority may be legally invested provided that at the time of such investment the Authority obtains written confirmation from each Rating Agency that such investment will not result in the reduction or suspension of the then existing rating on the Assessment Bonds by each such Rating Agency.

*Liquidity Facility* shall mean an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, line of credit or other agreement or arrangement issued or extended by a Qualified Institution, pursuant to which the Authority is entitled to obtain moneys upon the terms and conditions contained therein for the purchase or redemption of Assessment Bonds tendered for purchase or redemption in accordance with the terms of the Assessment Bond Trust Agreement.

*Net Debt Service* shall mean Debt Service payable on Assessment Bonds less (i) the sum of (a) interest accrued or to accrue on such Assessment Bonds which is to be paid from deposits in the Debt Service Fund from the proceeds of Assessment Bonds in accordance with a certificate of an Authorized Officer to the



Trustee, (b) additional amounts transferred to the Debt Service Fund at the Authority's direction, (c) Investment Income from the Pledged Revenue Fund and any Account of the Bond Proceeds Fund established by Supplemental Agreement and held by the Trustee transferred or to be transferred in the current Fiscal Year to or retained in the Debt Service Fund and (d) Dedicated Payments deposited in the Debt Service Fund pursuant to the Assessment Bond Trust Agreement plus (ii) Debt Service payable on Bond Anticipation Notes issued in anticipation of Assessment Bonds net of any amounts deposited from the proceeds of such notes available in the Debt Service Fund or in another account established in connection with the issuance of such notes for the payment of such Debt Service.

*Opinion of Bond Counsel* shall mean a legal opinion signed by Bond Counsel.

*Outstanding*, when used with reference to Assessment Bonds of a Series, shall mean, as of any date, Assessment Bonds or Bonds of such Series, theretofore or thereupon being authenticated and delivered, issued under the Assessment Bond Trust Agreement except:

- (i) any Assessment Bonds canceled by any Fiduciary at or prior to such date,
- (ii) Assessment Bonds (or portions of Assessment 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 Assessment Bond Trust Agreement and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Assessment Bonds (or portions of Assessment 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 Assessment Bond Trust Agreement;
- (iii) Assessment Bonds in lieu of or in substitution for which other Assessment Bonds shall have been authenticated and delivered pursuant to the Assessment Bond Trust Agreement unless proof satisfactory to the Trustee is presented that any such Assessment Bonds are held by a bona fide purchaser in due course;
- (iv) Assessment Bonds deemed to have been paid as provided in the Assessment Bond Trust Agreement; and
- (v) Put Bonds deemed tendered in accordance with the provisions of the applicable Supplemental Agreement on the applicable adjustment or conversion date, if the purchase price thereof and interest thereon shall have been paid or amounts are available for such payment as provided in the Assessment Bond Trust Agreement.

For purposes of the foregoing definition, any Assessment Bonds which are Bank Bonds shall be deemed Outstanding only in a principal amount equal to the principal amount of the obligation then owed by the Authority thereunder regardless of the face amount of such Bank Bond.

*Paying Agent* shall mean any paying agent for the Assessment 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 Assessment Bond Trust Agreement.

*Pledged Revenue Fund* shall mean the Fund by that name established by the Assessment Bond Trust Agreement.

*Pledged Revenues* shall mean Assessments, payments received by the Authority from a Provider of a Hedge Agreement that is not a Qualified Hedge and Alternate Revenues, if any.

*Principal Installment* shall mean, as of any date of calculation and with respect to the Assessment Bonds of any Series, so long as any Assessment Bonds thereof are Outstanding, (i) the principal amount of Assessment Bonds (including the principal amount of any Put Bonds tendered for payment and not purchased in lieu of redemption prior to the redemption date thereof) of such Series due on a future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a future date for Assessment Bonds of such Series, plus the amount of the premium, if any, which would be applicable upon redemption of such Assessment 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 Assessment Bonds of such Series, the sum of such principal amount of Assessment Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date, plus such applicable redemption premium, if any.

*Provider* shall mean any person or entity providing a Credit Facility, a Liquidity Facility or a Qualified Hedge Agreement with respect to any one or more Series of Assessment Bonds, pursuant to agreement with or upon the request of the Authority.

*Put Bond* shall mean an Assessment Bond which by its terms may be tendered by and at the option of the Owner thereof for payment by the Authority prior to the stated maturity or redemption date thereof.

*Qualified Hedge Agreement* shall mean a Hedge Agreement which meets the tests of the Assessment Bond Trust Agreement.

*Qualified Institution* shall mean (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, Qualified Hedge Agreement, Credit Facility or Liquidity Facility is entered into by the Authority are rated in a category equal to or higher than its unenhanced, published rating on Outstanding Assessment Bonds by each Rating Agency 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.

*Qualified Reserve Fund* shall mean any reserve fund that is held by the Trustee or the Authority and is designated by the Authority as a Qualified Reserve Fund; provided that the Authority has received a written confirmation from each Rating Agency that its published, unenhanced rating of the Assessment Bonds will not be adversely affected by such designation.

*Qualified Reserve Fund Requirement* shall mean such amount established in a certificate of an Authorized Officer delivered to the Trustee, provided that the Authority has received a written confirmation from each Rating Agency that its published, unenhanced rating of the Assessment Bonds will not be adversely affected by the Qualified Reserve Fund Requirement being equal to such amount.

*Rating Agency* shall mean each recognized rating service which maintains a published, unenhanced rating on any Outstanding Assessment Bonds at the request of the Authority.

*Rebate Fund* shall mean the Fund by that name established by the Assessment Bond Trust Agreement.

*Rebate Fund Requirement* shall mean, as of any date of calculation, an amount equal to the aggregate of the amounts, if any, specified in a certificate from an Authorized Officer of the Authority or the applicable Supplemental Agreement, as the amount required to be maintained in the Rebate Fund with respect to such Assessment Bonds.

*Redemption Price* shall mean, with respect to any Assessment Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the Assessment Bond Trust Agreement, but excluding accrued interest.

*Refunding Bonds* shall mean all Assessment Bonds authenticated and delivered on original issuance pursuant to the provisions under the heading “Special Provisions for Refunding Bonds.”

*Residual Sales Tax* shall mean for any year the greater of the Base Revenue Floor Amount and the Historic Dedicated Sales Tax Revenue Amount less the sum of (i) the estimated debt service on Prior Obligations, (ii) Senior Net Debt Service (as defined in the Sales Tax Bond Trust Agreement), (iii) Subordinated Net Debt Service (as defined in the Sales Tax Bond Trust Agreement) and (iv) debt service on other indebtedness (other than Indebtedness) secured by a pledge of or a security interest in and payable from the Dedicated Sales Tax.

*Sales Tax Bonds* shall mean any bond or bonds, any bond anticipation notes or other evidences of indebtedness and delivered under the Sales Tax Bond Trust Agreement.

*Sales Tax Bond Trust Agreement* shall mean the Massachusetts Bay Transportation Authority Sales Tax Bond Trust Agreement dated as of July 1, 2000 by and between the Authority and State Street Bank and Trust Company, as Trustee, as amended and supplemented from time to time.

*Section 35T* shall have the meaning provided in the Recitals to the Assessment Bond Trust Agreement.

*Series* shall mean all of the Assessment Bonds authenticated and delivered on original issuance and designated as such by the Authority in a simultaneous transaction pursuant to the Assessment Bond Trust Agreement and any Assessment Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to the Assessment Bond Trust Agreement, regardless of variations in maturity, interest rate, sinking fund, or other provisions.

*Sinking Fund Installment* shall mean, as of any date of calculation and with respect to any Assessment Bonds of a Series, so long as any Assessment Bonds thereof are Outstanding, the amount of money required by the applicable Supplemental Agreement, to be paid on a single future date for the retirement of any Outstanding Assessment 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 an Assessment Bond.

*Standby Purchase Agreement* shall mean an agreement by and between the Authority and another entity pursuant to which such entity is obligated to purchase Put Bonds tendered for purchase or redeemed in lieu of purchase upon such tender.

*State and Local Contribution Fund* shall have the meaning provided in the Recitals to the Assessment Bond Trust Agreement.

*Supplemental Agreement* shall mean any trust agreement supplemental to or amendatory of the Trust Agreement, adopted by the Authority in accordance with the Assessment Bond Trust Agreement.

*Trustee* shall mean the trustee appointed under the Assessment Bond Trust Agreement, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Assessment Bond Trust Agreement.

*Valuation Date* shall mean (i) with respect to any Capital Appreciation Bond the date or dates set forth in the applicable Supplemental 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 applicable Supplemental Agreement on which specific Appreciated Values are assigned to the Deferred Income Bond.

*Variable Interest Rate* shall mean a variable interest rate to be borne by any Variable Interest Rate Bond. The method of computing such variable interest rate shall be specified in the applicable Supplemental Agreement. Such Supplemental Agreement shall also specify either (i) the particular period or periods of time for which each value of such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective.

*Variable Interest Rate Bond* shall mean an Assessment Bond which bears interest at a Variable Interest Rate.

### ***The Pledge Effected by the Assessment Bond Trust Agreement***

The Assessment Bonds are special obligations payable solely from the items pledged to the payment thereof pursuant to the terms of the Assessment Bond Trust Agreement.

The Assessment Bond Trust Agreement provides that there is pledged for the payment, first, of the Assessment Bonds and, as the respective interests of the holders thereof may appear, in accordance with the respective terms of such Bonds and the provisions of the Assessment Bond Trust Agreement, subject only to the provisions of the Assessment Bond Trust Agreement permitting the application thereof for or to the purposes and on the terms and conditions in the Assessment Bond Trust Agreement and therein set forth: (i) all Pledged Revenues, (ii) Dedicated Payments allocated to Assessment Bonds and interest earnings thereon, (iii) amounts received from the trustee under the Sales Tax Bond Trust Agreement in accordance with the Assessment Bond Trust Agreement, (iv) the Deficiency Fund and the Capital Maintenance Fund including the investments, if any, thereof, and (v) all Funds and Accounts established by the Assessment Bond Trust Agreement (other than the Bond Proceeds Fund while it is held and administered by the Authority and the Rebate Fund) including the investments, if any, thereof. (Section 201, 501).

### ***Provisions for Issuance of Assessment Bonds***

Assessment Bonds of one or more Series may at any time or from time to time be authenticated and delivered upon original issuance (i) to pay or provide for the payment of other Authority bonds, notes or other obligations, (ii) to refund Outstanding Assessment Bonds, (iii) to pay costs of the Authority in accordance with the Act, (iv) to make a deposit to the Bond Proceeds Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Deficiency Fund, the Capital Maintenance Fund or any Qualified Reserve Fund including any Accounts therein, and (v) to pay or provide for the payment of the costs incurred in connection with the issuance of Assessment Bonds.

The Assessment Bonds of a Series authorized to be issued shall be executed by the Authority and delivered to the Trustee. Such Assessment Bonds shall from time to time and in such amounts as directed

by the Authority be authenticated and delivered by the Trustee to or upon the order of the Authority upon receipt of the consideration therefor and upon delivery to the Trustee of:

(1) An Opinion of Bond Counsel to the effect that (i) the Authority has the right and power under the Act to enter into the Assessment Bond Trust Agreement, and the Trust Agreement has been duly and lawfully approved by the Authority, and, assuming due authorization, execution and delivery by the Trustee, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Trust Agreement is required; (ii) the Trust Agreement creates the valid pledge of the items which it purports to pledge to the payment of the Assessment Bonds pursuant to the Assessment Bond Trust Agreement, subject to the application thereof to the purposes and on the conditions permitted by the Trust Agreement; and (iii) the Assessment Bonds of such Series are valid and binding special obligations of the Authority as provided in the Trust Agreement, enforceable in accordance with their terms and the terms of the Trust Agreement, and entitled to the benefit of the Trust Agreement and of the Act and such Assessment Bonds have been duly and validly authorized and issued in accordance with law, including the Act, and in accordance with the Trust Agreement; provided, that such Opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights generally and judicial discretion and may state that no opinion is being rendered as to the availability of any particular remedy;

(2) A written order as to the delivery of the Assessment Bonds of such Series, signed by an Authorized Officer;

(3) Copies of the Trust Agreement as amended and supplemented and of the Supplemental Agreement authorizing such Series, each certified by an Authorized Officer;

(4) If any Assessment Bonds of such Series are Put Bonds, a Credit Facility or Liquidity Facility in such an amount as would provide sufficient moneys for the purchase or redemption of all Put Bonds of such Series if Owners thereof elected to tender for purchase or redemption the entire aggregate Outstanding principal amount of the Put Bonds of such Series;

(5) A certificate of an Authorized Officer:

(i) setting forth (a) the Net Debt Service for Outstanding Assessment Bonds after the issuance of such Series of Assessment Bonds for the then current and each future Fiscal Year during which such Series of Assessment Bonds shall be Outstanding; and (b) the Residual Sales Tax for the then current and each future Fiscal Year during which such Series of Assessment Bonds shall be Outstanding;

(ii) stating that the amount on deposit in the Debt Service Reserve Fund (after taking into account any surety bond, insurance policy, letter of credit or other similar obligation on deposit therein) immediately after the authentication and delivery of the Assessment Bonds of such Series (and in the event that any Outstanding Assessment Bonds are then being redeemed, after such redemption) will be at least equal to the Debt Service Reserve Requirement and

(iii) demonstrating that:

(a) (1) for each year, the Assessment Floor Amount divided by the amount set forth in clause (5)(i)(a) is (A) at least equal to 1.00 and (B) so long as Outstanding Assessment Bonds are rated by Moody's Investors Service, Inc., at least equal to 1.20 or such lesser amount as shall be acceptable to Moody's Investors Service, Inc; and

(2) for each year, the sum of the Assessment Floor Amount plus the Residual Sales Tax set forth in 5(i)(b) divided by the amount set forth in 5(i)(a) is at least equal to 1.50; or

(b) the aggregate of the amounts on deposit in each Qualified Reserve Fund shall equal the Qualified Reserve Fund Requirement.

In the event that at the time of delivery of such certificate, any Bond Anticipation Notes are Outstanding, such certificate shall assume that there are Assessment Bonds Outstanding in a principal amount equal to Outstanding principal amount of such Bond Anticipation Notes, which Assessment Bonds mature in 40 years, bear interest at the Estimated Average Rate, and the Principal Installments and interest due on such Assessment Bonds come due in substantially equal annual payments.

(6) A certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the Assessment Bonds of such Series, the Authority will not be in default in the performance of the terms and provisions of the Trust Agreement or of any of the Assessment Bonds. (*Section 202*).

### ***Special Provisions for Refunding Bonds***

One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all or any portion of the Outstanding Assessment Bonds of a Series, in an aggregate principal amount which will provide funds, together with other moneys available therefor, to accomplish such refunding.

The Refunding Bonds of such Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by the Assessment Bond Trust Agreement of:

(1) If the Assessment Bonds to be refunded are to be redeemed, instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Assessment Bonds so to be refunded on a redemption date specified in such instructions, subject to the provisions of the Assessment Bond Trust Agreement;

(2) If the Assessment Bonds to be refunded are to be deemed paid within the meaning and with the effect expressed in the Assessment Bond Trust Agreement relating to defeasance of Assessment Bonds, instructions to the Trustee, satisfactory to it; and

(3) If the Assessment Bonds to be refunded are to be deemed paid within the meaning and with the effect expressed in the Assessment Bond Trust Agreement relating to defeasance of Assessment Bonds, (i) moneys and/or (ii) Investment Obligations (as defined in the Assessment Bond Trust Agreement) as shall be necessary to comply with the provision of the Assessment Bond Trust Agreement, which Investment Obligations and moneys shall be held in trust and used only as provided the Assessment Bond Trust Agreement;

(4) If the proceeds of such Series of Refunding Bonds are to be utilized by the Authority to purchase Assessment Bonds to be delivered to the Trustee in satisfaction of a Sinking Fund Installment or to defease a portion of the Assessment Bonds which are the subject of a Sinking Fund Installment in accordance with the Assessment Bond Trust Agreement, a certificate of an Authorized Officer of the Authority specifying (i) the principal amount, Series, maturity, interest rate and number of the Assessment Bonds to be so delivered, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Assessment Bonds are to be so delivered, (iii) the aggregate principal amount

of the Assessment Bonds to be so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of the Assessment Bonds to be so delivered; and

(5) Either (a) a certificate of an Authorized Officer of the Authority stating that (i) the final maturity of the Refunding Bonds is no later than the final maturity of the Assessment Bonds to be refunded and (ii) as a result of the issuance of the Refunding Bonds there shall be no increase in the amount of Debt Service in any Fiscal Year; or (b) the certificate provided for in the Assessment Bond Trust Agreement with respect to such Series of Refunding Bonds, considering for all purposes of such certificate that (i) such Series of Refunding Bonds is a Series of Assessment Bonds issued pursuant to the Assessment Bond Trust Agreement and (ii) that the Assessment Bonds to be refunded are no longer Outstanding.

The proceeds, including accrued interest, of the Refunding Bonds of each such Series shall be applied simultaneously with the delivery of such Assessment Bonds in the manner provided in the Supplemental Agreement authorizing such Assessment Bonds. (*Section 204*).

### ***Bond Anticipation Notes***

Whenever the Authority shall authorize the issuance of a Series of Assessment Bonds (without necessity for the Authority to have entered into a Supplemental Agreement providing for such issue or to have satisfied the conditions set forth in the Assessment Bond Trust Agreement, the Authority may by resolution authorize the issuance of notes (and renewals thereof) in anticipation of the sale of such authorized Series of Assessment 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 Series of Assessment Bonds in anticipation of which such Notes are issued or from funds of the Authority. The proceeds of such Assessment 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 Assessment Bond 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 Assessment Bond Trust Agreement securing all Assessment Bonds, in which event such interest shall be payable from the Debt Service Fund. The Authority may also pledge the Pledged 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 Assessment Bonds. A copy of the resolution of the Authority authorizing such notes, certified by an Authorized Representative of the Authority, shall be delivered to the Trustee following its adoption. The aggregate principal amount of notes issued under this heading which may be Outstanding at any time shall be limited as and to the extent provided in the Act. (*Section 205*).

### ***Additional Obligations***

The Authority reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness or to enter into a hedge agreement 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 or provider of the hedge agreement is not, except as provided in the Assessment Bond Trust Agreement, entitled to a charge or lien or right with respect to the Pledged Revenues or the Funds and Accounts created hereby or pursuant hereto. Notwithstanding the foregoing, the Authority may by Supplemental Resolution issue bonds, notes or any other obligations or enter into a hedge agreement entitled to a charge or lien or right with respect to the Pledged Revenue or the Funds and Accounts under the Assessment Bond Trust Agreement, so long as amounts payable on such obligations or under such agreement shall be payable after the deposits set forth in the Assessment Bond Trust Agreement. (*Section 206*).

***Hedging Transactions***

A Hedge Agreement is a Qualified Hedge Agreement if (i) the Provider of the Hedge Agreement is a Qualified Institution or the Provider's obligations under the Hedge Agreement are unconditionally guaranteed by a Qualified Institution and (ii) the Authority designates it as such by Certificate of an Authorized Officer.

If the Authority shall enter into any Qualified Hedge Agreement with respect to any Assessment Bonds and the Authority has made a determination that the Qualified Hedge Agreement was entered into for the purpose of hedging or managing the interest due with respect to those Assessment Bonds then during the term of the Qualified Hedge Agreement and so long as the Provider of the Qualified Hedge Agreement is not in default:

(1) for purposes of any calculation of Debt Service, the interest rate on the Assessment Bonds with respect to which the Qualified Hedge Agreement applies shall be determined as if such Assessment Bonds had interest payments equal to the interest payable on those Assessment Bonds less any payments reasonably expected to be made to the Authority by the Provider and plus any payments reasonably expected to be made by the Authority to the Provider in accordance with the terms of the Qualified Hedge Agreement (other than fees or termination payments payable to such Provider for providing the Qualified Hedge Agreement);

(2) any such payments (other than fees and termination payments) required to be made by the Authority to the Provider pursuant to such Qualified Hedge Agreement shall be made from amounts on deposit in the Debt Service Fund;

(3) any such payments received by or for the account of the Authority from the Provider pursuant to such Qualified Hedge Agreement shall be deposited in the Debt Service Fund;

(4) fees and termination payments, if any, payable to the Provider pursuant to such Qualified Hedge Agreement, other than solely as a result of an event of default with respect to the Provider or event affecting the Provider, shall be paid from amounts on deposit in the General Fund; and

(5) fees and termination payments, if any, payable to the Provider pursuant to such Qualified Hedge Agreement solely as a result of an event of default with respect to the Provider or event affecting the Provider shall be a general unsecured obligation of the Authority.

If the Authority shall enter into a Hedge Agreement that is not a Qualified Hedge Agreement, then:

(1) the interest rate adjustments or assumptions referred to in clause (1) under this heading shall not be made;

(2) any and all payments required to be made by the Authority to the Provider pursuant to such Hedge Agreement, other than solely as a result of an event of default with respect to the Provider or event affecting the Provider, may be made be paid from amounts on deposit in the General Fund if and to the extent expressly provided in the Hedge Agreement; and

(3) fees and termination payments payable to the Provider solely as a result of an event of default with respect to the Provider or event affecting the Provider and, if not expressly provided in the Hedge Agreement to be paid from amounts on deposit in the General Fund, other payments required to be made by the Authority to the Provider under the Hedge Agreement shall be a general unsecured obligation of the Authority. (*Section 104*).



***Redemption of Assessment Bonds***

Assessment Bonds subject to redemption prior to maturity pursuant to a Supplemental Agreement shall be redeemable, upon notice as provided in the Assessment Bond Trust Agreement, at such times, at such Redemption Prices and upon such terms as may be specified in the Assessment Bond Trust Agreement or in the Supplemental Agreement authorizing such Series.

In the case of any redemption of Assessment Bonds otherwise than as provided in the third paragraph under this heading, the Authority shall give written notice to the Trustee of its election so to redeem, of the redemption date, of the Series, of the principal amounts of the Assessment Bonds of each maturity of such Series to be redeemed and, if applicable, of the amount of each Sinking Fund Installment within each such maturity to be redeemed (which Series, maturities and principal amounts thereof to be redeemed and Sinking Fund Installments shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in any Supplemental Agreement). Such notice shall be given at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee.

Whenever by the terms of the Assessment Bond Trust Agreement or a Supplemental Agreement, Assessment Bonds are required to be redeemed otherwise than at the election of the Authority, the Authority may subject to the provision of any related Supplemental Agreement select the Series of Assessment Bonds, the principal amounts of the Assessment Bonds of each maturity of such Series to be redeemed and, except in the case of mandatory sinking fund redemption, of the amount of such Sinking Fund Installment, if applicable, within such maturity to be redeemed (which Series, maturities and principal amounts thereof to be redeemed and Sinking Fund Installments shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Assessment Bond Trust Agreement or a Supplemental Agreement) and in the event the Authority does not notify the Trustee of such Series, maturities and principal amounts to be redeemed on or before the 45th day preceding the redemption date, the Trustee shall select the Assessment Bonds to be redeemed, give the notice of redemption and apply the moneys available therefor to redeem on the redemption date at the Redemption Price therefor, together with accrued interest to the redemption date, all of the Assessment Bonds to be redeemed.

In the event of redemption of less than all of the Outstanding Assessment Bonds of like maturity of any Series shall be called for prior redemption, the particular Assessment Bonds or portions of Assessment Bonds to be redeemed shall be selected by the Trustee by lot, or in such other manner as the Trustee in its discretion may deem fair and appropriate subject to any limitation with respect thereto contained in the applicable Supplemental Agreement. For purposes of the provisions under this heading, the minimum denomination of a Capital Appreciation Bond shall be the lowest Accreted Value authorized to be due at maturity on such Assessment Bonds, and the minimum denomination of a Deferred Income Bond shall be the lowest Appreciated Value on the Interest Commencement Date authorized for such Assessment Bonds.

Notice of the call for any redemption of Assessment Bonds prior to maturity shall be given as provided in the applicable Supplemental Agreement. (*ARTICLE IV*).

***Establishment of Funds and Accounts***

The following Funds and Accounts, which shall be held and administered by the Trustee, are hereby established:

- (1) Pledged Revenue Fund;
- (2) Debt Service Fund;
- (3) Debt Service Reserve Fund; and
- (4) General Fund.

Amounts held at any time by the Trustee in any of the Funds and Accounts established pursuant to the Assessment Bond Trust Agreement or under the Bond Proceeds Fund pursuant to a Supplemental Agreement shall be held in trust for the Owners of the Assessment Bonds separate and apart from all other funds of the Trustee, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Assessment Bond Trust Agreement.

The following Funds and Accounts, which shall be held and administered by the Authority, are hereby established:

- (1) Bond Proceeds Fund, which shall include the Capital Account and such other Accounts created by Supplemental Agreement; and
- (2) Rebate Fund.

Amounts held at any time by the Authority in any of the Funds and Accounts established pursuant to the Assessment Bond Trust Agreement shall not be held in trust for the benefit of the Owners of Assessment Bonds, but shall be disbursed, allocated and applied solely for the uses and purposes provided in the Assessment Bond Trust Agreement. Additional funds, accounts or subaccounts may be created for other purposes by any Supplemental Agreement. Notwithstanding the foregoing, the Authority by Supplemental Agreement authorizing a Series of Assessment Bonds may designate that one or more Accounts in the Bond Proceeds Fund created by such Supplemental Agreement be held and administered by the Trustee and pledged to the Owners of the Assessment Bonds. (*Section 502*).

***Bond Proceeds Fund***

The Authority shall deposit into the Bond Proceeds Fund the net proceeds of all Assessment Bonds, other than Refunding Bonds, issued for direct expenditures to be made by the Authority, which net proceeds shall be in the amount and applied as set forth in the applicable Supplemental Agreement. (*Section 503*).

***Pledged Revenue Fund and Application Thereof***

The Authority shall, immediately following the issuance and delivery of any Assessment Bonds under the Assessment Bond Trust Agreement, transfer to the Trustee for payment into the Pledged Revenue Fund all Pledged Revenues as received, except Investment Income required by the terms of the Assessment Bond Trust Agreement to be deposited in another Fund or Account. Amounts in the Pledged Revenue Fund shall be deposited in, or credited to, as appropriate, on the last Business Day of each of

March, June, September and December, the following Funds and Accounts, in the amounts and in the order and priority, as follows:

(1) Into the Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Net Debt Service (less Investment Income from the Debt Service Fund and the Debt Service Reserve Fund transferred or to be transferred in the current Fiscal Year or retained in the Debt Service Fund) and the fees and charges related to Credit Facilities, Liquidity Facilities, and Qualified Hedge Agreements accrued or accruing through the next succeeding quarter, provided that if amounts in the Pledged Revenue Fund are insufficient to meet such required balance, the Trustee shall draw amounts from the Sales Tax Bond Trust Agreement in accordance with the Assessment Bond Trust Agreement;

(2) Into the Debt Service Reserve Fund, the amount, if any, required for such Fund, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation deposited in such Fund pursuant to the Assessment Bond Trust Agreement and subject to the provisions of thereto to, equal the Debt Service Reserve Requirement as of the last day of the then current quarter; provided, however, that the provisions in the sixth paragraph under the heading “Debt Service Reserve Fund” shall govern any replenishment required after a withdrawal from such Fund;

(3) To the Authority for credit to the Rebate Fund, notwithstanding any other provisions of under this heading, such Pledged Revenues at such times and in such amounts as shall be set forth in a certificate of an Authorized Officer;

(4) If the Trustee shall have received a certificate from the trustee under the Sales Tax Bond Trust Agreement in accordance with the Sales Tax Bond Trust Agreement, to such trustee the amount set forth in such certificate;

(5) To the General Fund, the amount set forth in an certificate of an Authorized Officer for the payment of certain amounts under Hedge Agreements; and

(6) To the Authority, the moneys remaining on deposit in the Pledged Revenue Fund after making the foregoing deposits.

In determining the amounts to be transferred to the Authority for deposit in the Funds and Accounts held by the Authority, the Trustee may rely exclusively on a certificate of an Authorized Officer setting forth such amounts, which certificate shall be timely provided to the Trustee by the Authority. (*Section 504*).

***Rebate Fund***

Upon the issuance, sale and delivery of any Series of Assessment Bonds subject to the Rebate Fund Requirement, there shall be established in the Rebate Fund a separate account for such Series. Funds on deposit in the Rebate Fund shall be applied, as set forth in the applicable Supplemental Agreement or a certificate of an Authorized Officer. Unless otherwise specified in the applicable Supplemental Agreement or certificate of an Authorized Officer, interest or other income derived from the investment or deposit of moneys in the Rebate Fund shall be retained in the Rebate Fund. (*Section 505*).

***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 Assessment Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment for Assessment Bonds payable on such due date; and (iii) on or before any redemption date for the Assessment Bonds, the amount required for the payment of the Redemption Price

of and interest on the Assessment Bonds then to be redeemed; provided, however, that if with respect to any Series of Assessment Bonds or portions thereof the amounts due on any such interest payment date and/or Principal Installment due date and/or redemption date are intended to be paid from a source other than amounts in the Debt Service Fund prior to any application of amounts in the Debt Service Fund to such payments, the Trustee shall not pay any such amounts to the Paying Agent until such amounts have failed to be provided from such other source at the time required and, if any such amounts due are paid from such other source, the Trustee shall apply the amounts in the Debt Service Fund to provide reimbursement for such payment from such other source, as provided in the agreement governing reimbursement of such amounts to such other source. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the Debt Service Fund (i) the accrued interest included in the purchase price of Assessment Bonds purchased for retirement and (ii) upon written instructions of the Authority, any fees and charges related to Credit Facilities, Liquidity Facilities and Qualified Hedge Agreements.

The amount, if any, deposited in the Debt Service Fund from the proceeds of each Series of Assessment Bonds shall be set aside in such Fund and applied to the payment of interest on Assessment Bonds as provided and the Supplemental Agreement relating to the issuance of such Series of Assessment Bonds.

In the event the amount on deposit in the Debt Service Fund shall be less than the requirement of such Fund pursuant to the Assessment Bond Trust Agreement, the Trustee shall provide a certificate to the Authority and the trustee under the Sales Tax Bond Trust Agreement setting forth the amount of the shortfall and shall receive such amount (to the extent available) from the Pledged Revenue Fund under the Sales Tax Bond Trust Agreement in accordance with the Sales Tax Bond Trust Agreement.

In the event of the refunding of any Assessment Bonds, the Authority may direct the Trustee to withdraw from the Debt Service Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Assessment Bonds being refunded and deposit such amounts in a separate account with the Trustee to be held for the payment of the principal or Redemption Price, if applicable, of and interest on the Assessment Bonds being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter Assessment Bonds being refunded shall be deemed to have been paid pursuant to the Assessment Bond Trust Agreement, and (b) the amount remaining in the Debt Service Fund, after giving effect to the issuance of Refunding Bonds and the disposition of the proceeds thereof, shall not be less than the requirement of such Fund pursuant to the Assessment Bond Trust Agreement. In the event of such refunding, the Authority may also direct the Trustee to withdraw from the Debt Service Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Assessment Bonds being refunded and deposit such amounts in any Fund or Account under the Assessment Bond Trust Agreement; provided, however, that such withdrawal shall not be made unless clauses (a) and (b) referred to hereinabove have been satisfied and provided, further, that, at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under the Assessment Bond Trust Agreement (other than the Fund or Account into which such amount is being transferred). (*Section 506*).

The Seventh Supplemental Trust Agreement provides that, with respect to the Bonds the Authority may at any time prior to November 13, 2011 transfer funds from the Bond Proceeds Fund to the Trustee for deposit in the Debt Service Fund to pay interest on the Bonds. Subsequent transfers from the Revenue Fund to the Debt Service Fund are adjusted accordingly.

#### ***Debt Service Reserve Fund***

If on the last Business Day of each quarter the amount in the Debt Service Fund shall be less than the amount required to be in such Fund pursuant to the Assessment Bond Trust Agreement, after deposit of any Funds received from the Sales Tax Bond Trust Agreement in accordance with the Assessment

Bond Trust Agreement, the Trustee shall transfer to the Debt Service Fund (in such order) amounts from the Debt Service Reserve Fund equal to the deficiency.

Whenever the moneys on deposit in the Debt Service Reserve Fund shall exceed the Debt Service Reserve 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.

Whenever the amount in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to pay in full all Outstanding Assessment Bonds in accordance with their terms (including principal or applicable Sinking Fund Installments thereof and interest thereon), the amounts on deposit in the Debt Service Reserve Fund may, in the discretion of the Authority, be transferred to the Debt Service Fund. Prior to said transfer, all investments held in the Debt Service Reserve Fund shall be liquidated to the extent necessary in order to provide for the timely payment of principal or Redemption Price and interest on Assessment Bonds.

In lieu of the required deposits and transfers to the Debt Service Reserve Fund or as a replacement or substitution for any moneys or Investment Obligations then on deposit in the Debt Service Reserve Fund, the Authority may at any time cause to be deposited into the Debt Service Reserve Fund for the benefit of the Owners of the Assessment Bonds a surety bond, an insurance policy, a letter of credit or other similar obligation (and may replace such surety bond, insurance policy, letter of credit or other similar obligation from time to time) providing for payments in an amount equal to the difference between the Debt Service Reserve Requirement and the sums, if any, then on deposit in the Debt Service Reserve Fund or being deposited in the Debt Service Reserve Fund concurrently with such surety bond, insurance policy, letter of credit or other similar obligation. The surety bond, insurance policy, letter of credit or other similar obligation shall be payable (upon the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the Debt Service Reserve Fund and applied to the payment of a Principal Installment of or interest on any Assessment Bonds and such withdrawal cannot be met by moneys and Investment Obligations on deposit in the Debt Service Reserve Fund. The insurer providing such surety bond or insurance policy shall be an insurer (i) whose municipal bond insurance policies, at the time of issue of such surety bond or insurance policy, insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in a category equal to or higher than its unenhanced, published rating on Outstanding Assessment Bonds, by any Rating Agency or (ii) who holds the highest policy-holder rating accorded Insurers by any Rating Agency. The letter of credit issuer shall be a bank or trust company which at the time of issuance of the letter of credit has an outstanding, unsecured, uninsured and unguaranteed debt issue rated in a category equal to or higher than its unenhanced, published rating on Outstanding Assessment Bonds, by any Rating Agency. If a disbursement is made pursuant to a surety bond, an insurance policy, a letter of credit or other similar obligation provided pursuant to this paragraph, the Authority shall be obligated, but only from the sources of payment specified in the Assessment Bond Trust Agreement, either (i) to reinstate the maximum limits of such surety bond, insurance policy, letter of credit or other similar obligation, (ii) to deposit into the Debt Service Reserve Fund, funds in the amount of the disbursement made under such surety bond, insurance policy, letter of credit or other similar obligation, (iii) to promptly deposit into the Debt Service Reserve Fund a different surety bond, insurance policy, letter of credit or other similar obligations having a maximum limit equal to the amount of the disbursement made under the existing surety bond, insurance policy, letter of credit or other similar obligation, or (iv) to utilize any combination of the alternatives set forth in clauses (i), (ii) or (iii) above as shall provide that the amount in the Debt Service Reserve Fund equals the Debt Service Reserve Requirement. Subject to the provisions of the last paragraph under this heading, moneys and Investment Obligations on deposit in the Debt Service Reserve Fund may, if required by the terms of any surety bond, letter of credit or other similar obligation, be utilized by the Authority to repay any drawings on such surety bond, letter of credit or other similar obligation, but only if such repayment will result in a reinstatement of the amount

available to be drawn under such surety bond, letter of credit or other similar obligation in an amount at least equal to the amount of such repayment.

In the event of the refunding of any Assessment Bonds, the Authority may direct the Trustee to withdraw from the Debt Service Reserve Fund all, or any portion of, the amounts accumulated therein with respect to the Assessment Bonds being refunded and deposit such amounts with the Trustee in a separate account to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Assessment Bonds being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter the Assessment Bonds being refunded shall be deemed to have been defeased, and (b) the amount remaining in the Debt Service Reserve Fund, after giving effect to the issuance of any Refunding Bonds and the disposition of the proceeds thereof and to any surety bond, insurance policy, letter of credit or other similar obligation deposited in such Fund pursuant to the fourth paragraph under this heading, shall not be less than the Debt Service Reserve Requirement. In the event of such refunding, the Authority may also direct the Trustee to withdraw from the Debt Service Reserve Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Assessment Bonds being refunded and deposit such amounts in any Fund or Account under the Assessment Bond Trust Agreement; provided, however, that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied.

Regardless of the provisions under the heading “Pledged Revenues and Application Thereof,” in the event that at any time the amount on deposit in the Debt Service Reserve Fund, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation deposited in such Fund pursuant to the provisions in the Assessment Bond Trust Agreement, shall be less than the Debt Service Reserve Requirement as a result of any withdrawal from said Fund or as a result of the valuation of such Fund performed in accordance with the Assessment Bond Trust Agreement, the Authority shall restore the amount on deposit in the Debt Service Reserve Fund, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation deposited in said Fund pursuant to the Assessment Bond Trust Agreement, to the Debt Service Reserve Requirement, in the case of restoration after a withdrawal in twelve (12) equal monthly installments commencing within ninety (90) days of such withdrawal, and in the case of restoration as a result of valuation in six (6) equal monthly installments commencing thirty (30) days after such valuation. (*Section 507*).

### ***General Fund***

If, on the last Business Day of any month, the amount in the Debt Service Fund shall be less than the amount required to be deposited therein on such date or the amount in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Requirement, the Authority shall transfer from any or all accounts within the General Fund to the credit of the respective Funds the amount necessary (or all the moneys credited to the General Fund if less than the amount necessary) to make up such deficiency.

To the extent not required to make up any such deficiency, amounts in the General Fund may, upon the direction of an Authorized Officer of the Authority, be transferred to any Fund or Account, transferred to the Authority free and clear of the lien of the Assessment Bond Trust Agreement for any of its corporate purposes consistent with the Act, or applied to the payment of debt service on General Fund Indebtedness or the payment of any General Fund Expenses. (*Section 510*).

### ***Investment of Funds***

Amounts in the Funds and Accounts established by the Assessment Bond Trust Agreement may be invested by the Trustee at the written direction of the Authority or by the Authority, as the case may be, only in Investment Obligations. To the extent not used to meet the requirement of such Funds and Accounts, income from such Investment Obligations held in the Pledged Revenue Fund, the Debt Service

Fund, the Debt Service Reserve Fund and in any Account of the Bond Proceeds Fund established by Supplemental Agreement and held by the Trustee shall be credited to the Debt Service Fund; provided, however, that in order to comply with the provisions under the heading "Tax Covenant" herein the Authority may provide in the Supplemental Agreement authorizing a series of Assessment Bonds that earnings on the Debt Service Fund and Debt Service Reserve Fund, as applicable, shall be transferred to the Capital Account of the Bond Proceeds Fund, to the extent such earnings exceed the amount needed to meet the obligations under paragraph (1) under the heading "Pledged Revenue Fund and Application Thereof." The income from any Investment Obligations in the Rebate Fund and in the Bond Proceeds Fund or in a separate account or sub-account therein shall be held in such Fund, Account or sub-account for the purposes thereof. The Trustee and the Authority shall sell any Investment Obligations held in any Fund or Account to the extent required for payments from such Fund or Account. The proceeds of such sales, and of all payments at maturity or upon redemption of such investments, shall be held in the applicable Fund or Account to the extent required to meet the requirements of such Fund or Account. In computing the amount of such Funds and Accounts, investments 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 for purposes of the provisions under this heading.

In making any investment in any Investment Obligations with moneys in any Fund or Account established under the Assessment Bond Trust Agreement, the Trustee and the Authority may combine such moneys with moneys in any other Fund or Account held by it, but solely for purposes of making such investment in such Investment Obligations.

Nothing in the Assessment Bond Trust Agreement shall prevent any Investment Obligations acquired as investments of or security for any Fund or Account held under the Assessment Bond Trust Agreement from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

Each investment of any moneys in any Fund or Account established under the Assessment Bond Trust Agreement shall permit the moneys so deposited or invested to be available for use at the times at which the Authority reasonably believes such moneys will be required for the purposes above.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Trust Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person dealing as principal for its own account. (*Section 508*).

### ***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 Assessment Bonds for which such Sinking Fund Installment was established) by the Trustee at the direction of the Authority prior to the forty-fifth day preceding the due date of such Sinking Fund Installment as follows:

(1) to the purchase of Assessment 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 Assessment Bonds plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Authority shall determine; or

(2) to the redemption of such Assessment Bonds if then redeemable by their terms at the price referred to in clause (1) above.

All Assessment Bonds so purchased or redeemed shall be delivered to the Trustee for cancellation prior to the forty-fifth day preceding the due date of such Sinking Fund Installment. The principal amount of any Assessment 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 Assessment Bond pursuant to clause (1) under this heading, an amount equal to the principal amount of the Assessment Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due with respect to the Assessment 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 a Supplemental Agreement. Concurrently with the delivery of such Assessment Bonds the Authority shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Officer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Assessment Bonds so delivered, (ii) the date of the Sinking Fund Installment in satisfaction of which such Assessment Bonds are so delivered, (iii) the aggregate principal amount of the Assessment Bonds so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Assessment Bonds.

Upon the purchase or redemption of any Series of Assessment Bonds for which Sinking Fund Installments shall have been established, an amount equal to the principal amount of the Assessment Bonds so purchased or redeemed shall be credited toward future Sinking Fund Installments in such order as the Authority shall determine. In satisfaction, in whole or in part, of any Sinking Fund Installment, the Authority may deliver to the Trustee at least forty-five days prior to the date of such Sinking Fund Installment, for cancellation, Assessment Bonds purchased or redeemed, except Assessment Bonds purchased or redeemed pursuant to the provisions of clause (1) under this heading, of the Series and maturity entitled to such Sinking Fund Installment. All Assessment Bonds so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Assessment Bonds. Concurrently with such delivery of such Assessment Bonds the Authority shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Officer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Assessment Bonds so delivered, (ii) the date of the Sinking Fund Installment in satisfaction of which such Assessment Bonds are so delivered, (iii) the aggregate principal amount of the Assessment Bonds so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Assessment Bonds.

The Trustee shall, upon receipt of the notice required by the Assessment Bond Trust Agreement and in the manner provided in the Assessment Bond Trust Agreement or in the Supplemental Agreement authorizing the Series of Assessment Bonds of which the Assessment Bonds to be redeemed are part, call for redemption on the date of each Sinking Fund Installment falling due prior to maturity Assessment Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established (except in the case of Assessment Bonds maturing on a Sinking Fund Installment date) in such amount as is required to exhaust the unsatisfied balance of such Sinking Fund Installment.

The Trustee shall pay out of the Debt Service Fund as applicable, to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Assessment Bonds so called for redemption (or for the payment of such Assessment Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Assessment Bonds shall be paid by the Authority.



Except as may be otherwise provided with respect to Put Bonds in the Supplemental Agreement providing for the issuance thereof, all Assessment Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Assessment Bonds, together with all Assessment Bonds purchased or redeemed which have been delivered to the Trustee for application as a credit against Sinking Fund Installments, and all Assessment Bonds purchased by the Trustee, shall thereupon be promptly canceled. (*Section 509*).

### **Particular Covenants of the Authority:**

#### ***Payment of Assessment Bonds***

The Authority shall duly and punctually pay or cause to be paid the principal or Redemption Price of every Assessment Bond and the interest thereon, at the dates and places and in the manner mentioned in the Assessment Bonds, according to the true intent and meaning thereof, and shall duly and punctually satisfy all Sinking Fund Installments which may be established for any Series. Except as in the Assessment Bond Trust Agreement otherwise provided, the principal or Redemption Price of such Assessment Bonds and the interest thereon are payable solely from Pledged Revenues which Pledged Revenues are pledged thereunder to the payment thereof in the manner and to the extent particularly specified in the Assessment Bond Trust Agreement, and nothing in the Assessment Bonds or in the Assessment Bond Trust Agreement shall be construed as obligating the Commonwealth or any political subdivision thereof to pay the Assessment Bonds or the interest thereon except from such Pledged Revenues or as pledging the faith and credit or taxing power of the Commonwealth or of any such political subdivision. (*Section 601*).

#### ***Power to Issue Assessment Bonds and Pledge Pledged Revenues and Other Funds***

The Authority is duly authorized under all applicable laws to create and issue the Assessment Bonds and to adopt the Assessment Bond Trust Agreement and to pledge the Pledged Revenues and other moneys, securities and funds purported to be pledged by the Assessment Bond Trust Agreement in the manner and to the extent provided in the Assessment Bond Trust Agreement. Except to the extent otherwise provided in the Assessment Bond Trust Agreement, the Pledged Revenues and other moneys, securities, funds and accounts so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Assessment Bond Trust Agreement, and all corporate action on the part of the Authority to that end has been duly and validly taken. The Assessment Bonds and the provisions of the Trust Agreement are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of the Assessment Bond Trust Agreement. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Revenues and other moneys, securities, funds and accounts pledged under the Assessment Bond Trust Agreement and all the rights of the Bondowners under the Assessment Bond Trust Agreement against all claims and demands of all persons whomsoever. (*Section 604*).

#### ***Dedicated Payments***

In the Authority's discretion, revenues of the Authority which are not Pledged Revenues as defined in the Assessment Bond Trust Agreement as initially adopted may be pledged and designated as Dedicated Payments by resolution of the Authority, provided the conditions in one of the three following sentences of this paragraph are satisfied. If such Dedicated Payments are to be received from the United States of America, (a) they must automatically recur without appropriation, approval or other similar action by the United States of America or any agency or instrumentality thereof for so long as the Authority is

relying thereon for the purpose of issuing Assessment Bonds and (b) the manner of determining the amounts to be derived therefrom must not be subject to change or revision during such period. If such Dedicated Payments are to be received from the Commonwealth, they must consist of a payment obligation payable to the Authority pursuant to a statutory or contractual arrangement with the Commonwealth which, in the opinion of Bond Counsel, constitutes a general obligation of the Commonwealth; provided that at the time of entering into such arrangement (a) such arrangement, by its terms, will not terminate so long as the Authority is relying thereon for the purpose of issuing Assessment Bonds and (b) the manner of determining the amounts to be derived from such arrangement is not subject to change or revision during such period. Notwithstanding the source of funding, if the Authority has received a written confirmation from each Rating Agency that its published unenhanced rating of Outstanding Assessment Bonds will not be adversely affected, the Authority may, in its sole discretion, designate any revenues which are not Pledged Revenues as Dedicated Payments.

All Dedicated Payments shall be deposited upon receipt in the Debt Service Fund, as determined by such Certificate of an Authorized Officer. The Authority may in its discretion reverse or modify any pledge and designation of Dedicated Revenues by a further resolution and any determination to deposit Dedicated Payments in the Debt Service Fund may be reversed or modified by Certificate of an Authorized Officer, provided that a Certificate of an Authorized Officer shall establish that following any such reversal or modification the Authority will meet the test for incurring \$1 (one dollar) of additional Assessment Bonds set forth in the Assessment Bond Trust Agreement. (*Section 605*).

### ***Accounts and Reports***

The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of the Funds established by the Assessment Bond Trust Agreement, and which shall at all times be subject to the inspection of the Trustee and the Owners of an aggregate of not less than twenty-five percent (25%) in principal amount of the Assessment Bonds then Outstanding or their representatives duly authorized in writing. The Authority shall cause such books and accounts to be audited annually after the end of its Fiscal Year by an independent public accountant selected by the Authority and shall furnish a copy of the report of such audit to the Trustee. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions under this heading and of each Supplemental Agreement; a statement of the Pledged Revenues collected in connection herewith and with each Supplemental Agreement; a statement that the balance in the Debt Service Reserve Fund meet the requirements under the Assessment Bond Trust Agreement and of any applicable Supplemental Agreement; and a statement that, in making such audit, no knowledge of any default in the fulfillment of any of the terms, covenants or provisions under the Assessment Bond Trust Agreement and of each Supplemental Agreement were obtained, or if knowledge of any such default was obtained, a statement thereof.

The reports, statements and other documents required to be furnished by the Authority to the Trustee pursuant to any provisions of the Assessment Bond Trust Agreement shall be available for the inspection of Bondowners at the office of the Trustee. (*Section 606*).

### ***Tax Covenant***

The Authority shall take, or require to be taken, such action as may from time to time be required to assure the continued exclusion from the federal gross income of holders of any Series of Assessment Bonds, the interest on which is not includable in the gross income of the holder thereof for Federal income tax purposes. The Authority shall not permit the investment or application of the proceeds of any Series of Assessment 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 Assessment Bonds to be “arbitrage bonds” within the meaning of said section 148. (*Section 607*).

***Funding of Deficiency Fund and Capital Maintenance Fund***

The Authority shall fund the Deficiency Fund and the Capital Maintenance Fund as required under the Authority’s resolution establishing such Funds, and a copy of resolution, and any amendments thereto, shall be filed with the Trustee. (*Section 608*).

***Condition to Issuance of Bonds Secured by Dedicated Sales Tax***

So long as there are Assessment Bonds Outstanding under the Assessment Bond Trust Agreement, the issuance by the Authority of Sales Tax Bonds or other Authority indebtedness (other than Indebtedness) secured by a pledge of or security interest in and payable from the Dedicated Sales Tax shall be conditioned upon the Authority demonstrating that the issuance of such indebtedness shall not cause the sum of the Assessment Floor Amount plus the Residual Sales Tax divided by the Net Debt Service for Outstanding Assessment Bonds in the then current or any future Fiscal Year to be less than 1.50 for any such Fiscal Year. (*Section 609*).

***General***

The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and the Assessment Bond Trust Agreement.

Upon the date of authentication and delivery of any of the Assessment Bonds, all conditions, acts and things required by law and the Assessment Bond Trust Agreement to exist, to have happened and to have been performed precedent to and in the issuance of such Assessment Bonds shall exist, shall have happened and shall have been performed and the issue of such Assessment Bonds, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by the laws of the Commonwealth.

For the purpose of performing and carrying out the duties imposed on the Authority by the Assessment Bond Trust Agreement, the Authority may employ any individual, firm or corporation it deems necessary to fulfill its responsibilities under the Act and the Assessment Bond Trust Agreement. (*Section 610*).

***Trustee and Paying Agents***

State Street Bank and Trust Company is appointed Trustee under the Assessment Bond Trust Agreement. The Authority may appoint one or more Paying Agents for Assessment Bonds of any Series in the applicable Supplemental Agreement, and the Authority may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in the Assessment Bond Trust Agreement for a successor Paying Agent. The Trustee may be appointed as Paying Agent.

The Trustee may at any time resign and be discharged of the duties and obligations created by the Assessment Bond Trust Agreement by giving not less than 30 days’ written notice to the Authority and the registered owners of the Assessment Bonds.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in principal amount of the Assessment Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Assessment Bonds held by or for the account of the Authority. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Assessment Bond Trust Agreement with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the Authority or the holders of not less than 25% in aggregate principal amount of Assessment Bonds Outstanding. Notwithstanding the foregoing provisions, at the end of the fifth Fiscal Year following the Fiscal Year in which the first series of Assessment Bonds is issued under the Assessment Bond Trust Agreement, and at the end of every fifth Fiscal Year thereafter, the Authority may remove the Trustee, except during the existence of an Event of Default, upon 120 days' written notice to the trustee by filing with the Trustee an instrument signed by an Authorized Representative of the Authority.

Any Successor shall be a bank or trust company organized under the laws of any state of the United States or a national banking association having a capital and surplus aggregating at least \$100,000,000. (*Sections 701, 702, 707, 708, 709*).

***Supplemental Agreements Not Requiring Consent of Bondowners***

The Authority and the Trustee may without the consent of, or notice to, any of the holders of the Assessment Bonds enter into agreements supplemental to the Assessment Bond Trust Agreement as shall not, in their opinion, be inconsistent with the terms and provisions of the Assessment Bond Trust Agreement for, among other things, and at any time or from time to time:

(a) to authorize Assessment Bonds of a Series and, in connection therewith specify and determine the matters and things referred to in the Assessment Bond Trust Agreement, and also any other matters and things relative to such Assessment Bonds which are not contrary to or inconsistent with the Assessment Bond Trust Agreement as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Assessment Bonds including, without limiting the generality of the foregoing, provisions amending or modifying the Assessment Bond Trust Agreement to provide for the issuance of Assessment Bonds in book-entry form or in coupon form payable to bearer;

(b) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Assessment Bond Trust Agreement, of the Pledged Revenues or of any other moneys, securities or funds;

(c) to modify any of the provisions of the Assessment Bond Trust Agreement in any respect whatsoever, provided that (i) such modification shall be, and be expressed to be, effective only after all Assessments Bonds of any Series affected by the amendment Outstanding at the date of the execution and delivery of such Supplemental Agreement shall cease to be Outstanding, and (ii) such Supplemental Agreement shall be specifically referred to in the text of all Assessment Bonds of any Series authenticated and delivered after the date of the execution and delivery of such Supplemental Agreement and of Assessment Bonds issued in exchange therefor or in place thereof;

(d) to modify the definition of Investment Obligations as directed by the Authority, provided that the Authority shall have provided evidence to the Trustee that the details of such modification have been provided in writing to each Rating Agency then assigning a rating on Outstanding Assessment Bonds and that each such Rating Agency has either (i) confirmed in writing that such modification will not adversely affect such ratings or (ii) issued a rating on a Series of Assessment Bonds to be issued which is not lower than the rating assigned by such Rating Agency to Outstanding Assessment Bonds

prior to such modification, or any other evidence satisfactory to the Trustee that modification will not adversely affect the then current ratings, if any, assigned to the Assessment Bonds by any Rating Agency;

(e) to subject to the lien of the Assessment Bond Trust Agreement additional revenues, security or collateral;

(f) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Assessment Bond Trust Agreement;

(g) to insert such provisions clarifying matters or questions arising under the Assessment Bond Trust Agreement as are necessary or desirable and are not contrary to or inconsistent with the Assessment Bond Trust Agreement as theretofore in effect;

(h) to authorize the issuance of bonds, notes or any other obligation entitled to a lien on Pledged Revenues or the Funds and Accounts under the Assessment Bond Trust Agreement in accordance with the Assessment Bond Trust Agreement; or

(i) to provide for additional duties of the Trustee. (*Section 801*).

***Supplemental Agreements Effective with Consent of Bondowners***

At any time or from time to time, a Supplemental Agreement may be adopted subject to consent by Bondowners in accordance with and subject to the provisions of the Assessment Bond Trust Agreement, which Supplemental 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 Assessment Bond Trust Agreement, shall become fully effective in accordance with its terms as provided in said Assessment Bond Trust Agreement. (*Section 802*).

***Amendments***

Any modification or amendment of the Assessment Bond Trust Agreement and of the rights and obligations of the Authority and of the Owners of the Assessment Bonds thereunder may be made by a Supplemental Agreement, with the written consent given as provided in the Assessment Bond Trust Agreement, (i) of the Owners of at least a majority in principal amount of the Assessment Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the several Series of Assessment Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least a majority in aggregate principal amount of the Assessment Bonds of the several Series so affected and 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 Assessment Bonds of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Assessment Bonds shall not be required and such Assessment Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Assessment Bonds under this heading. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Assessment 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 Assessment Bond, or shall reduce the percentages or otherwise affect the classes of Assessment 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 Assessment Bond Trust Agreement if the same adversely affects or diminishes the rights of the Owners of Assessment Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment, Assessment

Bonds of any particular Series or maturity would be affected by any modification or amendment of the Assessment Bond 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 Assessment Bonds. For purposes of the provisions under this heading, the Owners of the Assessment Bonds may include the initial holders thereof, regardless of whether such Assessment Bonds are being held for immediate resale. (*Section 902*).

### ***Events of Default***

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

(1) The Authority shall fail to make payment of the principal and of any Assessment Bonds when the same shall become due and payable, either at maturity or scheduled redemption; or

(2) The Authority shall fail to make payment of any installment of interest on any Assessment Bonds when the same shall become due and payable; or

(3) The Authority shall default in the observance or performance of any other covenants or agreements on the part of the Authority contained in the Assessment Bond Trust Agreement, and such default shall continue for ninety (90) 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 twenty-five percent (25%) in aggregate principal amount of the Assessment Bonds then Outstanding. (*Section 1001*).

### ***Remedies***

Upon the occurrence and during the continuation of any Event of Default, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Assessment Bonds then Outstanding under the Assessment Bond Trust Agreement shall proceed to protect and enforce its rights and the rights of the Bondowners under the laws of the Commonwealth or under the Assessment Bond 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 in the Assessment Bond Trust Agreement 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. (*Section 1002*).

### ***Application of Pledged 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 to cause to be paid over to the Trustee (i) forthwith, any moneys, securities and funds then held by the Authority or a Depository in any Fund, Account or Subaccount under the Assessment Bond Trust Agreement (excluding the Rebate Fund) and (ii) as promptly as practicable after receipt thereof, the Pledged Revenues. To the extent that the allocation of such moneys, securities, funds and Pledged Revenues is not otherwise provided for in the Assessment Bond Trust Agreement, the Trustee shall establish and deposit the same into a separate Account in the Debt Service Fund.

During the continuation of an Event of Default, all Pledged Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Assessment Bond 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 holders of the Assessment 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 Assessment 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 Assessment Bond Trust Agreement.

(b) To the payment of the principal of and interest then due on the Assessment Bonds upon presentation of the Assessment 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 Assessment Bond Trust Agreement, as follows:

(i) Unless the principal of all of the Assessment Bonds shall have become due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order 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 Assessment 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 Assessment Bonds, and, if the amount available shall not be sufficient to pay in full all the Assessment 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;

(ii) If the principal of all of the Assessment Bonds shall have become due and payable (but without implying any right to accelerate the payment of such principal as a remedy upon the occurrence of an Event of Default), to the payment of the principal and interest then due and unpaid upon the Assessment Bonds, with interest on the overdue principal at the rate borne by the Assessment Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference. (*Section 1003*).

### ***Defeasance***

(1) If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Assessment Bonds then Outstanding, the principal and interest and Redemption Price to become due thereon, at the times and in the manner stipulated therein and in the Assessment Bond Trust Agreement, then, at the option of the Authority, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Authority to the Bondowners shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all money, securities and funds held by them pursuant to the Assessment Bond Trust Agreement which are

not required for the payment or redemption of Assessment Bonds not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, to the Owners of any Outstanding Assessment Bonds the principal or Redemption Price and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Assessment Bond Trust Agreement, such Assessment Bonds shall cease to be entitled to any lien, benefit or security under the Assessment Bond Trust Agreement, and all covenants, agreements and obligations of the Authority to the Owners of such Assessment Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Notwithstanding any other provision of the Assessment Bond Trust Agreement, certain provisions, including those related to redemption of Assessment Bonds, execution and authentication of Assessment Bonds, satisfaction of Sinking Fund Installments, appointment of Trustee and Paying Agents, appointment of Successor Trustee and Paying Agents, and compensation of Fiduciaries, (in the case of each of the foregoing, such survival shall continue only until such Assessment Bonds are in fact paid), and shall, within limits survive the defeasance of the Assessment Bonds.

(2) Assessment Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be defeased. Subject to the provisions of paragraph (3) through (7) under this heading, any Outstanding Assessment Bond shall prior to the maturity or redemption date thereof be defeased if (a) in case any of said Assessment Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee instructions accepted in writing by the Trustee to mail as provided in the Assessment Bond Trust Agreement notice of redemption of such Assessment Bonds (other than Assessment Bonds which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Investment Obligations (as hereinafter defined) including any Investment Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States 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 same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Assessment Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Assessment Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Assessment Bonds at their last addresses appearing upon the registry books at the close of business on the last Business Day on the month preceding the month for which notice is mailed that the deposit required by (b) above has been made with the Trustee and that said Assessment Bonds are defeased and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of paragraphs (7) and (8) under this heading, to be available for the payment of the principal or Redemption Price, if applicable, on said Assessment Bonds (other than Assessment Bonds which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of redemption referred to in clause (a) hereof). The Trustee shall, as and to the extent necessary, apply moneys held by it under this heading to the retirement of said Assessment Bonds in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Assessment Bonds, all in the manner provided in the Assessment Bond Trust Agreement. The Trustee shall, if so directed by the Authority (i) prior to the maturity date of defeased Assessment Bonds which are not to be redeemed prior to their maturity date or (ii) prior to the time of the mailing of the notice referred to in clause (a) above with respect to any defeased Assessment Bonds which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect to such Assessment Bonds and redeem or sell Investment Obligations so deposited with the Trustee and apply the proceeds thereof to the purchase of such Assessment Bonds as arranged and directed by the Authority and the Trustee shall immediately thereafter



cancel all such Assessment Bonds so purchased; provided, however, that the moneys and Investment Obligations remaining on deposit with the Trustee after the purchase and cancellation of such Assessment Bonds shall be sufficient to pay when due the Principal Installment or Redemption Price, if applicable, and interest due or to become due on all remaining Assessment Bonds, in respect of which such moneys and Investment Obligations are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be.

If, at any time (i) prior to the maturity date of defeased Assessment Bonds which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) with respect to any defeased Assessment Bonds which are to be redeemed on any date prior to their maturity, the Authority shall purchase or otherwise acquire any such Assessment Bonds and deliver such Assessment Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately cancel all such Assessment Bonds so delivered; such delivery of Assessment Bonds to the Trustee shall be accompanied by directions from the Authority to the Trustee as to the manner in which such Assessment Bonds are to be applied against the obligation of the Trustee to pay or redeem defeased Assessment Bonds; all in accordance with the Assessment Bond Trust Agreement.

In the event that on any date as a result of any purchases, acquisitions and cancellations of Assessment Bonds, the total amount of moneys and Investment Obligations remaining on deposit with the Trustee is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Assessment Bonds in order to defease such Assessment Bonds, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, security, interest, pledge or assignment securing said Assessment Bonds or otherwise existing under the Assessment Bond Trust Agreement. Except as otherwise provided in paragraph (2) and paragraphs (3) through (8) under this heading, neither Investment Obligations nor moneys deposited with the Trustee pursuant to the provisions under this heading nor principal or interest payments on any such Investment Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Assessment Bonds; provided that any cash received from such principal or interest payment on such Investment Obligations deposited with the Trustee, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Authority as received by the Trustee, free and clear of any trust, lien or pledge securing said Assessment Bonds or otherwise existing under the Assessment Bond Trust Agreement, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Investment Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Assessment Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien, security interest, pledge or assignment securing said Assessment Bonds or otherwise existing under the Assessment Bond Trust Agreement. For the purposes of the provisions under this heading, Investment Obligations shall mean and include only (x) such securities as are described in clauses (i), (iv) (to the extent rated at the time of investment in the highest rating category, without regard to any refinement or gradation of such rating, by any Rating Agency), (v) and (vii) of the definition of "Investment Obligations" which shall not be subject to redemption prior to their maturity other than at the option of the Owner thereof, (y) such securities as are described in clause (ii) of the definition of Investment Obligations which shall not be subject to redemption prior to their maturity other than at the option of the Owner thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the Owner thereof, or (z) upon compliance with the provisions of paragraph (5) under this heading, such securities as are described in clauses (i), (iv) to the extent rated at the time of investment in the highest rating category, without regard to any refinement or gradation of such rating, by any Rating Agency, (v) or (vii) of the definition of

Investment Obligations which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

(3) For purposes of determining whether Variable Interest Rate Bonds are defeased, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Investment Obligations on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy the second sentence of paragraph (2) under this heading the Trustee shall, if requested, by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, security interest, pledge or assignment securing the Assessment Bonds or otherwise existing under the Assessment Bond Trust Agreement.

(4) Put Bonds shall be deemed to have been defeased only if, in addition to satisfying the other requirements there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Assessment Bonds which could become payable to the Owners of such Assessment Bonds upon the exercise of any options provided to the Owner of such Assessment Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to paragraph (2) under this heading, the options originally exercisable by the Owner of a Put Bond are no longer exercisable, such Assessment Bond shall not be considered a Put Bond for purposes of this paragraph (4). If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Put Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, security interest, pledge or assignment securing said Assessment Bonds or otherwise existing under the Assessment Bond Trust Agreement.

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

(6) In the event that after compliance with the provisions of paragraph (5) under this heading the Investment Obligations described in clause (z) of paragraph (2) under this heading are included in the Investment Obligations deposited with the Trustee in order to satisfy the requirements of clause (b) of paragraph (2) under this heading and any such Investment Obligations are actually redeemed by the issuer thereof prior to their maturity date, then the Trustee at the direction of the Authority, provided that the aggregate of the moneys and Investment Obligations to be held by the Trustee, taking into account any changes in redemption dates or instructions to give notice of redemption given to the Trustee by the Authority in accordance with paragraph (7) under this heading, shall at all times be sufficient to satisfy the requirements of clause (b) of paragraph (2) under this heading, shall reinvest the proceeds of such redemption in Investment Obligations.

(7) In the event that after compliance with the provisions of paragraph (5) under this heading the Investment Obligations described in clause (z) of paragraph (2) under this heading are included in the Investment Obligations deposited with the Trustee in order to satisfy the requirements of the clause (b) of paragraph (2) under this heading, then any notice of redemption to be mailed by the Trustee and any set of instructions relating to a notice of redemption given to the Trustee may provide, at the option of the Authority, that any redemption date or dates in respect of all or any portion of the Assessment Bonds to be redeemed on such date or dates may at the option of the Authority be changed to any other permissible redemption date or dates and that redemption dates may be established for any Assessment Bonds deemed to have been paid in accordance with the provisions under this heading upon their maturity date or dates at any time prior to the actual mailing of any applicable notice of redemption in the event that all or any portion of any Investment Obligations described in clause (z) of paragraph 2 under this heading have been called for redemption pursuant to an irrevocable notice of redemption or have been redeemed by the issuer thereof prior to the maturity date thereof; no such change of redemption date or dates or establishment of redemption date or dates may be made unless taking into account such changed redemption date or dates or newly established redemption date or dates the moneys and Investment Obligations on deposit with the Trustee including any Investment Obligations deposited with the Trustee in connection with any reinvestment of redemption proceeds in accordance with paragraph (6) pursuant to clause (b) of paragraph (2) under this heading would be sufficient to pay when due the principal and Redemption Price, if applicable, and interest on all Assessment Bonds deemed to have been paid in accordance with the provisions under this heading which have not as yet been paid.

(8) Unless waived by the Authority at the time Assessment Bonds are defeased, at any time prior to the actual mailing of any applicable notice of redemption any redemption date or dates in respect of all or any portion of the Assessment Bonds to be redeemed on such date or dates may at the option of the Authority be changed to any other permissible redemption date or dates and redemption dates may be established for any Assessment Bonds deemed to have been defeased upon their maturity date or dates; in both cases in accordance with the Assessment Bond Trust Agreement.

(9) The Authority agrees that it will take no action in connection with any of the transactions referred to under this heading which will cause any Assessment 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.

(10) Anything in the Assessment Bond Trust Agreement to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Assessment 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 Assessment 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 Assessment 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 Assessment Bonds; provided, however, that before being required to make any such payment to the Authority, the Fiduciary shall, at the expense of the Authority, cause to be published at least twice, at an interval of not less than 7 days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Authority. (*Section 1004*).

## SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT

*The following is a summary of certain provisions of the Sales Tax Bond Trust Agreement, as amended through and including the date of issuance of the Bonds, including certain terms used in the Sales Tax Bond Trust Agreement not used elsewhere in this Official Statement. This summary does not purport to be complete and reference is made to the Sales Tax Bond Trust Agreement for full and complete statements of its terms and provisions.*

### **Definitions**

The following are definitions in summary form of certain terms contained in the Sales Tax Bond Trust Agreement:

*Account or Accounts* shall mean each account or all of the accounts established by or pursuant to the Sales Tax Bond Trust Agreement.

*Accreted Value* shall mean 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 three hundred sixty (360) day year of twelve (12) thirty (30) day months.

*Act* shall mean Chapter 161A of the Massachusetts General Laws, as from time to time in effect.

*Aggregate Debt Service* for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Outstanding Senior Sales Tax Bonds and all Outstanding Subordinated Sales Tax Bonds, provided, however, that for purposes of estimating Aggregate Debt Service for any future period, (i) any Variable Interest Rate Bonds shall be deemed to bear at all times (for which the interest rate is not yet determined) to the maturity thereof the Estimated Average Interest Rate applicable thereto; and (ii) any Put Bonds Outstanding during such period shall be assumed to mature on the stated maturity date thereof, unless the Credit Facility or Liquidity Facility securing such Put Bonds expires within three months or less of the date of calculation and has not been renewed or replaced in which case such Put Bonds shall be assumed to mature on the expiration date of such Credit Facility or Liquidity Facility. For purposes of this definition, the principal and interest portions of the Accreted Value of any Capital Appreciation Bonds becoming due at maturity or by virtue of a Sinking Fund Installment and the principal and interest portions of the Appreciated Value of any Deferred Income Bonds 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 Supplemental Trust Agreement authorizing Sales Tax Bonds which are Capital Appreciation Bonds or Deferred Income Bonds, as the case may be.

*Alternate Revenues* shall mean any revenues of the Authority (other than the Dedicated Sales Tax) legally available and pledged by resolution of the Authority for its obligations under the Sales Tax Bond Trust Agreement and deposited to the Pledged Revenue Fund, provided that (i) if such Alternate Revenues are to be received from the United States of America or the Commonwealth, they must

automatically recur without appropriation, approval or other similar action for so long as the Authority is relying thereon for the purpose of issuing Sales Tax Bonds or they constitute a general obligation of the Commonwealth and the manner of determining the amounts to be derived therefrom must not be subject to change or revision during such period, (ii) such Alternate Revenues consist of obligations with a rating by each Rating Agency in a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax Bonds or (iii) the Authority has received a written confirmation from each Rating Agency that its unenhanced, published rating of Outstanding Sales Tax Bonds will not be adversely affected by the designation of such revenues as Alternate Revenues.

*Amortized Value*, when used with respect to Investment Obligations purchased at a premium above or a discount below par, shall mean 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* shall mean 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 three hundred sixty (360) day year of twelve (12) thirty (30) day months.

*Assessment Bonds* shall mean any bond or bonds and any bond anticipation note authenticated and delivered under the Assessment Bond Trust Agreement.

*Assessment Bond Trust Agreement* shall mean the Massachusetts Bay Transportation Authority Assessment Bond Trust Agreement dated as of July 1, 2000 by and between the Authority and State Street Bank and Trust Company, as Trustee, as amended and supplemented from time to time.

*Assessment Floor Amount* shall mean the amount below which the amount assessed on cities and towns pursuant to the Act shall not be reduced in accordance with Section 35T.

*Assessments* shall have the meaning provided in the recitals to the Sales Tax Bond Trust Agreement.

*Authority* shall have the meaning provided in the first paragraph of the Sales Tax Bond Trust Agreement.

*Authorized Newspaper* shall mean 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 the City or in the Borough of Manhattan, City and State of New York.

*Authorized Officer* shall mean the General Manager, the Chief Financial Officer, the Director of Financial Planning, the Treasurer-Controller or the General Counsel 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.

*Bank Bonds* shall mean any Sales Tax Bonds issued to or acquired or held by any bank, insurance company or other provider of credit and/or liquidity support or any designee thereof for any Sales Tax Bonds or for any Bond Anticipation Notes as evidence of the obligations of the Authority arising under any letter of credit, revolving credit agreement, insurance policy, reimbursement agreement or any other agreement, instrument or document relating to such credit and/or liquidity support; provided, however, that Bank Bonds do not include any Sales Tax Bonds issued to or held by any such party or its designee in any other capacity.

*Base Revenue Floor Amount* shall mean (as of the date of computation) the base revenue amount (as defined in Section 35T), as most recently certified by the Comptroller of the Commonwealth in accordance with Section 35T.

*Bond Anticipation Note* shall mean a note issued pursuant to the Sales Tax Bond Trust Agreement.

*Bond Counsel* shall mean Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. or any other lawyer or firm of lawyers nationally recognized in the field of municipal finance and satisfactory to the Authority.

*Bondowner or Owner, or Owner of Sales Tax Bonds*, or any similar terms, shall mean any person who shall be the registered owner of any Outstanding Sales Tax Bond or Bonds.

*Bond Proceeds Fund* shall mean the Fund by that name established by the Sales Tax Bond Trust Agreement.

*Business Day* shall mean any day that is not a Saturday, Sunday or legal holiday in the Commonwealth or a day on which banks in the City are authorized or required by law or executive order to close.

*Capital Appreciation Bond* shall mean any Sales Tax Bond as to which interest is payable only at the maturity or prior redemption of such Sales Tax 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 Sales Tax 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 Sales Tax Bond Trust Agreement for any purpose whatsoever, unless otherwise provided in the Supplemental Trust Agreement authorizing Sales Tax Bonds which are Capital Appreciation Bonds, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

*Capital Maintenance Fund* shall mean the fund of such name created and held by the Authority pursuant to Authority resolution, which fund shall be used to pay a portion of the ongoing schedule of maintaining the equipment and mass transportation facilities of the Authority.

*City* shall mean the City of Boston in the Commonwealth.

*Code* shall mean the Internal Revenue Code of 1986, as amended to the date of adoption of the Sales Tax Bond Trust Agreement, unless a later date shall be specified in a Supplemental Trust Agreement to be applicable to one or more Series of Sales Tax Bonds, and the applicable regulations thereunder, and any reference in the Sales Tax Bond Trust Agreement to any section thereof shall, to the extent the provisions of the Internal Revenue Code of 1986, as amended to the date of adoption of the Sales Tax Bond Trust Agreement, unless a later date shall be specified in a Supplemental Trust Agreement to be applicable to one or more Series of Sales Tax Bonds, are included in a successor code or in an equivalent section or sections of such a successor code, be deemed to include such successor code and the equivalent section or sections of such successor code and the applicable regulations thereunder.

*Combined Net Debt Service* shall mean Subordinated Net Debt Service plus Senior Net Debt Service.

*Commonwealth* shall mean The Commonwealth of Massachusetts.

*Counsel's Opinion or Opinion of Counsel* shall mean 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* shall mean an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase 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 Sales Tax 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 Sales Tax Bond Trust Agreement, whether or not the Authority is in default under the Sales Tax Bond Trust Agreement.

*Debt Service* for any period shall mean, as of any date of calculation and with respect to the Outstanding Sales Tax Bonds of any Series, an amount equal to the sum of (i) interest accruing during such period on Outstanding Sales Tax 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 Sales Tax Bonds of such Series, whichever date is later. Such interest and Principal Installments for such Series shall be calculated on the assumption that (1) no Sales Tax Bonds (except for Put Bonds actually tendered for payment and not purchased in lieu of redemption prior to the redemption date thereof) 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 and (2) the principal amount of Put Bonds tendered for payment and not purchased in lieu of redemption prior to the redemption date thereof shall be deemed to accrue on the date required to be paid pursuant to such tender. 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 on Senior Sales Tax Bonds and Subordinated Sales Tax Bonds with respect to which there is a Qualified Hedge Agreement shall be calculated consistent with the Sales Tax Bond Trust Agreement. Debt Service shall include costs of Credit Facilities and Liquidity Facilities and reimbursement to Providers of Credit Enhancement, 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.

*Dedicated Payments* shall mean any revenues of the Authority which are not Pledged Revenues, as defined in the Trust Agreement as initially entered into, which the Authority subsequently pledges as additional security for its payment obligations on the Sales Tax Bonds pursuant to a resolution of the Authority and which are specifically designated as Dedicated Payments by the Authority in accordance with the limitations of the Sales Tax Bond Trust Agreement and, accordingly, are to be deposited in the Senior Debt Service Fund or the Subordinated Debt Service Fund upon receipt.

*Dedicated Sales Tax* shall have the meaning provided in the Recitals to the Sales Tax Bond Trust Agreement.

*Deferred Income Bond* shall mean any Sales Tax Bond (i) as to which interest accruing thereon prior to the Interest Commencement Date of such Sales Tax 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 Sales Tax 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 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 Sales Tax 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 Sales Tax Bond 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.

*Deficiency Fund* shall mean the fund by such name created and held by the Authority pursuant to Authority resolution, which fund may be used to pay debt service on Authority bonds, notes and other obligations and other expenses of the Authority.

*Estimated Average Interest Rate* shall mean, as to any Variable Interest Rate Bond and as of any date of calculation, the “25-year revenue bond index” most recently published in The Bond Buyer or, if such index is no longer published, such other substantially comparable index as determined by the Authority.

*Fiduciary or Fiduciaries* shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

*Fiscal Year* shall mean 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.

*Fund or Funds* shall mean each fund or all of the funds established by the Sales Tax Bond Trust Agreement, as the case may be.

*General Fund Expenses* shall mean, to the extent such expenses shall not have been otherwise provided for, (i) the net costs (including, in certain circumstances, termination payments or fees) of any Hedge Agreements payable from the General Fund pursuant to and in accordance with Section 104 of the Trust Agreement and (ii) any other costs approved by the Board of Directors of the Authority.

*General Fund Indebtedness* shall mean any bond, note or other evidence of indebtedness issued by the Authority in accordance with Section 206 of the Trust Agreement which is secured by or payable from the Revenues and other amounts on deposit from time to time in the General Fund, provided that any such pledge shall not be prior or equal to the pledge thereof made hereby for the benefit of Sales Tax Bonds.

*Hedge Agreement* shall mean a payment exchange agreement, swap agreement, forward purchase agreement or any other hedge agreement entered into by the Authority providing for payments between the parties based on levels of, or changes in interest rates, stock or other indices or contracts to exchange cash flows or a series of payments or contracts, including without limitation, interest rate floors, or caps, options, puts or calls, which allows the Authority to manage or hedge payment, rate, spread or similar risk with respect to any Series of Sales Tax Bonds.

*Historic Dedicated Sales Tax Revenue Amount* shall mean (as of any date of computation) the dedicated sales tax revenue amount, as defined in Section 35T, for any consecutive 12 of the last 24 months, as determined by an Authorized Officer.

*Indebtedness* shall mean Sales Tax Bonds or Bond Anticipation Notes.

*Interest Commencement Date* shall mean, 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 Sales Tax 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.

*Investment Agreement* shall mean an agreement for the investment of moneys with, or unconditionally guaranteed by, a Qualified Institution but shall not mean an obligation of the type described in clause (x) of the definition of Investment Obligation herein.

*Investment Income* shall mean income from Investment Obligations held in the Funds and Accounts established under the Sales Tax Bond Trust Agreement, other than (i) if so determined in a Supplemental Trust Agreement authorizing the issuance of a Series of Sales Tax Bonds, with respect to such Sales Tax Bonds, income from Investment Obligations purchased from the proceeds of such Sales Tax Bonds held in the Bond Proceeds Fund and (ii) income from Investment Obligations held in the Rebate Fund.

*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) a bond or other obligation which as to principal and interest constitutes a direct obligation of, or is unconditionally guaranteed by, the United States of America, including an obligation of any of the Federal Agencies described in clause (iv) below to the extent unconditionally guaranteed by the United States of America;

(ii) a bond or other obligation of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which is not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bond or other obligation by the obligor to give due notice of redemption and to call such bond or other obligation for redemption on the date or dates specified in such instructions, (b) which is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the

character described in clause (i) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bond or other obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i) hereof which have been deposited in such fund, together with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bond or other obligation described in this clause (ii) on the maturity date thereof or on the redemption date specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate;

(iii) general obligations of the Commonwealth or obligations unconditionally guaranteed by the Commonwealth;

(iv) a bond, debenture, or other evidence of indebtedness issued or guaranteed at the time of the investment by the Student Loan Marketing Association, Federal National Mortgage Association, Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, the Tennessee Valley Authority, the United States Postal Service, Federal Farm Credit System Obligations, the Export Import Bank, the World Bank, the International Bank for Reconstruction and Developments, the Federal Home Loan Mortgage Corporation, the Resolution Funding Corporation, the U.S. Agency for International Development and the Inter-American Development Bank 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;

(v) an obligation of any state of the United States of America or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision other than obligations described in clause (iii) above which shall be rated at the time of the investment a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax Bonds by any Rating Agency, without regard to any refinement or gradation of such rating;

(vi) a certificate or other instrument that evidences ownership of the right to payment of the principal of or interest on obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentality of any state or political subdivision, provided that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under the Sales Tax Bond Trust Agreement, and provided further that the payment of all principal of and interest on such certificate or such instrument shall be fully insured or unconditionally guaranteed by, or otherwise unconditionally payable pursuant to a credit support arrangement provided by, one or more financial institutions or insurance companies or associations which at the date of investment shall have an outstanding, unsecured, uninsured and unguaranteed debt issue rated in a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax Bonds by any Rating Agency, or, in the case of an insurer providing municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bonds, such insurance policy shall result in such municipal bonds being rated in the highest rating category by any Rating Agency, without regard to any refinement or gradation of such rating;

(vii) time deposits, certificates of deposit or any other deposit with a bank, trust company, national banking association, savings bank, federal mutual savings bank, savings and loan association, federal savings and loan association or any other institution chartered or licensed by any state or the U.S. Comptroller of the Currency to accept deposits in such state (as used herein, "deposits" shall mean obligations evidencing deposit liability which rank at least on a parity with the claims of general creditors in liquidation), which are (a) fully secured, to the extent not insured by the Federal Deposit Insurance Corporation, by any of the obligations described in clauses (i) or (iv) above having a market value

(exclusive of accrued interest) of not less than the uninsured amount of such deposit or (b) (1) unsecured or (2) secured to the extent, if any, required by the Authority and in either case made with a Qualified Institution;

(viii) a certificate that evidences ownership of the right to payments of principal of or interest on obligations described in clause (i), provided that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under the Sales Tax Bond Trust Agreement;

(ix) a time deposit, certificate of deposit, whether negotiable or non-negotiable, and a banker's acceptance of one or more of the 50 largest banks in the United States or commercial paper issued by the parent holding company of any such bank which at the time of investment has an outstanding unsecured, uninsured and unguaranteed debt issue rated a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax Bonds by any Rating Agency (including the Trustee and its parent holding company, if any, if it otherwise qualifies);

(x) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York which at the time of investment has an outstanding unsecured, uninsured and unguaranteed long-term debt issue or commercial paper issue rated at least in a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax Bonds by any Rating Agency (including the Trustee and its parent holding company, if any, if it otherwise qualifies), which agreement is secured by any one or more of the securities described in clause (i), (iv) or (viii) above which securities shall at all times have a market value (exclusive of accrued interest) of not less than the full amount of the repurchase agreement and be delivered to another bank or trust company organized under the laws of any state of the United States of America or any national banking association, as custodian;

(xi) an Investment Agreement;

(xii) money market funds registered under the Federal Investment Company Act of 1940, as amended, whose shares are registered under the Federal Securities Act of 1933, and having a rating in a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax Bonds by any Rating Agency;

(xiii) commercial paper, notes, bonds or other obligations of any corporation rated, at the time of investment, in a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax Bonds by any Rating Agency; and

(xiv) any other investment in which moneys of the Authority may be legally invested provided that at the time of such investment the Authority obtains written confirmation from each Rating Agency that such investment will not result in the reduction or suspension of the then existing rating on the Sales Tax Bonds by each such Rating Agency.

*Liquidity Facility* shall mean an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, line of credit or other agreement or arrangement issued or extended by a Qualified Institution, pursuant to which the Authority is entitled to obtain moneys upon the terms and conditions contained therein for the purchase or redemption of Sales Tax Bonds tendered for purchase or redemption in accordance with the terms of the Sales Tax Bond Trust Agreement.

*Minimum Senior Debt Service Reserve Requirement* shall mean as of any date of calculation for each Series of Senior Sale Tax Bonds, an amount equal to one-half of the least of (i) 10% of the original net proceeds from the sale of such Series, (ii) 125% of average annual Debt Service for such Series and (iii) the maximum amount of Debt Service due on the Senior Sales Tax Bonds of such Series in any future Fiscal Year; provided that in the case that two or more Series of Sales Tax Bonds are treated as one issue for federal tax purposes, (a) the aggregate Minimum Senior Debt Service Reserve Requirement for such Series shall not exceed the amount which would be applicable if such Series were treated as a single Series for purposes of calculating such requirement and (b) any reduction in the aggregate Minimum Senior Debt Service Reserve Requirement resulting from the limitation in clause (a) of this proviso shall be allocated pro rata among the affected Series in accordance with the ratio of the initial principal amounts of such Series. The Estimated Average Interest Rate as of the date of issue for any Variable Interest Rate Bonds shall be used to establish Debt Service on such Senior Sales Tax Bonds for the purpose of the Minimum Senior Debt Service Reserve Requirement.

*Minimum Subordinated Debt Service Reserve Requirement* shall mean as of any date of calculation for each Series of Subordinated Sale Tax Bonds, an amount equal to one-half of the least of (i) 10% of the original net proceeds from the sale of such Series, (ii) 125% of average annual Debt Service for such Series and (iii) the maximum amount of Debt Service due on the Subordinated Sales Tax Bonds of such Series in any future Fiscal Year; provided that in the case that two or more Series of Sales Tax Bonds are treated as one issue for federal tax purposes, (a) the aggregate Minimum Subordinated Debt Service Reserve Requirement for such Series shall not exceed the amount which would be applicable if such Series were treated as a single Series for purposes of calculating such requirement and (b) any reduction in the aggregate Minimum Subordinated Debt Service Reserve Requirement resulting from the limitation in clause (a) of this proviso shall be allocated pro rata among the affected Series in accordance with the ratio of the initial principal amounts of such Series. The Estimated Average Interest Rate as of the date of issue for any Variable Interest Rate Bonds shall be used to establish Debt Service on such Subordinated Sales Tax Bonds for the purpose of the Minimum Subordinated Debt Service Reserve Requirement.

*Opinion of Bond Counsel* shall mean a legal opinion signed by Bond Counsel.

*Outstanding*, when used with reference to Sales Tax Bonds of a Series, shall mean, as of any date, Sales Tax Bonds or Bonds of such Series, theretofore or thereupon being authenticated and delivered, issued under the Sales Tax Bond Trust Agreement except:

- (i) any Sales Tax Bonds canceled by any Fiduciary at or prior to such date,
- (ii) Sales Tax Bonds (or portions of Sales Tax 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 Sales Tax Bond Trust Agreement and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Sales Tax Bonds (or portions of Sales Tax 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 Sales Tax Bond Trust Agreement;
- (iii) Sales Tax Bonds in lieu of or in substitution for which other Sales Tax Bonds shall have been authenticated and delivered pursuant to the Sales Tax Bond Trust Agreement unless proof satisfactory to the Trustee is presented that any such Sales Tax Bonds are held by a bona fide purchaser in due course;

(iv) Sales Tax Bonds deemed to have been paid as provided in the Sales Tax Bond Trust Agreement; and

(v) Put Bonds deemed tendered in accordance with the provisions of the Supplemental Trust Agreement authorizing such Sales Tax Bonds on the applicable adjustment or conversion date, if the purchase price thereof and interest thereon shall have been paid or amounts are available for such payment as provided in the Sales Tax Bond Trust Agreement.

For purposes of the foregoing definition, any Sales Tax Bonds which are Bank Bonds shall be deemed Outstanding only in a principal amount equal to the principal amount of the obligation then owed by the Authority thereunder regardless of the face amount of such Bank Bond.

*Paying Agent* shall mean any paying agent for the Sales Tax 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 Sales Tax Bond Trust Agreement.

*Pledged Revenues* shall mean the Dedicated Sales Tax, payments received by the Authority from a Provider of a Hedge Agreement that is not a Qualified Hedge and Alternate Revenues, if any.

*Pledged Revenue Fund* shall mean the Fund by that name established by the Sales Tax Bond Trust Agreement.

*Prior Obligations* shall mean debt service and other payment obligations of the Authority due and payable under financing obligations for which the Commonwealth has pledged its credit or contract assistance (defined below) or is otherwise liable or as to which the Authority has covenanted to maintain net cost of service or contract assistance (both as defined in Chapter 161A of Massachusetts General Laws as in effect prior to July 1, 2000), including without limitation the Authority's General Transportation System Bonds issued pursuant to the General Bond Resolution adopted February 15, 1967, as amended and supplemented.

*Principal Installment* shall mean, as of any date of calculation and with respect to the Sales Tax Bonds of any Series, so long as any Sales Tax Bonds thereof are Outstanding, (i) the principal amount of Sales Tax Bonds (including the principal amount of any Put Bonds tendered for payment and not purchased in lieu of redemption prior to the redemption date thereof) of such Series due on a future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a future date for Sales Tax Bonds of such Series, plus the amount of the premium, if any, which would be applicable upon redemption of such Sales Tax 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 Sales Tax Bonds of such Series, the sum of such principal amount of Sales Tax Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date, plus such applicable redemption premium, if any.

*Provider* shall mean any person or entity providing a Credit Facility, a Liquidity Facility or a Qualified Hedge Agreement with respect to any one or more Series of Sales Tax Bonds, pursuant to agreement with or upon the request of the Authority.

*Put Bond* shall mean a Sales Tax Bond which by its terms may be tendered by and at the option of the Owner thereof for payment by the Authority prior to the stated maturity or redemption date thereof.

*Qualified Hedge Agreement* shall have the meaning set forth under the heading "Hedging Transactions."

*Qualified Institution* shall mean (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, Qualified Hedge Agreement, Credit Facility or Liquidity Facility is entered into by the Authority are rated in a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax 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. Pursuant to an amendment of the Trust Agreement by the Nineteenth Supplemental Trust Agreement, dated as of March 1, 2008, that certain Standby Bond Purchase Agreement provided by JPMorgan Chase Bank, National Association, or such Alternate Liquidity Facility assigned by the Rating Agencies ratings of “AA” from Standard & Poor’s Rating Group or “Aa” from Moody’s Investors Service, Inc. (without regard to gradation) is deemed to be a Liquidity Facility provided by a Qualified Institution solely for the purposes of the Authority’s Senior Sales Tax Bonds, Variable Rate Demand Obligations, 2008 Series A, consisting of 2008 Series A-1 and 2008 Series A-2.

*Rating Agency* shall mean each recognized rating service which maintains a published, unenhanced rating on any Outstanding Sales Tax Bonds at the request of the Authority.

*Rebate Fund* shall mean the Fund by that name established by the Sales Tax Bond Trust Agreement.

*Rebate Fund Requirement* shall mean, as of any date of calculation, an amount equal to the aggregate of the amounts, if any, specified in a certificate from an Authorized Officer of the Authority or the applicable Supplemental Trust Agreement as the amount required to be maintained in the Rebate Fund with respect to such Sales Tax Bonds.

*Redemption Price* shall mean, with respect to any Sales Tax Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the Sales Tax Bond Trust Agreement, but excluding accrued interest.

*Refunding Bonds* shall mean all Sales Tax Bonds authenticated and delivered on original issuance pursuant to the provisions under the heading “Special Provisions for Refunding Bonds.”

*Residual Sales Tax* shall mean for any year the greater of the Base Revenue Floor Amount and the Historic Dedicated Sales Tax Revenue Amount less the sum of (i) the estimated debt service on Prior Obligations, (ii) Senior Net Debt Service (as defined in the Sales Tax Bond Trust Agreement), (iii) Subordinated Net Debt Service (as defined in the Sales Tax Bond Trust Agreement) and (iv) debt service on other indebtedness (other than Indebtedness) secured by a pledge of or a security interest in and payable from the Dedicated Sales Tax.

*Sales Tax Bond or Bonds* shall mean any bond or bonds and any Bond Anticipation Note authenticated and delivered under the Sales Tax Bond Trust Agreement.

*Section 35T* shall have the meaning provided in the Recitals to the Sales Tax Bond Trust Agreement.

*Senior Sales Tax Bonds* shall mean all Senior Sales Tax Bonds authenticated and delivered under the Sales Tax Bond Trust Agreement.

*Senior Debt Service Fund* shall mean the Fund by that name established by the Sales Tax Bond Trust Agreement.

*Senior Debt Service Reserve Fund* shall mean the Fund by that name established by the Sales Tax Bond Trust Agreement.

*Senior Debt Service Reserve Requirement* shall mean for each Fiscal Year the amount set forth in a certificate of an Authorized Officer of the Authority filed with the Trustee by July 1 of each year, which certificate may be modified from time to time by such Authorized Officer during such Fiscal Year; provided, however, that in no event shall the Senior Debt Service Reserve Requirement be less than the Minimum Senior Debt Service Reserve Requirement.

*Senior Net Debt Service* shall mean Debt Service payable on Senior Sales Tax Bonds less (i) the sum of (a) interest accrued or to accrue on such Sales Tax Bonds which is to be paid from deposits in the Senior Debt Service Fund made from the proceeds of Sales Tax Bonds in accordance with a certificate of an Authorized Officer to the Trustee, (b) additional amounts transferred to the Senior Debt Service Fund at the Authority's direction, (c) Investment Income from the Senior Debt Service Fund, the Pledged Revenue Fund, the Senior Debt Service Reserve Fund and any Account of the Bond Proceeds Fund established by Supplemental Trust Agreement and held by the Trustee transferred or to be transferred in the current Fiscal Year to or retained in the Senior Debt Service Fund and (d) Dedicated Payments deposited in the Senior Debt Service Fund pursuant to the Sales Tax Bond Trust Agreement plus (ii) Debt Service payable on Bond Anticipation Notes issued in anticipation of Senior Sales Tax Bonds net of any amounts deposited from the proceeds of such notes available in the Senior Debt Service Fund or in another account established in connection with the issuance of such notes for the payment of such Debt Service.

*Series* shall mean all of the Sales Tax Bonds authenticated and delivered on original issuance and designated as such by the Authority in a simultaneous transaction pursuant to the Sales Tax Bond Trust Agreement and any Sales Tax Bonds thereafter authenticated and delivered in lieu of or in substitution therefor, regardless of variations in maturity, interest rate, sinking fund, or other provisions.

*Sinking Fund Installment* shall mean, as of any date of calculation and with respect to any Sales Tax Bonds of a Series, so long as any Sales Tax 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 Sales Tax 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 Sales Tax Bond.

*Standby Purchase Agreement* shall mean an agreement by and between the Authority and another entity pursuant to which such entity is obligated to purchase Put Bonds tendered for purchase or redeemed in lieu of purchase upon such tender.

*State and Local Contribution Fund* shall have the meaning provided in the Recitals to the Sales Tax Bond Trust Agreement.

*Subordinated Sales Tax Bonds* shall mean all Subordinated Sales Tax Bonds authenticated and delivered under the Sales Tax Bond Trust Agreement.



*Subordinated Debt Service Reserve Fund* shall mean the fund by that name established by the Sales Tax Bond Trust Agreement.

*Subordinated Debt Service Reserve Requirement* shall mean for each Fiscal Year the amount set forth in a certificate of an Authorized Officer of the Authority filed with the Trustee by July 1 of each year, which certificate may be modified from time to time by such Authorized Officer during such Fiscal Year; provided, however, that in no event shall the Subordinated Debt Service Reserve Requirement be less than the Minimum Subordinated Debt Service Reserve Requirement.

*Subordinated Debt Service Fund* shall mean the fund by that name established by the Sales Tax Bond Trust Agreement.

*Subordinated Net Debt Service* shall mean Debt Service payable on Subordinated Sales Tax Bonds less (i) the sum of (a) interest accrued or to accrue on such Sales Tax Bonds which is to be paid from deposits in the Subordinated Debt Service Fund made from the proceeds of Sales Tax Bonds in accordance with a certificate of an Authorized Officer to the Trustee, (b) additional amounts transferred to the Subordinated Debt Service Fund at the Authority's direction, (c) Investment Income from the Subordinated Debt Service Reserve Fund, the Subordinated Debt Service Fund and any Account of the Bond Proceeds Fund established by Supplemental Trust Agreement and held by the Trustee transferred or to be transferred in the current Fiscal Year to or retained in the Subordinated Debt Service Fund and (d) Dedicated Payments deposited in the Subordinated Debt Service Fund pursuant to the Sales Tax Bond Trust Agreement plus (ii) Debt Service payable on Bond Anticipation Notes issued in anticipation of Subordinated Sales Tax Bonds net of any amounts deposited from the proceeds of such notes available in the Subordinated Debt Service Fund or in another account established in connection with the issuance of such notes for the payment of such Debt Service.

*Supplemental Trust Agreement* shall mean any trust agreement supplemental to or amendatory of the Trust Agreement, adopted by the Authority in accordance with the Sales Tax Bond Trust Agreement.

*Trust Agreement* shall mean the Sales Tax Bond Trust Agreement dated July 1, 2000 by and between the Authority and the Trustee.

*Trustee* shall mean the trustee appointed under the Sales Tax Bond Trust Agreement, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Sales Tax Bond Trust Agreement.

*Valuation Date* shall mean (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 Sales Tax Bond on which specific Appreciated Values are assigned to the Deferred Income Bond.

*Variable Interest Rate* shall mean a variable interest rate to be borne by any Sales Tax Bond. The method of computing such variable interest rate shall be specified in the Supplemental Trust Agreement authorizing such Sales Tax Bond. Such Supplemental Trust Agreement shall also specify either (i) the particular period or periods of time for which each value of such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective.

*Variable Interest Rate Bond* shall mean a Sales Tax Bond which bears interest at a Variable Interest Rate.

***The Pledge Effected by the Sales Tax Bond Trust Agreement***

The Sales Tax Bonds are special obligations payable solely from the items pledged to the payment thereof pursuant to the terms of the Sales Tax Bond Trust Agreement.

The Sales Tax Bond Trust Agreement provides that there is pledged for the payment, first, of the Senior Sales Tax Bonds, second, of the Subordinated Sales Tax Bonds and, after payment of the Senior Sales Tax Bonds and Subordinated Sales Tax Bonds, as the respective interests of the holders thereof may appear, in accordance with the respective terms of such Bonds and the provisions of this Trust Agreement, subject only to the provisions of the Sales Tax Bond Trust Agreement permitting the application thereof for or to the purposes and on the terms and conditions in the Sales Tax Bond Trust Agreement and therein set forth: (i) all Pledged Revenues, (ii) Dedicated Payments allocated to the Senior Sales Tax Bonds and interest earnings thereon, (iii) amounts received from the trustee under the Sales Tax Bond Trust Agreement in accordance with the Sales Tax Bond Trust Agreement, (iv) the Deficiency Fund and the Capital Maintenance Fund including the investment, if any, thereof, and (v) all Funds and Accounts established by the Sales Tax Bond Trust Agreement (other than the Bond Proceeds Fund while it is held and administered by the Authority, the Rebate Fund, the Subordinated Debt Service Fund and the Subordinated Debt Service Reserve Fund) including the investments, if any, thereof.

Subject only to the prior pledge created for the payment of Senior Sales Tax Bonds under the second paragraph under this heading, and on the terms and conditions set forth therein with respect to such prior pledge, the property described in clauses (i), (iii), (iv) and (v) of said paragraph (except moneys or Investment Obligations in the Senior Debt Service Fund or the Senior Debt Service Reserve Fund) are hereby further pledged, and the proceeds of the sale of Subordinated Sales Tax Bonds, Dedicated Payments allocated to Subordinated Sales Tax Bonds and interest earnings thereon, the Subordinated Debt Service Fund and the Subordinated Debt Service Reserve Fund are hereby further pledged, to the payment of the Subordinated Sales Tax Bonds. (*Sections 201, 501*).

***Provisions for Issuance of Sales Tax Bonds***

Sales Tax Bonds of one or more Series may at any time or from time to time be authenticated and delivered upon original issuance (i) to pay or provide for the payment of other Authority bonds, notes or other obligations, (ii) to refund Outstanding Sales Tax Bonds, (iii) to pay costs of the Authority in accordance with the Act, (iv) to make a deposit to the Bond Proceeds Fund, the Deficiency Fund or the Capital Maintenance Fund, including any Accounts therein, (v) in the case of Senior Sales Tax Bonds, to make a deposit to the Senior Debt Service Fund or the Senior Debt Service Reserve Fund, including any Accounts therein, (vi) in the case of Subordinated Sales Tax Bonds, to make a deposit to the Subordinated Debt Service Fund or the Subordinated Debt Service Reserve Fund, including any Accounts therein, and (vii) to pay or provide for the payment of the costs incurred in connection with the issuance of Sales Tax Bonds.

The Sales Tax Bonds of a Series authorized to be issued shall be executed by the Authority and delivered to the Trustee. Such Sales Tax Bonds shall from time to time and in such amounts as directed by the Authority be authenticated and delivered by the Trustee to or upon the order of the Authority upon receipt of the consideration therefor and upon delivery to the Trustee of:

(1) An Opinion of Bond Counsel to the effect that (i) the Authority has the right and power under the Act to enter into the Sales Tax Bond Trust Agreement, and the Trust Agreement has been duly and lawfully approved by the Authority, and, assuming due authorization, execution and delivery by the Trustee, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Trust Agreement is required; (ii) the Trust

Agreement creates the valid pledge of the items which it purports to pledge to the payment of the Sales Tax Bonds pursuant to the Sales Tax Bond Trust Agreement, subject to the application thereof to the purposes and on the conditions permitted by the Trust Agreement; and (iii) the Sales Tax Bonds of such Series are valid and binding special obligations of the Authority as provided in the Trust Agreement, enforceable in accordance with their terms and the terms of the Trust Agreement, and entitled to the benefit of the Trust Agreement and of the Act and such Sales Tax Bonds have been duly and validly authorized and issued in accordance with law, including the Act, and in accordance with the Trust Agreement; provided, that such Opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights generally and judicial discretion and may state that no opinion is being rendered as to the availability of any particular remedy;

(2) A written order as to the delivery of the Sales Tax Bonds of such Series, signed by an Authorized Officer;

(3) Copies of the Trust Agreement as amended and supplemented and of the Supplemental Trust Agreement authorizing such Series, each certified by an Authorized Officer;

(4) If any Sales Tax Bonds of such Series are Put Bonds, a Credit Facility or Liquidity Facility in such an amount as would provide sufficient moneys for the purchase or redemption of all Put Bonds of such Series if Owners thereof elected to tender for purchase or redemption the entire aggregate Outstanding principal amount of the Put Bonds of such Series;

Notwithstanding anything in the Trust Agreement to the contrary, that certain Standby Bond Purchase Agreement provided by JPMorgan Chase Bank, National Association, or such Alternate Liquidity Facility assigned by the Rating Agencies ratings of "AA" from Standard & Poor's Rating Group or "Aa" from Moody's Investors Service, Inc. (without regard to gradation) is deemed to be a Liquidity Facility provided by a Qualified Institution solely for the purposes of the Authority's Senior Sales Tax Bonds, Variable Rate Demand Obligations, 2008 Series A, consisting of 2008 Series A-1 and 2008 Series A-2.

(5) A certificate of an Authorized Officer:

(i) setting forth (a) the Senior Net Debt Service for all Series of Sales Tax Bonds Outstanding immediately after such authentication and delivery for the then current and each future Fiscal Year during which such Series of Sales Tax Bonds will be Outstanding, (b) the Combined Net Debt Service for all Series of Sales Tax Bonds Outstanding immediately after such authentication and delivery for the then current and each future Fiscal Year during which such Series of Sales Tax Bonds will be Outstanding, and (c) the aggregate estimated payments due and payable on Prior Obligations for the then current and each such future Fiscal Year;

(ii) stating that the amount on deposit in the Senior Debt Service Reserve Fund and the Subordinated Debt Service Reserve Fund (after taking into account any surety bond, insurance policy, letter of credit or other similar obligation on deposit therein) immediately after the authentication and delivery of the Sales Tax Bonds of such Series (and in the event that any Outstanding Sales Tax Bonds are then being redeemed, after such redemption) will be at least equal to the Senior Debt Service Reserve Requirement and the Subordinated Debt Service Reserve Fund Requirement, respectively, and stating that there is no overdue payment obligations to the provider of any surety bond, insurance policy, letter of credit or other obligation on deposit in the Senior Debt Service Reserve Fund;

(iii) demonstrating, for the then current and each future Fiscal Year, that the sum of the Assessment Floor Amount plus the Residual Sales Tax divided by Net Debt Service (as defined in the Assessment Bond Trust Agreement) on outstanding Assessment Bonds is equal to or greater than 1.50; and

(iv) demonstrating that:

(a) the Base Revenue Floor Amount for each Fiscal Year during which such Series of Sales Tax Bonds will be Outstanding is greater than the sum of (i) the amount set forth in clause 5(i)(b) and (ii) the amount set forth in clause 5(i)(c) for each such Fiscal Year; or

(b) the Historic Dedicated Sales Tax Revenue Amount less, for the then current and each future Fiscal Year during which such Series of Sales Tax Bonds will be Outstanding, the amount set forth in clause 5(i)(c) above, divided by, for each such Fiscal Year, the amount set forth in clauses 5(i)(a) and 5(i)(b), respectively, is equal to or greater than 2.00 and 1.50.

In the event that at the time of delivery of such certificate, any Bond Anticipation Notes are Outstanding, such certificate shall assume that there are Sales Tax Bonds Outstanding in a principal amount equal to the Outstanding Bond Anticipation Notes, which Sales Tax Bonds mature in 40 years, bear interest at the Estimated Average Rate, the Principal Installments and interest due on such Sales Tax Bonds come due in substantially equal annual payments, and are Senior Sales Tax Bonds or Subordinated Sales Tax Bonds, depending on which of the foregoing the Series was designated pursuant to the resolution authorizing such Bond Anticipation Notes in accordance with the Sales Tax Bond Trust Agreement.

(6) A certificate of an Authorized Officer to the effect that, upon the authentication and delivery of the Sales Tax Bonds of such Series, the Authority will not be in default in the performance of the terms and provisions of the Trust Agreement or of any of the Sales Tax Bonds. (*Section 202*).

***Special Provisions for Refunding Bonds***

One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all or any portion of the Outstanding Sales Tax Bonds of a Series, in an aggregate principal amount which will provide funds, together with other moneys available therefor, to accomplish such refunding.

The Refunding Bonds of such Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by the Sales Tax Bond Trust Agreement):

(1) If the Sales Tax Bonds to be refunded are to be redeemed, instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Sales Tax Bonds so to be refunded on a redemption date specified in such instructions, subject to the provisions of the Sales Tax Bond Trust Agreement;

(2) If the Sales Tax Bonds to be refunded are to be deemed paid within the meaning and with the effect expressed in the Sales Tax Bond Trust Agreement relating to defeasance of Sales Tax Bonds, instructions to the Trustee, satisfactory to it; and

(3) If the Sales Tax Bonds to be refunded are to be deemed paid within the meaning and with the effect expressed in the Sales Tax Bond Trust Agreement relating to defeasance of Sales Tax Bonds, (i) moneys and/or (ii) Investment Obligations as shall be necessary to comply with the Sales Tax Bond Trust Agreement, which Investment Obligations and moneys shall be held in trust and used only as provided in the Sales Tax Bond Trust Agreement;

(4) If the proceeds of such Series of Refunding Bonds are to be utilized by the Authority to purchase Sales Tax Bonds to be delivered to the Trustee in satisfaction of a Sinking Fund Installment or to defease a portion of the Sales Tax Bonds which are the subject of a Sinking Fund Installment in accordance with the Sales Tax Bond Trust Agreement, a certificate of an Authorized Officer of the Authority specifying (i) the principal amount, Series, maturity, interest rate and number of the Sales Tax Bonds to be so delivered, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Sales Tax Bonds are to be so delivered, (iii) the aggregate principal amount of the Sales Tax Bonds to be so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of the Sales Tax Bonds to be so delivered; and

(5) Either (a) a certificate of an Authorized Officer of the Authority stating that (i) the final maturity of the Refunding Bonds is no later than the final maturity of the Sales Tax Bonds to be refunded and (ii) as a result of the issuance of the Refunding Bonds there shall be no increase in the amount of Senior Net Debt Service in any Fiscal Year and there shall be no increase in the amount of Combined Net Debt Service in any Fiscal Year; or (b) the certificate provided for in the Sales Tax Bond Trust Agreement with respect to such Series of Refunding Bonds, considering for all purposes of such certificate that (i) such Series of Refunding Bonds is either a Series of Senior Sales Tax Bonds or a Series of Subordinated Sales Tax Bonds and (ii) that the Sales Tax Bonds to be refunded are no longer Outstanding.

The proceeds, including accrued interest, of the Refunding Bonds of each such Series shall be applied simultaneously with the delivery of such Sales Tax Bonds in the manner provided in the Supplemental Trust Agreement authorizing such Sales Tax Bonds. (*Section 204*).

***Bond Anticipation Notes***

Whenever the Authority shall authorize the issuance of a Series of Senior Sales Tax Bonds or Subordinated Sales Tax Bonds (without necessity for the Authority to have entered into a Supplemental Trust Agreement providing for such issue or to have satisfied the conditions set forth in the Sales Tax Bond Trust Agreement), the Authority may by resolution authorize the issuance of notes (and renewals thereof) in anticipation of the sale of such authorized Series of Sales Tax Bonds; provided, however, that in the event such authorized Series is Senior Sales Tax Bonds, the Authority may subsequently determine to issue Subordinated Sales Tax Bonds to repay the notes. 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 Series of Sales Tax Bonds in anticipation of which such Notes are issued or from funds of the Authority. The proceeds of such Sales Tax 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 Sales Tax Bond 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 Sales Tax Bond Trust Agreement securing all Sales Tax Bonds, in which event such interest shall be payable from the Senior Debt Service Fund or Subordinated Debt Service Fund, as applicable. The Authority may also pledge the Pledged 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 Sales Tax Bonds. A copy of the resolution of the Authority authorizing such notes, certified by an Authorized Representative of the Authority, shall be delivered to the Trustee following its adoption. The aggregate principal amount of notes issued under this

heading which may be Outstanding at any time shall be limited as and to the extent provided in the Act. (*Section 205*).

### ***Additional Obligations***

The Authority reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness or to enter into a hedge agreement 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 or provider of the hedge agreement is not, except as provided in the Sales Tax Bond Trust Agreement, entitled to a charge or lien or right with respect to the Pledged Revenues or the Funds and Accounts created hereby or pursuant hereto. Notwithstanding the foregoing, the Authority may by Supplemental Resolution issue bonds, notes or any other obligations or enter into a hedge agreement entitled to a charge or lien or right with respect to the Pledged Revenue or the Funds and Accounts under the Sales Tax Bond Trust Agreement, so long as amounts payable on such obligations or under such agreement shall be payable after the deposits set forth in the Sales Tax Bond Trust Agreement. (*Section 206*).

### ***Hedging Transactions***

A Hedge Agreement is a Qualified Hedge Agreement if (i) the Provider of the Hedge Agreement is a Qualified Institution or the Provider's obligations under the Hedge Agreement are unconditionally guaranteed by a Qualified Institution and (ii) the Authority designates it as such by Certificate of an Authorized Officer.

If the Authority shall enter into any Qualified Hedge Agreement with respect to any Sales Tax Bonds and the Authority has made a determination that the Qualified Hedge Agreement was entered into for the purpose of hedging or managing the interest due with respect to those Sales Tax Bonds then during the term of the Qualified Hedge Agreement and so long as the Provider of the Qualified Hedge Agreement is not in default:

- (1) for purposes of any calculation of Debt Service, the interest rate on the Sales Tax Bonds with respect to which the Qualified Hedge Agreement applies shall be determined as if such Sales Tax Bonds had interest payments equal to the interest payable on those Sales Tax Bonds less any payments reasonably expected to be made to the Authority by the Provider and plus any payments reasonably expected to be made by the Authority to the Provider in accordance with the terms of the Qualified Hedge Agreement (other than fees or termination payments payable to such Provider for providing the Qualified Hedge Agreement);
- (2) any such payments (other than fees and termination payments) required to be made by the Authority to the Provider pursuant to such Qualified Hedge Agreement shall be made from amounts on deposit in the Senior Debt Service Fund or Subordinated Debt Service Fund, as applicable;
- (3) any such payments received by or for the account of the Authority from the Provider pursuant to such Qualified Hedge Agreement shall be deposited in the Senior Debt Service Fund or Subordinated Debt Service Fund, as applicable; and
- (4) fees and termination payments, if any, payable to the Provider pursuant to such Qualified Hedge Agreement, other than solely as a result of an event of default with respect to the Provider or event affecting the Provider, shall be paid from amounts on deposit in the General Fund; and

(5) fees and termination payments, if any, payable to the Provider pursuant to such Qualified Hedge Agreement solely as a result of an event of default with respect to the Provider or event affecting the Provider shall be a general unsecured obligation of the Authority.

If the Authority shall enter into a Hedge Agreement that is not a Qualified Hedge Agreement, then:

(1) the interest rate adjustments or assumptions referred to in clause (1) under this heading shall not be made;

(2) any and all payments required to be made by the Authority to the Provider pursuant to such Hedge Agreement, other than solely as a result of an event of default with respect to the Provider or event affecting the Provider, may be made be paid from amounts on deposit in the General Fund if and to the extent expressly provided in the Hedge Agreement; and

(3) fees and termination payments payable to the Provider solely as a result of an event of default with respect to the Provider or event affecting the Provider and, if not expressly provided in the Hedge Agreement to be paid from amounts on deposit in the General Fund, other payments required to be made by the Authority to the Provider under the Hedge Agreement shall be a general unsecured obligation of the Authority. (*Section 104*).

***Redemption of Sales Tax Bonds***

Sales Tax Bonds subject to redemption prior to maturity pursuant to a Supplemental Trust Agreement shall be redeemable, upon notice as provided in the Sales Tax Bond Trust Agreement, at such times, at such Redemption Prices and upon such terms as may be specified in the Sales Tax Bond Trust Agreement or in the Supplemental Trust Agreement authorizing such Series.

In the case of any redemption of Sales Tax Bonds otherwise than as provided in the third paragraph under this heading, the Authority shall give written notice to the Trustee of its election so to redeem, of the redemption date, of the Series, and of the principal amounts of the Sales Tax Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in any Supplemental Trust Agreement). Such notice shall be given at least 45 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee.

Whenever by the terms of the Sales Tax Bond Trust Agreement or a Supplemental Trust Agreement, Sales Tax Bonds are required to be redeemed otherwise than at the election of the Authority, the Authority may, subject to the provision of any related Supplemental Trust Agreement, select the Series of Sales Tax Bonds, the principal amounts of the Sales Tax Bonds of each maturity of such Series to be redeemed and, except in the case of mandatory sinking fund redemption, of the amount of such Sinking Fund Installment, if applicable, within such maturity to be redeemed (which Series, maturities and principal amounts thereof to be redeemed and Sinking Fund Installments shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Sales Tax Bond Trust Agreement or a Supplemental Trust Agreement) and in the event the Authority does not notify the Trustee of such Series, maturities and principal amounts to be redeemed on or before the 45th day preceding the redemption date, the Trustee shall select the Sales Tax Bonds to be redeemed, give the notice of redemption and apply the moneys available therefor to redeem on the redemption date at the Redemption Price therefor, together with accrued interest to the redemption date, all of the Sales Tax Bonds to be redeemed.

In the event of redemption of less than all of the Outstanding Sales Tax Bonds of like maturity of any Series shall be called for prior redemption, the particular Sales Tax Bonds or portions of Sales Tax Bonds to be redeemed shall be selected by the Trustee by lot, or in such other manner as the Trustee in its discretion may deem fair and appropriate subject to any limitation with respect thereto contained in the applicable Supplemental Trust Agreement. For purposes of the provisions under this heading, the minimum denomination of a Capital Appreciation Bond shall be the lowest Accreted Value authorized to be due at maturity on such Sales Tax Bonds, and the minimum denomination of a Deferred Income Bond shall be the lowest Appreciated Value on the Interest Commencement Date authorized for such Sales Tax Bonds.

Notice of the call for any redemption of Sales Tax Bonds prior to maturity shall be given as provided in the applicable Supplemental Trust Agreement. (*ARTICLE IV*).

***Establishment of Funds and Accounts***

The following Funds and Accounts, which shall be held and administered by the Trustee, are hereby established:

- (1) Pledged Revenue Fund;
- (2) Senior Debt Service Fund;
- (3) Senior Debt Service Reserve Fund;
- (4) Subordinated Debt Service Fund;
- (5) Subordinated Debt Service Reserve Fund;
- (6) General Fund.

Amounts held at any time by the Trustee in any of the Funds and Accounts established pursuant to the provisions under this heading or under the Bond Proceeds Fund pursuant to a Supplemental Trust Agreement shall be held in trust for the Owners of the Sales Tax Bonds separate and apart from all other funds of the Trustee, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Sales Tax Bond Trust Agreement.

The following Funds and Accounts, which shall be held and administered by the Authority, are hereby established:

- (1) Bond Proceeds Fund, which shall include the Capital Account and such other Accounts as the Authority may create by Supplemental Trust Agreement; and
- (2) Rebate Fund.

Amounts held at any time by the Authority in any of the Funds and Accounts established pursuant to the provisions under this heading shall be held in trust separate and apart from all other funds of the Authority for the benefit of the Owners of Sales Tax Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Sales Tax Bond Trust Agreement. Additional funds, accounts or subaccounts may be created for other purposes by any Supplemental Trust Agreement. Notwithstanding the foregoing, the Authority by Supplemental Trust Agreement authorizing a Series of Sales Tax Bonds may designate that one or more Accounts in the Bond Proceeds Fund created



by such Supplemental Trust Agreement be held and administered by the Trustee and pledged to the Owners of the Sales Tax Bonds. (*Section 502 and Section 302 of the Fourth Supplemental Trust Agreement*).

***Bond Proceeds Fund***

The Authority shall deposit into the Bond Proceeds Fund the net proceeds of all Sales Tax Bonds, other than Refunding Bonds, issued for direct expenditures to be made by the Authority, which net proceeds shall be in the amount and applied as set forth in the applicable Supplemental Trust Agreement. (*Section 503*).

***Pledged Revenue Fund and Application Thereof***

The Authority shall, immediately following the execution of the Sales Tax Bond Trust Agreement, transfer to the Trustee for payment into the Pledged Revenue Fund all Pledged Revenues as received, except Investment Income required by the terms hereof to be deposited in another Fund or Account. Amounts in the Pledged Revenue Fund shall be deposited in, or credited to, as appropriate, on the last Business Day of the month in which the first such amounts are deposited in the Pledged Revenue Fund and on or before the last Business Day of each month thereafter, the following Funds and Accounts, in the amounts and in the order and priority, as follows:

(1) Into the Senior Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Senior Net Debt Service and the fees and charges related to Credit Facilities, Liquidity Facilities, and Qualified Hedge Agreements entered into in connection with Senior Sales Tax Bonds accrued or accruing prior to the last Business Day of the next succeeding month;

(2) Into the Senior Debt Service Reserve Fund, the amount, if any, required for such Fund, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation deposited in such Fund pursuant to the Sales Tax Bond Trust Agreement and subject to the provisions of the Sales Tax Bond Trust Agreement, to equal the Senior Debt Service Reserve Requirement as of the last day of the then current month; provided, however, that the provisions of the sixth paragraph under the heading “Senior Debt Service Reserve Fund” shall govern any replenishment required after a withdrawal from such Fund;

(3) Into the Subordinated Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Subordinated Net Debt Service and the fees and charges related to Credit Facilities, Liquidity Facilities and Qualified Hedge Agreements entered into in connection with Subordinated Sales Tax Bonds accruing prior to the last Business Day of the next succeeding month;

(4) Into the Subordinated Debt Service Reserve Fund, the amounts, if any, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation deposited in such Fund pursuant to the Sales Tax Bond Trust Agreement and subject to the provisions of the Sales Tax Bond Trust Agreement, to equal the Subordinated Debt Service Reserve Requirement as of the last day of the then current month; provided, however, that the provisions of the Sales Tax Bond Trust Agreement shall govern any replenishment required after a withdrawal from such Fund;

(5) To the Authority for credit to the Rebate Fund, notwithstanding any other provisions of the Sales Tax Bond Trust Agreement, such Pledged Revenues at such times and in such amounts as shall be set forth in a certificate of an Authorized Officer;

(6) If the Trustee shall have received a certificate from the trustee under the Assessment Bond Trust Agreement in accordance with the Assessment Bond Trust Agreement, to such trustee the amount set forth in such certificate;

(7) To the applicable trustee or custodian for Prior Obligations, the amount set forth in a certificate of an Authorized Officer for the payment of Prior Obligations;

(7A) To pay the provider of any surety bond, insurance policy, letter of credit or other similar obligation held on the Senior Debt Service Reserve Fund outstanding interest and expenses on amounts advanced under such obligation in accordance with the terms thereof;

(8) To the General Fund, the amount set forth in an certificate of an Authorized Officer; and

(9) To the Authority, the moneys remaining on deposit in the Pledged Revenue Fund after making the foregoing deposits.

Notwithstanding the foregoing, in the event that by April 1 of any year, commencing April 1, 2001, the Authority is otherwise unable to make the certification required under Section 35T that it has made provision in its annual budget under the Act for sufficient amounts to be available in the next Fiscal Year to meet the Prior Obligations without changing the priority of payment of the Prior Obligations in accordance with this sentence, the deposit required pursuant to clause (7) above shall be made prior to the deposit required pursuant to clause (1) during the following Fiscal Year; provided, however, that if during such Fiscal Year the Authority shall adopt a supplemental budget which would permit the Authority to be able to make such certification without changing such priority as aforesaid, the deposit required pursuant to clause (7) shall not be required to be paid prior to the deposit under clause (i) for the remainder of such Fiscal Year.

In determining the amounts to be transferred to the Authority for deposit in the Funds and Accounts held by the Authority, the Trustee may rely exclusively on a certificate of an Authorized Officer setting forth such amounts, which certificate shall be timely provided to the Trustee by the Authority.

Notwithstanding anything in the Trust Agreement to the contrary, in the event that the Dedicated Sales Tax to be credited by the Commonwealth to the State and Local Contribution Fund in a particular month is delayed to a subsequent month, such amounts may be deposited or credited to the Funds and Account as set forth in the Trust Agreement, at any time, upon the direction of the Authority.

### ***Rebate Fund***

Upon the issuance, sale and delivery of any Series of Sales Tax Bonds subject to the Rebate Fund Requirement, there shall be established in the Rebate Fund a separate account for such Series. Funds on deposit in the Rebate Fund shall be applied as set forth in the applicable Supplemental Trust Agreement or a certificate of an Authorized Officer. Unless otherwise specified in the applicable Supplemental Trust Agreement or certificate of an Authorized Officer, interest or other income derived from the investment or deposit of moneys in the Rebate Fund shall be retained in the Rebate Fund. (*Section 505*).

### ***Senior Debt Service Fund***

The Trustee shall pay out of the Senior Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Senior Sales Tax Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment for Senior Sales Tax Bonds payable on such due date; and (iii) on or before

any redemption date for the Senior Sales Tax Bonds, the amount required for the payment of the Redemption Price of and interest on the Senior Sales Tax Bonds then to be redeemed; provided, however, that if with respect to any Series of Senior Sales Tax Bonds or portions thereof the amounts due on any such interest payment date and/or Principal Installment due date and/or redemption date are intended to be paid from a source other than amounts in the Senior Debt Service Fund prior to any application of amounts in the Senior Debt Service Fund to such payments, the Trustee shall not pay any such amounts to the Paying Agent until such amounts have failed to be provided from such other source at the time required and, if any such amounts due are paid from such other source, the Trustee shall apply the amounts in the Senior Debt Service Fund to provide reimbursement for such payment from such other source, as provided in the agreement governing reimbursement of such amounts to such other source. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the Senior Debt Service Fund (i) the accrued interest included in the purchase price of Senior Sales Tax Bonds purchased for retirement and (ii) upon written instruction of the Authority, any fees and charges related to Credit Facilities, Liquidity Facilities and Qualified Hedge Agreements with respect to Senior Sales Tax Bonds.

The amount, if any, deposited in the Senior Debt Service Fund from the proceeds of each Series of Senior Sales Tax Bonds shall be set aside in such Fund and applied to the payment of interest on Senior Sales Tax Bonds as provided in the Supplemental Trust Agreement relating to the issuance of such Series of Senior Sales Tax Bonds.

In the event the amount on deposit in the Senior Debt Service Fund shall be less than the requirement of such Fund pursuant to the Sales Tax Bond Trust Agreement, the Trustee shall provide a certificate to the Authority and the trustee under the Assessment Bond Trust Agreement setting forth the amount of the shortfall and shall receive such amount (to the extent available) from the Pledged Revenue Fund under the Assessment Bond Trust Agreement in accordance with the Sales Tax Bond Trust Agreement.

In the event of the refunding of any Senior Sales Tax Bonds, the Authority may direct the Trustee to withdraw from the Senior Debt Service Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Senior Sales Tax Bonds being refunded and deposit such amounts in a separate account with the Trustee to be held for the payment of the principal or Redemption Price, if applicable, of and interest on the Senior Sales Tax Bonds being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter Senior Sales Tax Bonds being refunded shall be deemed to have been paid pursuant to the Sales Tax Bond Trust Agreement, and (b) the amount remaining in the Senior Debt Service Fund, after giving effect to the issuance of Refunding Bonds and the disposition of the proceeds thereof, shall not be less than the requirement of such Fund pursuant to the Sales Tax Bond Trust Agreement. In the event of such refunding, the Authority may also direct the Trustee to withdraw from the Senior Debt Service Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Senior Sales Tax Bonds being refunded and deposit such amounts in any Fund or Account under the Sales Tax Bond Trust Agreement; provided, however, that such withdrawal shall not be made unless clauses (a) and (b) referred to hereinabove have been satisfied and provided, further, that, at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under the Sales Tax Bond Trust Agreement (other than the Fund or Account into which such amount is being transferred). (*Section 506*).

### ***Senior Debt Service Reserve Fund***

If on the last Business Day of any month the amount in the Senior Debt Service Fund shall be less than the amount required to be in such Fund pursuant to paragraph (1) under the heading “Pledged Revenue Fund and Application thereof”, after deposit of any funds received from the Assessment Bond

Trust Agreement in accordance with the Sales Tax Bond Trust Agreement, the Trustee shall transfer to the Senior Debt Service Fund amounts from the Senior Debt Service Reserve Fund equal to the deficiency.

Whenever the moneys on deposit in the Senior Debt Service Reserve Fund shall exceed the Senior Debt Service Reserve Requirement, such excess may be, in the discretion of the Authority, transferred by the Trustee to the Senior Debt Service Fund or, if approved by an Opinion of Bond Counsel, to any Fund or Account specified by the Authority.

Whenever the amount in the Senior Debt Service Reserve Fund, together with the amount in the Senior Debt Service Fund, is sufficient to pay in full all Outstanding Senior Sales Tax Bonds in accordance with their terms (including principal or applicable Sinking Fund Installments thereof and interest thereon), the amounts on deposit in the Senior Debt Service Reserve Fund may, in the discretion of the Authority, be transferred to the Senior Debt Service Fund. Prior to said transfer, all investments held in the Senior Debt Service Reserve Fund shall be liquidated to the extent necessary in order to provide for the timely payment of principal or Redemption Price and interest on Senior Sales Tax Bonds.

In lieu of the required deposits and transfers to the Senior Debt Service Reserve Fund or as a replacement or substitution for any moneys or Investment Obligations then on deposit in the Senior Debt Service Reserve Fund, the Authority may at any time cause to be deposited into the Senior Debt Service Reserve Fund for the benefit of the Owners of the Senior Sales Tax Bonds a surety bond, an insurance policy, a letter of credit or other similar obligation (and may replace such surety bond, insurance policy, letter of credit or similar obligation from time to time) providing for payments in an amount equal to the difference between the Senior Debt Service Reserve Requirement and the sums, if any, then on deposit in the Senior Debt Service Reserve Fund or being deposited in the Senior Debt Service Reserve Fund concurrently with such surety bond, insurance policy, letter of credit or other similar obligation. The surety bond, insurance policy, letter of credit or other similar obligation shall be payable (upon the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the Senior Debt Service Reserve Fund and applied to the payment of a Principal Installment of or interest on any Senior Sales Tax Bonds and such withdrawal cannot be met by moneys and Investment Obligations on deposit in the Senior Debt Service Reserve Fund. To the extent there is on deposit in the Senior Debt Service Reserve Fund more than one surety bond, insurance policy, letter of credit or other similar obligation, the Trustee shall draw upon such obligations pro rata following the withdrawal of moneys and Investment Obligations on deposit therein. The insurer providing such surety bond or insurance policy shall be an insurer (i) whose municipal bond insurance policies, at the time of issue of such surety bond or insurance policy, insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax Bonds by any Rating Agency or (ii) who holds the highest policy-holder rating accorded insurers by any Rating Agency. The letter of credit issuer shall be a bank or trust company which at the time of issuance of the letter of credit has an outstanding, unsecured, uninsured and unguaranteed debt issue rated in a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax Bonds by any Rating Agency. If a disbursement is made pursuant to a surety bond, an insurance policy, a letter of credit or other similar obligation provided pursuant to this paragraph, the Authority shall be obligated, but only from the sources of payment specified in the Sales Tax Bond Trust Agreement, either (i) to reinstate the maximum limits of such surety bond, insurance policy, letter of credit or other similar obligation, (ii) to deposit into the Senior Debt Service Reserve Fund, funds in the amount of the disbursement made under such surety bond, insurance policy, letter of credit or other similar obligation, (iii) to promptly deposit into the Senior Debt Service Reserve Fund a different surety bond, insurance policy, letter of credit or other similar obligations having a maximum limit equal to the amount of the disbursement made under the existing surety bond, insurance policy, letter of credit or other similar obligation, or (iv) to utilize any combination of the alternatives set forth in

clauses (i), (ii) or (iii) above as shall provide that the amount in the Senior Debt Service Reserve Fund equals the Senior Debt Service Reserve Requirement. Subject to the provisions of the sixth paragraph under this heading, moneys and Investment Obligations on deposit in the Senior Debt Service Reserve Fund may, if required by the terms of any surety bond, letter of credit or other similar obligation, be utilized by the Authority to repay any drawings on such surety bond, letter of credit or other similar obligation, but only if such repayment will result in a reinstatement of the amount available to be drawn under such surety bond, letter of credit or other similar obligation in an amount at least equal to the amount of such repayment. Notwithstanding the foregoing and anything in the Sales Tax Bond Trust Agreement to the contrary, any funds deposited to restore the Senior Debt Service Reserve Fund shall be applied to reinstate any surety bond, insurance policy, letter of credit or other similar obligation prior to depositing additional moneys and Investment Obligations therein.

In the event of the refunding of any Senior Sales Tax Bonds, the Authority may direct the Trustee to withdraw from the Senior Debt Service Reserve Fund all, or any portion of, the amounts accumulated therein with respect to the Senior Sales Tax Bonds being refunded and deposit such amounts with the Trustee in a separate account to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Senior Sales Tax Bonds being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter the Senior Sales Tax Bonds being refunded shall be deemed to have been paid pursuant to the Sales Tax Bond Trust Agreement, and (b) the amount remaining in the Senior Debt Service Reserve Fund, after giving effect to the issuance of any Refunding Bonds and the disposition of the proceeds thereof and to any surety bond, insurance policy, letter of credit or other similar obligation deposited in such Fund pursuant to the Sales Tax Bond Trust Agreement, shall not be less than the Senior Debt Service Reserve Requirement. In the event of such refunding, the Authority may also direct the Trustee to withdraw from the Senior Debt Service Reserve Fund all, or any portion of, the amounts accumulated therein with respect to Senior Debt Service on the Senior Sales Tax Bonds being refunded and deposit such amounts in any Fund or Account under the Sales Tax Bond Trust Agreement; provided, however, that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied.

Regardless of the provisions of the Sales Tax Bond Trust Agreement, in the event that at any time the amount on deposit in the Senior Debt Service Reserve Fund, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation deposited in such Fund pursuant to the Sales Tax Bond Trust Agreement, shall be less than the Senior Debt Service Reserve Requirement as a result of any withdrawal from said Fund or as a result of the valuation of such Fund performed in accordance with the Sales Tax Bond Trust Agreement, the Authority shall restore the amount on deposit in the Senior Debt Service Reserve Fund, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation deposited in said Fund pursuant to the Sales Tax Bond Trust Agreement, to the Senior Debt Service Reserve Requirement, in the case of restoration after a withdrawal in twelve (12) equal monthly installments commencing within ninety (90) days of such withdrawal, and in the case of restoration as a result of valuation in six (6) equal monthly installments commencing thirty (30) days after such valuation. (*Section 507*).

### ***Subordinated Debt Service Fund***

The Trustee shall pay out of the Subordinated Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Subordinated Sales Tax Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment for Subordinated Sales Tax Bonds payable on such due date; and (iii) on or before any redemption date for the Subordinated Sales Tax Bonds, the amount required for the payment of the Redemption Price of and interest on the Subordinated Sales Tax Bonds then to be redeemed; provided, however, that if with respect to any Series of Subordinated Sales Tax

Bonds or portions thereof the amounts due on any such interest payment date and/or Principal Installment due date and/or redemption date are intended to be paid from a source other than amounts in the Subordinated Debt Service Fund prior to any application of amounts in the Subordinated Debt Service Fund to such payments, the Trustee shall not pay any such amounts to the Paying Agent until such amounts have failed to be provided from such other source at the time required and, if any such amounts due are paid from such other source, the Trustee shall apply the amounts in the Subordinated Debt Service Fund to provide reimbursement for such payment from such other source, as provided in the agreement governing reimbursement of such amounts to such other source. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the Subordinated Debt Service Fund (i) the accrued interest included in the purchase price of Subordinated Sales Tax Bonds purchased for retirement and (ii) upon written instruction of the Authority, any fees and charges related to Credit Facilities, Liquidity Facilities and Qualified Hedge Agreements with respect to Subordinated Sales Tax Bonds.

The amount, if any, deposited in the Subordinated Debt Service Fund from the proceeds of each Series of Subordinated Sales Tax Bonds shall be set aside in such Fund and applied to the payment of interest on Subordinated Sales Tax Bonds as provided in the Supplemental Trust Agreement relating to the issuance of such Series of Subordinated Sales Tax Bonds.

In the event the amount on deposit in the Subordinated Debt Service Fund shall be less than the requirement of such Fund pursuant to the Sales Tax Bond Trust Agreement, the Trustee shall provide a certificate to the Authority and the trustee under the Assessment Bond Trust Agreement setting forth the amount of the shortfall and shall receive such amount (to the extent available) from the Pledged Revenue Fund under the Assessment Bond Trust Agreement in accordance with the Sales Tax Bond Trust Agreement.

In the event of the refunding of any Subordinated Sales Tax Bonds, the Authority may direct the Trustee to withdraw from the Subordinated Debt Service Fund all, or any portion of, the amounts accumulated therein with respect to Subordinated Debt Service on the Subordinated Sales Tax Bonds being refunded and deposit such amounts in a separate account with the Trustee to be held for the payment of the principal or Redemption Price, if applicable, of and interest on the Subordinated Sales Tax Bonds being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter Subordinated Sales Tax Bonds being refunded shall be deemed to have been paid pursuant to the Sales Tax Bond Trust Agreement, and (b) the amount remaining in the Subordinated Debt Service Fund, after giving effect to the issuance of Refunding Bonds and the disposition of the proceeds thereof, shall not be less than the requirement of such Fund pursuant to the Sales Tax Bond Trust Agreement. In the event of such refunding, the Authority may also direct the Trustee to withdraw from the Subordinated Debt Service Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Subordinated Sales Tax Bonds being refunded and deposit such amounts in any Fund or Account under the Sales Tax Bond Trust Agreement; provided, however, that such withdrawal shall not be made unless clauses (a) and (b) referred to hereinabove have been satisfied and provided, further, that, at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under the Sales Tax Bond Trust Agreement (other than the Fund or Account into which such amount is being transferred). (*Section 508*).

#### ***Subordinated Debt Service Reserve Fund***

If on the last Business Day of any month the amount in the Subordinated Debt Service Fund shall be less than the amount required to be in such Fund pursuant to the Sales Tax Bond Trust Agreement, after deposit of any funds received from the Assessment Bond Trust Agreement in accordance with the

Sales Tax Bond Trust Agreement, the Trustee shall transfer to the Subordinated Debt Service Fund amounts from the Subordinated Debt Service Reserve Fund equal to the deficiency.

Whenever the moneys on deposit in the Subordinated Debt Service Reserve Fund shall exceed the Subordinated Debt Service Reserve Requirement, such excess may, in the discretion of the Authority, be transferred by the Trustee to the credit of the Subordinated Debt Service Fund or, if approved by an Opinion of Bond Counsel, to any Fund or Account specified by the Authority.

Whenever the amount in the Subordinated Debt Service Reserve Fund, together with the amount in the Subordinated Debt Service Fund, is sufficient to pay in full all Outstanding Sales Tax Bonds in accordance with their terms (including principal or applicable Sinking Fund Installments thereof and interest thereon), the amounts on deposit in the Subordinated Debt Service Reserve Fund may in the Authority's discretion be transferred to the Subordinated Debt Service Fund. Prior to said transfer, all investments held in the Subordinated Debt Service Reserve Fund shall be liquidated to the extent necessary in order to provide for the timely payment of principal or Redemption Price and interest on Subordinated Sales Tax Bonds.

In lieu of the required deposits and transfers to the Subordinated Debt Service Reserve Fund or as a replacement or substitution for any moneys or Investment Obligations then on deposit in the Subordinated Debt Service Reserve Fund, the Authority may at any time cause to be deposited into the Subordinated Debt Service Reserve Fund for the benefit of the Owners of the Subordinated Sales Tax Bonds a surety bond, an insurance policy, a letter of credit or other similar obligation (and may replace such surety bond, insurance policy, letter of credit or similar obligation from time to time) providing for payments in an amount equal to the difference between the Subordinated Debt Service Reserve Requirement and the sums, if any, then on deposit in the Subordinated Debt Service Reserve Fund or being deposited in the Subordinated Debt Service Reserve Fund concurrently with such surety bond, insurance policy, letter of credit or other similar obligation. The surety bond, insurance policy, letter of credit or other similar obligation shall be payable (upon the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the Subordinated Debt Service Reserve Fund and applied to the payment of a Principal Installment of or interest on any Subordinated Sales Tax Bonds and such withdrawal cannot be met by moneys and Investment Obligations on deposit in the Subordinated Debt Service Reserve Fund. The insurer providing such surety bond or insurance policy shall be an insurer (i) whose municipal bond insurance policies, at the time of issue of such surety bond or insurance policy, insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax Bonds by any Rating Agency or (ii) who holds the highest policy-owner rating accorded insurers by a nationally recognized insurance rating agency. The letter of credit issuer shall be a bank or trust company which at the time of issuance of the letter of credit has an outstanding, unsecured, uninsured and unguaranteed debt issue rated in a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax Bonds by any Rating Agency. If a disbursement is made pursuant to a surety bond, an insurance policy, a letter of credit or other similar obligation provided pursuant to this paragraph, the Authority shall be obligated, but only from the sources of payment specified in the Sales Tax Bond Trust Agreement, either (i) to reinstate the maximum limits of such surety bond, insurance policy, letter of credit or other similar obligation, (ii) to deposit into the Subordinated Debt Service Reserve Fund, funds in the amount of the disbursement made under such surety bond, insurance policy, letter of credit or other similar obligation, (iii) to promptly deposit into the Subordinated Debt Service Reserve Fund a different surety bond, insurance policy, letter of credit or other similar obligations having a maximum limit equal to the amount of the disbursement made under the existing surety bond, insurance policy, letter of credit or other similar obligation, or (iv) to utilize any combination of the alternatives set forth in clauses (i), (ii) or (iii) above as shall provide that the amount in the Subordinated Debt Service Reserve Fund equals the Subordinated Debt Service Reserve Requirement.

Subject to the provisions of the last paragraph under this heading, moneys and Investment Obligations on deposit in the Subordinated Debt Service Reserve Fund may, if required by the terms of any surety bond, letter of credit or other similar obligation, be utilized by the Authority to repay any drawings on such surety bond, letter of credit or other similar obligation, but only if such repayment will result in a reinstatement of the amount available to be drawn under such surety bond, letter of credit or other similar obligation in an amount at least equal to the amount of such repayment.

In the event of the refunding of any Subordinated Sales Tax Bonds, the Authority may direct the Trustee to withdraw from the Subordinated Debt Service Reserve Fund all, or any portion of, the amounts accumulated therein with respect to the Subordinated Sales Tax Bonds being refunded and deposit such amounts with the Trustee in a separate account to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Subordinated Sales Tax Bonds being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter the Subordinated Sales Tax Bonds being refunded shall be deemed to have been paid pursuant to the Sales Tax Bond Trust Agreement, and (b) the amount remaining in the Subordinated Debt Service Reserve Fund, after giving effect to the issuance of any Refunding Bonds and the disposition of the proceeds thereof and to any surety bond, insurance policy, letter of credit or other similar obligation deposited in such Fund pursuant to the Sales Tax Bond Trust Agreement, shall not be less than the Subordinated Debt Service Reserve Requirement. In the event of such refunding, the Authority may also direct the Trustee to withdraw from the Subordinated Debt Service Reserve Fund all, or any portion of, the amounts accumulated therein with respect to Subordinated Debt Service on the Subordinated Sales Tax Bonds being refunded and deposit such amounts in any Fund or Account under the Sales Tax Bond Trust Agreement; provided, however, that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied.

Regardless of the provisions of the Sales Tax Bond Trust Agreement, in the event that at any time the amount on deposit in the Subordinated Debt Service Reserve Fund, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation deposited in such Fund pursuant to the Sales Tax Bond Trust Agreement, shall be less than the Subordinated Debt Service Reserve Requirement as a result of any withdrawal from said Fund or as a result of the valuation of such Fund performed in accordance with the Sales Tax Bond Trust Agreement, the Authority shall restore the amount on deposit in the Subordinated Debt Service Reserve Fund, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation deposited in said Fund pursuant to the Sales Tax Bond Trust Agreement, to the Subordinated Debt Service Reserve Requirement, in the case of restoration after withdrawal in twelve (12) equal monthly installments commencing within ninety (90) days of such withdrawal, and in the case of restoration as a result of valuation in six (6) equal monthly installments commencing thirty (30) days after such valuation. (*Section 509*).

***General Fund***

If, on the last Business Day of any month, the amount in the Senior Debt Service Fund shall be less than the amount required to be deposited therein on such date, the amount in the Senior Debt Service Reserve Fund shall be less than the Senior Debt Service Reserve Requirement, the amount in the Subordinated Debt Service Fund shall be less than the amount then required to be on deposit in such Fund pursuant to the Trust Agreement or the amount in the Subordinated Debt Service Reserve Fund shall be less than the Subordinated Debt Service Reserve Requirement, the Authority shall transfer from any or all accounts within the General Fund to the credit of the respective Funds the amount necessary (or all the moneys credited to the General Fund if less than the amount necessary) to make up such deficiency.

To the extent not required to make up any such deficiency, amounts in the General Fund may, upon the direction of an Authorized Officer of the Authority, be transferred to any Fund or Account, transferred to the Authority free and clear of the lien of this Trust Agreement for any of its corporate



purposes consistent with the Act, or applied to the payment of debt service on General Fund Indebtedness or the payment of any General Fund Expenses. (*Section 302 of the Fourth Supplemental Trust Agreement*).

### ***Investment of Funds***

Amounts in the Funds and Accounts established by the Sales Tax Bond Trust Agreement may be invested by the Trustee at the written direction of the Authority or by the Authority, as the case may be, only in Investment Obligations. To the extent not used to meet the requirement of such Funds and Accounts, income from such Investment Obligations held in the Pledged Revenue Fund, the Senior Debt Service Fund, the Senior Debt Service Reserve Fund and in any Account of the Bond Proceeds Fund established by Supplemental Trust Agreement and held by the Trustee shall be credited to the Senior Debt Service Fund and income from such Investment Obligations held in the Subordinated Debt Service Fund and the Subordinated Debt Service Reserve Fund shall be credited to the Subordinated Debt Service Fund; provided, however, that in order to comply with the provisions under the heading "Tax Covenant" herein the Authority may provide in the Supplemental Trust Agreement authorizing a series of Sales Tax Bonds that earnings on the Senior Debt Service Fund, Senior Debt Service Reserve Fund, Subordinated Debt Service Fund and Subordinated Debt Service Reserve Fund, as applicable, shall be transferred to the Capital Account of the Bond Proceeds Fund, to the extent such earnings exceed the amount needed to meet the obligations under paragraphs (1) and (3) under the heading "Pledged Revenue Fund and Application Thereof," as applicable. The income from any Investment Obligations in the Rebate Fund and in the Bond Proceeds Fund or in a separate account or sub-account therein shall be held in such Fund, Account or sub-account for the purposes thereof. The Trustee and the Authority shall sell any Investment Obligations held in any Fund or Account to the extent required for payments from such Fund or Account. The proceeds of such sales, and of all payments at maturity or upon redemption of such investments, shall be held in the applicable Fund or Account to the extent required to meet the requirements of such Fund or Account. In computing the amount of such Funds and Accounts, investments 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 for purposes of the provisions under this heading.

In making any investment in any Investment Obligations with moneys in any Fund or Account established under the Sales Tax Bond Trust Agreement, the Trustee and the Authority may combine such moneys with moneys in any other Fund or Account held by it, but solely for purposes of making such investment in such Investment Obligations.

Nothing in the Sales Tax Bond Trust Agreement shall prevent any Investment Obligations acquired as investments of or security for any Fund or Account held under the Sales Tax Bond Trust Agreement from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

Each investment of any moneys in any Fund or Account established under the Sales Tax Bond Trust Agreement shall permit the moneys so deposited or invested to be available for use at the times at which the Authority reasonably believes such moneys will be required for the purposes hereof.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Trust Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person dealing as principal for its own account. (*Section 510*).

***Satisfaction of Sinking Fund Installments***

Any amount accumulated in the Senior Debt Service Fund or Subordinated 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 Funds with respect to interest on the Sales Tax Bonds for which such Sinking Fund Installment was established) by the Trustee at the direction of the Authority prior to the forty-fifth day preceding the due date of such Sinking Fund Installment as follows:

(1) to the purchase of Sales Tax 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 Sales Tax Bonds plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Authority shall determine; or

(2) to the redemption of such Sales Tax Bonds if then redeemable by their terms at the price referred to in clause (1) hereof.

All Sales Tax Bonds so purchased or redeemed shall be delivered to the Trustee for cancellation prior to the forty-fifth day preceding the due date of such Sinking Fund Installment. The principal amount of any Sales Tax Bonds so purchased or redeemed shall be deemed to constitute part of the Senior Debt Service Fund or Subordinated Debt Service Funds, as applicable, until such Sinking Fund Installment date, for the purpose of calculating the amount of such Fund.

Upon the purchase or redemption of any Sales Tax Bond pursuant to clause 1 under this heading, an amount equal to the principal amount of the Sales Tax Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due with respect to the Sales Tax 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. Concurrently with the delivery of such Sales Tax Bonds the Authority shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Officer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Sales Tax Bonds so delivered, (ii) the date of the Sinking Fund Installment in satisfaction of which such Sales Tax Bonds are so delivered, (iii) the aggregate principal amount of the Sales Tax Bonds so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Sales Tax Bonds.

Upon the purchase or redemption of any Series of Sales Tax Bonds for which Sinking Fund Installments shall have been established, an amount equal to the principal amount of the Sales Tax Bonds so purchased or redeemed shall be credited toward future Sinking Fund Installments in such order as the Authority shall determine. In satisfaction, in whole or in part, of any Sinking Fund Installment, the Authority may deliver to the Trustee at least forty-five days prior to the date of such Sinking Fund Installment, for cancellation, Sales Tax Bonds purchased or redeemed, except Sales Tax Bonds purchased or redeemed pursuant to the provisions of clause 1 under this heading, of the Series and maturity entitled to such Sinking Fund Installment. All Sales Tax Bonds so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Sales Tax Bonds. Concurrently with such delivery of such Sales Tax Bonds the Authority shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Officer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Sales Tax Bonds so delivered, (ii) the date of the Sinking Fund Installment in satisfaction of which such Sales Tax Bonds are so delivered, (iii) the aggregate principal amount of the Sales Tax Bonds so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Sales Tax Bonds.

The Trustee shall, upon receipt of the notice required by and in the manner provided in the Sales Tax Bond Trust Agreement or in the Supplemental Trust Agreement authorizing the Series of Sales Tax Bonds of which the Sales Tax Bonds to be redeemed are part, call for redemption on the date of each Sinking Fund Installment falling due prior to maturity Sales Tax Bonds of the Series, maturity and interest rate within each maturity for which such Sinking Fund Installment was established (except in the case of Sales Tax Bonds maturing on a Sinking Fund Installment date) in such amount as is required to exhaust the unsatisfied balance of such Sinking Fund Installment.

The Trustee shall pay out of the Senior Debt Service Fund or Subordinated Debt Service Funds as applicable, to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Sales Tax Bonds so called for redemption (or for the payment of such Sales Tax Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Sales Tax Bonds shall be paid by the Authority.

Except as may be otherwise provided with respect to Put Bonds in the Supplemental Trust Agreement providing for the issuance thereof, all Sales Tax Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Sales Tax Bonds, together with all Sales Tax Bonds purchased or redeemed which have been delivered to the Trustee for application as a credit against Sinking Fund Installments, and all Sales Tax Bonds purchased by the Trustee, shall thereupon be promptly canceled. (*Section 511*).

**Particular Covenants of the Authority:**

***Payment of Sales Tax Bonds***

The Authority shall duly and punctually pay or cause to be paid the principal or Redemption Price of every Sales Tax Bond and the interest thereon, at the dates and places and in the manner mentioned in the Sales Tax Bonds, according to the true intent and meaning thereof, and shall duly and punctually satisfy all Sinking Fund Installments which may be established for any Series. Except as in the Sales Tax Bond Trust Agreement otherwise provided, the principal or Redemption Price of such Sales Tax Bonds and the interest thereon are payable solely from Pledged Revenues which Pledged Revenues are pledged thereunder to the payment thereof in the manner and to the extent particularly specified in the Sales Tax Bond Trust Agreement, and nothing in the Sales Tax Bonds or in the Sales Tax Bond Trust Agreement shall be construed as obligating the Commonwealth or any political subdivision thereof to pay the Sales Tax Bonds or the interest thereon except from such Pledged Revenues or as pledging the faith and credit or taxing power of the Commonwealth or of any such political subdivision. (*Section 601*).

***Power to Issue Sales Tax Bonds and Pledge Pledged Revenues and Other Funds***

The Authority is duly authorized under all applicable laws to create and issue the Sales Tax Bonds and to adopt the Sales Tax Bond Trust Agreement and to pledge the Pledged Revenues and other moneys, securities and funds purported to be pledged by the Sales Tax Bond Trust Agreement in the manner and to the extent provided in the Sales Tax Bond Trust Agreement. Except to the extent otherwise provided in the Sales Tax Bond Trust Agreement, the Pledged Revenues and other moneys, securities, funds and accounts so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Sales Tax Bond Trust Agreement, and all corporate action on the part of the Authority to that end has been duly and validly taken. The Sales Tax Bonds and the provisions of the Trust Agreement are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of the Sales Tax Bond Trust Agreement. The Authority shall at all times, to the extent permitted by law, defend,

preserve and protect the pledge of the Pledged Revenues and other moneys, securities, funds and accounts pledged under the Sales Tax Bond Trust Agreement and all the rights of the Bondowners under the Sales Tax Bond Trust Agreement against all claims and demands of all persons whomsoever. (*Section 604*).

### ***Dedicated Payments***

In the Authority's discretion, revenues of the Authority which are not Pledged Revenues as defined in the Sales Tax Bond Trust Agreement as initially adopted may be pledged and designated as Dedicated Payments by resolution of the Authority, provided the conditions in one of the three following sentences of this paragraph are satisfied. If such Dedicated Payments are to be received from the United States of America, (a) they must automatically recur without appropriation, approval or other similar action by the United States of America or any agency or instrumentality thereof for so long as the Authority is relying thereon for the purpose of issuing Sales Tax Bonds and (b) the manner of determining the amounts to be derived therefrom must not be subject to change or revision during such period. If such Dedicated Payments are to be received from the Commonwealth, they must consist of a payment obligation payable to the Authority pursuant to a statutory or contractual arrangement with the Commonwealth which, in the opinion of Bond Counsel, constitutes a general obligation of the Commonwealth; provided that at the time of entering into such arrangement (a) such arrangement, by its terms, will not terminate so long as the Authority is relying thereon for the purpose of issuing Sales Tax Bonds and (b) the manner of determining the amounts to be derived from such arrangement is not subject to change or revision during such period. Notwithstanding the source of funding, if the Authority has received a written confirmation from each Rating Agency that its published, unenhanced rating of Outstanding Sales Tax Bonds will not be adversely affected, the Authority may, in its sole discretion, designate any revenues which are not Pledged Revenues as Dedicated Payments.

All Dedicated Payments shall be deposited upon receipt in the Senior Debt Service Fund or the Subordinated Debt Service Fund, as determined by such Certificate of an Authorized Officer. The Authority may in its discretion reverse or modify any pledge and designation of Dedicated Revenues by a further resolution and any determination to deposit Dedicated Payments in the Senior Debt Service Fund or the Subordinated Debt Service Fund may be reversed or modified by Certificate of an Authorized Officer, provided that a Certificate of an Authorized Officer shall establish that following any such reversal or modification the Authority will meet the test for incurring \$1 (one dollar) of additional Senior Sales Tax Bonds set forth in the Sales Tax Bond Trust Agreement. (*Section 605*).

### ***Accounts and Reports***

The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of the Funds established by the Sales Tax Bond Trust Agreement, and which shall at all times be subject to the inspection of the Trustee and the Owners of an aggregate of not less than twenty-five percent (25%) in principal amount of the Senior Sales Tax Bonds then Outstanding and twenty-five percent (25%) in principal amount of Subordinated Sales Tax Bonds Outstanding or their representatives duly authorized in writing. The Authority shall cause such books and accounts to be audited annually after the end of its Fiscal Year by an independent public accountant selected by the Authority and shall furnish to the Trustee a copy of the report of such audit. Such report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions under the Sales Tax Bond Trust Agreement and of each Supplemental Trust Agreement; a statement of the Pledged Revenues collected in connection herewith and with each Supplemental Trust Agreement; a statement that the balance in the Senior Debt Service Reserve Fund and in the Subordinated Debt Service Reserve Fund meet the requirements under the Sales Tax Bond Trust Agreement and of any applicable Supplemental Trust Agreement; and a statement that, in making such audit, no knowledge of any default in the fulfillment of any of the terms,

covenants or provisions under the Sales Tax Bond Trust Agreement and of each Supplemental Trust Agreement were obtained, or if knowledge of any such default was obtained, a statement thereof.

The reports, statements and other documents required to be furnished by the Authority to the Trustee pursuant to any provisions of the Sales Tax Bond Trust Agreement shall be available for the inspection of Bondowners at the office of the Trustee. (*Section 606*).

***Tax Covenant***

The Authority shall take, or require to be taken, such action as may from time to time be required to assure the continued exclusion from the federal gross income of holders of any Series of Sales Tax Bonds, the interest on which is not includable in the gross income of the holder thereof for Federal income tax purposes. The Authority shall not permit the investment or application of the proceeds of any Series of Sales Tax 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 Sales Tax Bonds to be “arbitrage bonds” within the meaning of said section 148. (*Section 607*).

***Funding of Deficiency Fund and Capital Maintenance Fund***

The Authority shall fund the Deficiency Fund and the Capital Maintenance Fund as required under the Authority’s resolution establishing such Funds, and a copy of resolution, and any amendments thereto, shall be filed with the Trustee. (*Section 608*).

***General***

The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and the Sales Tax Bond Trust Agreement.

Upon the date of authentication and delivery of any of the Sales Tax Bonds, all conditions, acts and things required by law and the Sales Tax Bond Trust Agreement to exist, to have happened and to have been performed precedent to and in the issuance of such Sales Tax Bonds shall exist, shall have happened and shall have been performed and the issue of such Sales Tax Bonds, together with all other indebtedness of the Authority, shall be within every debt and other limit prescribed by the laws of the Commonwealth.

For the purpose of performing and carrying out the duties imposed on the Authority by the Sales Tax Bond Trust Agreement, the Authority may employ any individual, firm or corporation it deems necessary to fulfill its responsibilities under the Act and the Sales Tax Bond Trust Agreement. (*Section 609*).

***Trustee and Paying Agent***

State Street Bank and Trust Company is appointed Trustee under the Sales Tax Bond Trust Agreement. The Authority may appoint one or more Paying Agents for Sales Tax Bonds of any Series in the Supplemental Trust Agreement authorizing such Sales Tax Bonds, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in the Sales Tax Bond Trust Agreement for a successor Paying Agent. The Trustee may be appointed as Paying Agent. The Trustee may at any time resign and be discharged of the duties and obligations created by the Sales Tax

Bond Trust Agreement by giving not less than 30 days' written notice to the Authority and the registered owners of the Sales Tax Bonds. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in principal amount of the Senior Sales Tax Bonds and the Subordinated Sales Tax Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Sales Tax Bonds held by or for the account of the Authority. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Sales Tax Bond Trust Agreement with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the Authority or the holders of not less than 25% in aggregate principal amount of Senior Sales Tax Bonds Outstanding and not less than 25% in aggregate principal amount of Subordinated Sales Tax Bonds Outstanding. Notwithstanding the foregoing provisions, at the end of the fifth Fiscal Year following the Fiscal Year in which the first series of Sales Tax Bonds is issued under the Sales Tax Bond Trust Agreement, and at the end of every fifth Fiscal Year thereafter, the Authority may remove the Trustee, except during the existence of an Event of Default, upon 120 days' written notice to the trustee by filing with the Trustee an instrument signed by an Authorized Representative of the Authority. Any Successor Trustee shall be a bank or trust company organized under the laws of any state of the United States or a national banking association having a capital and surplus aggregating at least \$100,000,000. (*Sections 701, 702, 707, 708 and 709*).

***Supplemental Trust Agreements Not Requiring Consent of Bondowners***

The Authority and the Trustee to the Sales Tax Bond Trust Agreement may without the consent of, or notice to, any of the holders of the Sales Tax Bonds enter into agreements supplemental to the Sales Tax Bond Trust Agreement as shall not, in their opinion, be inconsistent with the terms and provisions of the Sales Tax Bond Trust Agreement for any one or more of the following purposes and at any time or from time to time:

(1) To authorize Sales Tax Bonds of a Series and, in connection therewith, (a) specify and determine the matters and things referred to in the Sales Tax Bond Trust Agreement, and also any other matters and things relative to such Sales Tax Bonds which are not contrary to or inconsistent with the Sales Tax Bond Trust Agreement as theretofore in effect or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Sales Tax Bonds, including without limiting the generality of the foregoing, provisions amending or modifying the Sales Tax Bond Trust Agreement to provide for the issuance of Sales Tax Bonds in book-entry form or in coupon form payable to bearer;

(2) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Sales Tax Bond Trust Agreement, of the Pledged Revenues or of any other moneys, securities or funds;

(3) to modify any of the provisions of the Sales Tax Bond Trust Agreement in any respect whatsoever, provided that (i) such modification shall be, and be expressed to be, effective only after all Sales Tax Bonds of any Series affected by the amendment Outstanding at the date of the execution and delivery of such Supplemental Trust Agreement shall cease to be Outstanding, and (ii) such Supplemental Trust Agreement shall be specifically referred to in the text of all Sales Tax Bonds of any Series authenticated and delivered after the date of the execution and delivery of such Supplemental Trust Agreement and of Sales Tax Bonds issued in exchange therefor or in place thereof;

(4) to modify the definition of Investment Obligations as directed by the Authority, provided that the Authority shall have provided evidence to the Trustee that the details of such modification have been provided in writing to each Rating Agency then assigning a rating on Outstanding Sales Tax Bonds

and that each such Rating Agency has either (i) confirmed in writing that such modification will not adversely affect such ratings or (ii) issued a rating on a Series of Sales Tax Bonds to be issued which is not lower than the rating assigned by such Rating Agency to Outstanding Sales Tax Bonds prior to such modification, or any other evidence satisfactory to the Trustee that modification will not adversely affect the then current ratings, if any, assigned to the Sales Tax Bonds by any Rating Agency;

(5) to subject to the lien of the Sales Tax Bond Trust Agreement additional revenues, security or collateral;

(6) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Sales Tax Bond Trust Agreement;

(7) to insert such provisions clarifying matters or questions arising under the Sales Tax Bond Trust Agreement as are necessary or desirable and are not contrary to or inconsistent with the Sales Tax Bond Trust Agreement as theretofore in effect;

(8) to authorize the issuance of bonds, notes or any other obligation entitled to a lien on Pledged Revenues or the Funds and Accounts under the Sales Tax Bond Trust Agreement in accordance with the Sales Tax Bond Trust Agreement; or

(9) to provide for additional duties of the Trustee. (*Section 801*).

***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 Sales Tax Bond 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 said the Sales Tax Bond Trust Agreement, shall become fully effective in accordance with its terms as provided in said the Sales Tax Bond Trust Agreement. (*Section 802*).

***Amendments***

Any modification or amendment of the Sales Tax Bond Trust Agreement and of the rights and obligations of the Authority and of the Owners of the Sales Tax Bonds and coupons thereunder may be made by a Supplemental Trust Agreement, with the written consent given as provided in the Sales Tax Bond Trust Agreement, (i) of the Owners of at least a majority in principal amount of the Senior Sales Tax Bonds Outstanding or, if no Senior Sales Tax Bonds are Outstanding, at least a majority in principal amount of the Subordinated Sales Tax Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the Senior Sales Tax Bonds, or if no Senior Sales Tax Bonds are Outstanding, less than all of the Subordinated Sales Tax Bonds, then Outstanding are affected by the modification or amendment, of the Owners of at least a majority in principal amount of the Senior Sales Tax Bonds, or if no Senior Sales Tax Bonds are Outstanding, Subordinated Sales Tax Bonds, of each Series so affected and 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 Sales Tax Bonds remain Outstanding, the consent of the Owners of such Sales Tax Bonds shall not be required and such Sales Tax Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Sales Tax Bonds under this heading. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Senior Sales Tax Bond or any Outstanding Subordinated Sales Tax 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 Sales Tax Bond, or shall reduce the percentages or otherwise affect the classes of Sales Tax 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 Sales Tax Bond Trust Agreement if the same adversely affects or diminishes the rights of the Owners of Sales Tax Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment, Sales Tax Bonds of any particular Series or maturity would be affected by any modification or amendment of the Sales Tax Bond 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 Sales Tax Bonds. For purposes of the provisions under this heading, the Owners of the Sales Tax Bonds may include the initial holders thereof, regardless of whether such Sales Tax Bonds are being held for immediate resale. (*Section 902*).

### ***Events of Default***

The occurrence of any one or more of the following events shall constitute an Event of Default under the Sales Tax Bond Trust Agreement:

- (1) The Authority shall fail to make payment of the principal of any Sales Tax Bond when the same shall become due and payable, either at maturity or scheduled redemption; or
- (2) The Authority shall fail to make payment of any installment of interest on any Sales Tax Bonds when the same shall become due and payable; or
- (3) The Authority shall default in the observance or performance of any other covenants or agreements on the part of the Authority contained in the Sales Tax Bond Trust Agreement, and such default shall continue for ninety (90) 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 twenty-five percent (25%) in aggregate principal amount of the Sales Tax Bonds then Outstanding. (*Section 1001*).

### ***Remedies***

Upon the occurrence and during the continuation of any Event of Default, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Senior Sales Tax Bonds or Subordinated Sales Tax Bonds then Outstanding under the Sales Tax Bond Trust Agreement shall proceed to protect and enforce its rights and the rights of the Bondowners under the laws of the Commonwealth or under the Sales Tax Bond 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 in Sales Tax Bond Trust Agreement 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. (*Section 1002*).

### ***Trustee for Subordinated Bondowners***

During any period in which an Event of Default shall have occurred and be continuing if there shall be Outstanding under the Sales Tax Bond Trust Agreement Subordinated Sales Tax Bonds and



Senior Sales Tax Bonds, the registered owners of the Subordinated Sales Tax Bonds shall be entitled to the appointment of a trustee to act on their behalf in any suit, action or proceeding under the Sales Tax Bond Trust Agreement and to otherwise exercise on their behalf any of their rights thereunder; provided, however, that such trustee shall not be entitled to hold any Funds or Accounts under the Sales Tax Bond Trust Agreement which shall continue to be held thereunder by the Trustee. During such period the Trustee under the Sales Tax Bond Trust Agreement shall then act exclusively on behalf of the registered owners of Senior Sales Tax Bonds Outstanding; provided, however, the Trustee shall continue to bear its fiduciary obligation to all Bondholders as provided in the Sales Tax Bond Trust Agreement with respect to any Funds or Accounts or any other amounts held in trust under the Sales Tax Bond Trust Agreement. Any such trustee may be appointed with the consent of a majority in principal amount Outstanding of Subordinated Sales Tax Bonds. Notice of the appointment of any such trustee shall be given to the Trustee and the Authority promptly upon such appointment and to all registered owners of Subordinated Sales Tax Bonds. (*Section 1003*).

***Application of Pledged 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 Depository in any Fund, Account or Subaccount under the Sales Tax Bond Trust Agreement (excluding the Rebate Fund) and (ii) as promptly as practicable after receipt thereof, the Pledged Revenues. To the extent that the allocation of such moneys, securities, funds and Pledged Revenues is not otherwise provided for in the Sales Tax Bond Trust Agreement, the Trustee shall establish and deposit the same into a separate Account in the Senior Debt Service Fund.

During the continuation of an Event of Default, all Pledged Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Sales Tax Bond 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 holders of the Sales Tax 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 Sales Tax 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 Sales Tax Bond Trust Agreement.

(b) To the payment of the principal of and interest then due on the Sales Tax Bonds upon presentation of the Sales Tax 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 Sales Tax Bond Trust Agreement, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due on Senior Sales Tax 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;

Second: To the payment to the persons entitled thereto of the unpaid principal of any Senior Sales Tax 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 Senior Sales Tax Bonds, and, if the amount available shall not be sufficient to pay in full all the Senior Sales Tax 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;

Third: To the payment to the persons entitled thereto of all installments of interest then due on Subordinated Sales Tax 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

Fourth: To the payment to the persons entitled thereto of the unpaid principal of any Subordinated Sales Tax 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 Subordinated Sales Tax Bonds, and, if the amount available shall not be sufficient to pay in full all the Subordinated Sales Tax 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;

(c) If the Trustee shall have received a certificate from the trustee under the Assessment Bond Trust Agreement in accordance with the Sales Tax Bond Trust Agreement, to such trustee the amount set forth in such certificate.

(d) To the applicable trustee or custodian for Prior Obligations, the amount set forth in a certificate of an Authorized Officer for the payment of Prior Obligations.

(e) To the payment of General Fund Expenses and General Fund Indebtedness.

Notwithstanding the foregoing, in the event that by April 1 of any year, commencing April 1, 2001, the Authority is otherwise unable to make the certification required under Section 35T that it has made provision in its annual budget under the Act for sufficient amounts to be available in the next Fiscal Year to meet the Prior Obligations without changing the priority of payment of the Prior Obligations in accordance with this sentence, the deposit required pursuant to paragraph (d) above shall be made prior to the deposit required pursuant to clause (a) during the following Fiscal Year; provided, however, that if during such Fiscal Year the Authority shall adopt a supplemental budget which would permit the Authority to be able to make such certification without changing such priority as aforesaid, the deposit required pursuant to clause (d) shall not be required to be paid prior to the deposit under clause (b) for the remainder of such Fiscal Year. (*Section 1004*).

***Defeasance***

(1) If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Sales Tax Bonds then Outstanding, the principal and interest and Redemption Price to become due thereon, at the times and in the manner stipulated therein and in the Sales Tax Bond Trust Agreement, then, at the option of the Authority, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Authority to the Bondowners shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all money, securities and funds held by them pursuant to the Sales Tax Bond Trust Agreement which are not required for the payment or redemption of Sales Tax Bonds not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, to the Owners of any Outstanding Sales Tax Bonds the principal or Redemption Price and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Sales Tax Bond Trust Agreement, such Sales Tax Bonds shall cease to be entitled to any lien, benefit or security under the Sales Tax Bond Trust Agreement, and all covenants, agreements and obligations of the Authority to the Owners of such Sales Tax Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Notwithstanding any other

provision of the Sales Tax Bond Trust Agreement, certain provisions, including those related to redemption of Sales Tax Bonds, execution and authentication of Sales Tax Bonds, satisfaction of Sinking Fund Installments, appointment of Trustee and Paying Agents, and compensation of Fiduciaries, (in the case of each of the foregoing, such survival shall continue only until such Sales Tax Bonds are in fact paid), and shall, within limits survive the defeasance of the Sales Tax Bonds.

(2) Sales Tax Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be defeased. Subject to the provisions of paragraphs (3) through (7) under this heading, any Outstanding Sales Tax Bond shall prior to the maturity or redemption date thereof be defeased if (a) in case any of said Sales Tax Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee instructions accepted in writing by the Trustee to mail as provided in the Sales Tax Bond Trust Agreement notice of redemption of such Sales Tax Bonds (other than Sales Tax Bonds which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Investment Obligations (as hereinafter defined) including any Investment Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States 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 same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Sales Tax Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Sales Tax Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Sales Tax Bonds at their last addresses appearing upon the registry books at the close of business on the last Business Day on the month preceding the month for which notice is mailed that the deposit required by (b) above has been made with the Trustee and that said Sales Tax Bonds are deemed to have been defeased and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of paragraphs (7) and (8) under this heading, to be available for the payment of the principal or Redemption Price, if applicable, on said Sales Tax Bonds (other than Sales Tax Bonds which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of redemption referred to in clause (a) hereof). The Trustee shall, as and to the extent necessary, apply moneys held by it under this heading to the retirement of said Sales Tax Bonds in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Sales Tax Bonds, all in the manner provided in the Sales Tax Bond Trust Agreement. The Trustee shall, if so directed by the Authority (i) prior to the maturity date of defeased Sales Tax Bonds which are not to be redeemed prior to their maturity date or (ii) prior to the time of the mailing of the notice referred to in clause (a) above with respect to any defeased Sales Tax Bonds which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect to such Sales Tax Bonds and redeem or sell Investment Obligations so deposited with the Trustee and apply the proceeds thereof to the purchase of such Sales Tax Bonds as arranged and directed by the Authority and the Trustee shall immediately thereafter cancel all such Sales Tax Bonds so purchased; provided, however, that the moneys and Investment Obligations remaining on deposit with the Trustee after the purchase and cancellation of such Sales Tax Bonds shall be sufficient to pay when due the Principal Installment or Redemption Price, if applicable, and interest due or to become due on all remaining Sales Tax Bonds, in respect of which such moneys and Investment Obligations are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be.

If, at any time (i) prior to the maturity date of defeased Sales Tax Bonds which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) with respect to any defeased Sales Tax Bonds which are to be redeemed on any date prior to their maturity, the Authority shall purchase or otherwise acquire any such Sales Tax Bonds and deliver such Sales Tax Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately cancel all such Sales Tax Bonds so delivered; such delivery of Sales Tax Bonds to the Trustee shall be accompanied by directions from the Authority to the Trustee as to the manner in which such Sales Tax Bonds are to be applied against the obligation of the Trustee to pay or redeem defeased Sales Tax Bonds; all in accordance with the Assessment Bond Trust Agreement.

In the event that on any date as a result of any purchases, acquisitions and cancellations of Sales Tax Bonds, the total amount of moneys and Investment Obligations remaining on deposit with the Trustee under this heading is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Sales Tax Bonds in order to defease such Sales Tax Bond, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, security, interest, pledge or assignment securing said Sales Tax Bonds or otherwise existing under the Sales Tax Bond Trust Agreement. Except as otherwise provided in paragraph (2) and paragraphs (3) through (8) under this heading, neither Investment Obligations nor moneys deposited with the Trustee pursuant to the provisions under this heading nor principal or interest payments on any such Investment Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Sales Tax Bonds; provided that any cash received from such principal or interest payment on such Investment Obligations deposited with the Trustee, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Authority as received by the Trustee, free and clear of any trust, lien or pledge securing said Sales Tax Bonds or otherwise existing under the Sales Tax Bond Trust Agreement, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Investment Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Sales Tax Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien, security interest, pledge or assignment securing said Sales Tax Bonds or otherwise existing under the Sales Tax Bond Trust Agreement. For the purposes of the provisions under this heading, Investment Obligations shall mean and include only (x) such securities as are described in clauses (i), (v) (to the extent rated at the time of investment in the highest rating category, without regard to any refinement or gradation of such rating, by any Rating Agency), (vi) and (viii) of the definition of "Investment Obligations" which shall not be subject to redemption prior to their maturity other than at the option of the Owner thereof, (y) such securities as are described in clause (ii) of the definition of Investment Obligations which shall not be subject to redemption prior to their maturity other than at the option of the Owner thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the Owner thereof, or (z) upon compliance with the provisions of paragraph (5) under this heading, such securities as are described in clauses (i), (v) to the extent rated at the time of investment in the highest rating category, without regard to any refinement or gradation of such rating, by any Rating Agency, (vi) or (viii) of the definition of Investment Obligations which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

(3) For purposes of determining whether Variable Interest Rate Bonds are defeased, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity or redemption date thereof, as the case may be, shall be calculated at the maximum rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Interest Rate Bonds having borne

interest at less than such maximum rate for any period, the total amount of moneys and Investment Obligations on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Interest Rate Bonds in order to satisfy the second sentence of paragraph (2) under this heading, the Trustee shall, if requested, by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, security interest, pledge or assignment securing the Sales Tax Bonds or otherwise existing under the Sales Tax Bond Trust Agreement.

(4) Put Bonds shall be deemed to have been defeased only if, in addition to satisfying the other requirements, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Sales Tax Bonds which could become payable to the Owners of such Sales Tax Bonds upon the exercise of any options provided to the Owner of such Sales Tax Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to paragraph (2) under this heading, the options originally exercisable by the Owner of a Put Bond are no longer exercisable, such Sales Tax Bond shall not be considered a Put Bond for purposes of this paragraph (4). If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Put Bonds is not required for such purpose, the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any trust, lien, security interest, pledge or assignment securing said Sales Tax Bonds or otherwise existing under the Sales Tax Bond Trust Agreement.

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

(6) In the event that after compliance with the provisions of paragraph (5) under this heading the Investment Obligations described in clause (z) of paragraph (2) under this heading are included in the Investment Obligations deposited with the Trustee in order to satisfy the requirements of clause (b) of paragraph (2) under this heading and any such Investment Obligations are actually redeemed by the issuer thereof prior to their maturity date, then the Trustee at the direction of the Authority, provided that the aggregate of the moneys and Investment Obligations to be held by the Trustee, taking into account any changes in redemption dates or instructions to give notice of redemption given to the Trustee by the Authority in accordance with paragraph (7) under this heading, shall at all times be sufficient to satisfy the requirements of clause (b) of paragraph (2) under this heading, shall reinvest the proceeds of such redemption in Investment Obligations.

(7) In the event that after compliance with the provisions of paragraph (5) under this heading the Investment Obligations described in clause (z) of paragraph (2) under this heading are included in the Investment Obligations deposited with the Trustee in order to satisfy the requirements of clause (b) of

paragraph (2) the provisions under this heading, then any notice of redemption to be mailed by the Trustee and any set of instructions relating to a notice of redemption given to the Trustee may provide, at the option of the Authority, that any redemption date or dates in respect of all or any portion of the Sales Tax Bonds to be redeemed on such date or dates may at the option of the Authority be changed to any other permissible redemption date or dates and that redemption dates may be established for any Sales Tax Bonds deemed to have been paid in accordance with the provisions under this heading upon their maturity date or dates at any time prior to the actual mailing of any applicable notice of redemption in the event that all or any portion of any Investment Obligations described in clause (z) of paragraph (2) under this heading have been called for redemption pursuant to an irrevocable notice of redemption or have been redeemed by the issuer thereof prior to the maturity date thereof; no such change of redemption date or dates or establishment of redemption date or dates may be made unless taking into account such changed redemption date or dates or newly established redemption date or dates the moneys and Investment Obligations on deposit with the Trustee including any Investment Obligations deposited with the Trustee in connection with any reinvestment of redemption proceeds in accordance with paragraph (6) pursuant to clause (b) of paragraph (2) under this heading would be sufficient to pay when due the principal and Redemption Price, if applicable, and interest on all Sales Tax Bonds deemed to have been paid in accordance with the provisions under this heading which have not as yet been paid.

(8) Unless waived by the Authority at the time Sales Tax Bonds are defeased, at any time prior to the actual mailing of any applicable notice of redemption any redemption date or dates in respect of all or any portion of the Sales Tax Bonds to be redeemed on such date or dates may at the option of the Authority be changed to any other permissible redemption date or dates and redemption dates may be established for any Sales Tax Bonds deemed to have been defeased upon their maturity date or dates in both cases in accordance with the Assessment Bond Trust Agreement.

(9) The Authority agrees that it will take no action in connection with any of the transactions referred to under this heading which will cause any Sales Tax 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.

(10) Anything in the Sales Tax Bond Trust Agreement to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Sales Tax 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 Sales Tax 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 Sales Tax 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 Sales Tax Bonds; provided, however, that before being required to make any such payment to the Authority, the Fiduciary shall, at the expense of the Authority, cause to be published at least twice, at an interval of not less than 7 days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Authority.

(11) Anything in the Sales Tax Bond Trust Agreement to the contrary notwithstanding, agreements and obligations of the Authority under the Sales Tax Bond Trust Agreement shall not be discharged and satisfied until all outstanding payment obligations to the provider of any surety bond, insurance policy, letter of credit or other similar obligation held in the Senior Debt Service Reserve Fund shall have been satisfied. (*Section 1005*).

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## APPENDIX C

*Upon the delivery of the Bonds, Bond Counsel proposes to deliver to the Underwriter an opinion in substantially the following form:*



One Financial Center  
Boston, MA 02111  
617-542-6000  
617-542-2241 fax  
www.mintz.com

Massachusetts Bay Transportation Authority  
10 Park Plaza  
Boston, Massachusetts 02116

We have acted as bond counsel to the Massachusetts Bay Transportation Authority (the "Authority") in connection with the issuance by the Authority of Assessment Bonds, 2012 Series A, dated the date of initial delivery thereof (the "Bonds"). The Bonds are being issued pursuant to Chapter 161A of the Massachusetts General Laws, as amended (the "Act"), and the Assessment Bond Trust Agreement dated as of July 1, 2000 by and between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), as amended, and as supplemented by the Tenth Supplemental Trust Agreement, dated as of May 1, 2012 and by and between the Authority and the Trustee (collectively the "Trust Agreement"). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. Unless otherwise defined herein, certain capitalized terms used herein shall have the meanings set forth in the Trust Agreement.

Based upon the foregoing, we are of the opinion that, under existing law:

(a) The Authority is duly created and validly existing as a body politic and corporate and a political subdivision of The Commonwealth of Massachusetts (the "Commonwealth") with the corporate power to enter into the Trust Agreement, perform the agreements on its part contained therein and issue the Bonds.

(b) The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding special obligations of the Authority enforceable in accordance with their terms. The Bonds are secured by the Trust Agreement and a pledge of the Pledged Revenues (as defined therein) received by or for the account of the Authority and amounts on deposit in the funds and accounts pledged as security therefor under the Trust Agreement. The Trust Agreement creates the valid pledge and lien which it purports to create for the benefit of the holders of the Bonds, subject to the application of such Pledged Revenues and amounts to the purposes and on the conditions permitted by the Trust Agreement.

(c) The Trust Agreement and the Sales Tax Bond Trust Agreement have been duly and lawfully authorized, executed and delivered, are in full force and effect and are valid and binding agreements of the Authority enforceable upon the Authority in accordance with their respective terms.

(d) Interest on the Bonds, including any accrued original issue discount, will not be included in the gross income of the holders of the Bonds for federal income tax purposes. This opinion is expressly conditioned upon the Authority's compliance with certain requirements of the Internal Revenue Code of 1986, as amended, which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon is and continues to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be included in the gross income of holders of the Bonds retroactive to the date of issuance of the Bonds. Interest on the Bonds will not constitute a preference item for purposes of computation of the alternative minimum tax imposed on certain individuals and corporations. However, interest on the Bonds will be included in "adjusted current earnings" of corporate holders of the Bonds and therefore will be taken into account under Section 56(g) of the Code in the computation of the alternative minimum tax applicable to certain corporations. We express no opinion as to other federal tax consequences resulting from holding the Bonds.

(e) Interest on the Bonds, and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion as to other Massachusetts tax consequences resulting from holding the Bonds nor 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.

It should be understood that the rights of the holders of the Bonds, and the enforceability of the Bonds, the Trust Agreement and the Sales Tax Bond Trust Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. 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.

Very truly yours,

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

Massachusetts Bay Transportation Authority  
Assessment Bonds, 2012 Series A  
(the “Bonds”)

Continuing Disclosure Undertaking

Prior to the issuance of the Bonds, the Authority and the Trustee will enter into a continuing disclosure agreement (the “Authority Disclosure Agreement”) setting forth the undertakings of the Authority regarding continuing disclosure with respect to the Bonds. In the Authority Disclosure Agreement, the Authority will undertake for the benefit of the registered owners and beneficial owners (the “owners”) of the Bonds to provide to the Trustee, no later than 335 days after the end of each fiscal year, (i) the quantitative information for the preceding fiscal year of the type presented in the Official Statement for the Bonds regarding (a) the Dedicated Sales Tax, (b) Assessments, (c) outstanding indebtedness, (d) capital plan, (e) total revenues and operating expenses and (ii) audited financial statements of the Authority for such fiscal year (or unaudited financial statements if such audited financial statements are not then available), or (iii) notice of the Authority’s failure, if any, to provide such information. The Trustee agrees to forward the information set forth above, no later than 350 days after the end of each fiscal year, to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) system pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). If audited financial statements are not available from the Authority within the 335 day period described above, the Authority agrees to deliver to the Trustee such audited financial statements as soon as practicable after the audited financial statements become available and the Trustee undertakes to forward the audited financial statements to EMMA as soon as practicable after the audited financial statements become available under the Authority Disclosure Agreement.

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 EMMA. 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 Authority’s annual financial statements for each fiscal year shall consist of the balance sheet of the Authority and the related statements of revenue, expenses, 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.

In the Authority Disclosure Agreement, the Authority also will undertake for the benefit of the owners of the Bonds to provide to EMMA in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the 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 security, or other material events affecting the tax status of the security;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving an issuer or the sale of all or substantially all of the assets of the issuer, 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; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subparagraph (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other 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 Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or 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 Issuer;

Nothing in the Authority Disclosure Agreement shall preclude the Authority from disseminating any information in addition to that required under the Authority Disclosure Agreement. If the Authority disseminates any such additional information, nothing in the Authority Disclosure Agreement shall obligate the Authority 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 in accordance with the terms thereof by any owner of a Bond, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Trustee). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of the Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Authority and to compel the Authority and any of its 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 in connection with such undertakings and shall not include any rights to monetary damages. The Authority's obligations in respect of the Authority Disclosure Agreement shall terminate if no 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 Trustee, without the consent of, or notice to, any owners of the 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 for the benefit of the owners of the Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner responding to 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 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 Bonds, as determined either by a party unaffiliated with the Authority (such as Authority bond counsel) or by the vote or consent of owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

#### The City of Boston Disclosure Agreement

Prior to the issuance of the Bonds, the Authority and the City of Boston, Massachusetts, (the "City"), acting by and through its Collector-Treasurer and Chief Financial Officer, will enter into a continuing disclosure agreement (the "City of Boston Disclosure Agreement") under which they will undertake for the benefit of the owners of the Bonds to provide to EMMA, within the meaning of the Rule, no later than 365 days after the end of each fiscal year of the City (i) the quantitative information for the preceding fiscal year of the type presented in the City's Official Statement dated March 14, 2012 with respect to its \$121,975,000 General Obligation Bonds, 2012 Series A, regarding (a) the revenues and expenditures of the City relating to its operating budget, (b) capital expenditures, (c) fund balances, (d) property tax information, (e) outstanding indebtedness and overlapping debt of the City, (f) pension obligations of the City, and (g) other post-employment benefits liability of the City, and (ii) the most recently available audited financial statements of the City, prepared in accordance with generally accepted accounting principles.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements pertaining to debt issues by the City, which have been submitted to EMMA. 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 City shall clearly identify each such other document so incorporated by reference.

In the City of Boston Disclosure Agreement, the City also will undertake to provide in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB and EMMA notice of any of the following events with respect to the Bonds:

- (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 security, or other material events affecting the tax status of the security;
- (vii) modifications to rights of the owners, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving an issuer or the sale of all or substantially all of the assets of the issuer, 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; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material

For the purposes of the event identified in subparagraph (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other 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 City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or 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 City.

In the event of a failure of the City to comply with any provision of the City of Boston Disclosure Agreement, any owner of a Bond may seek a court order for specific performance by the City of its obligations under this City of Boston Disclosure Agreement; provided, however, that the sole remedy under the City of Boston Disclosure Agreement in the event of any failure of the City to comply with the City of Boston Disclosure Agreement shall be an action for specific performance of the City's obligations thereunder and not for money damages in any amount. The

City's obligations under the City of Boston Disclosure Agreement shall terminate upon the legal defeasance in accordance with the terms of the Bonds, prior redemption or payment in full of the Bonds.

The City may amend the City of Boston Disclosure Agreement and any provision of the City of Boston Disclosure Agreement may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the City), to the effect that such amendment or waiver would not cause the City of Boston Disclosure Agreement to violate the Rule. The first annual filing made to EMMA after enactment of any amendment to or waiver of the City of Boston Disclosure Agreement shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in such annual filing. If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the annual filing for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

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The table beginning on the following page contains a listing of the 175 assessed cities and towns and historical information about Local Aid and assessments (including Assessments) in Fiscal Years 1985, 1990 and 1998 through 2012. Beginning in Fiscal Year 2006 Local Aid, as shown in the table, does not include school building assistance grants, which are now payable by the Massachusetts School Building Authority rather than the Commonwealth. The amount of such grants in Fiscal Years 2006, 2007, 2008, 2009, 2010, and 2011 were approximately \$393.55 million, \$391.88 million, \$452.02 million, \$374.57 million, \$433.64 and \$372.81, respectively, and is projected to be approximately \$366.7 million in Fiscal Year 2012.

Under the Prior Act, specified cities and towns were assessed to reimburse the Commonwealth for cash advances made to pay the Authority's Net Cost of Service on account of prior fiscal periods. The amount of assessments for any particular period varied, depending on the amount of the Net Cost of Service for that period and offsetting state appropriations, among other things. The Enabling Act increased the number of assessed cities and towns from 78 to 175 commencing in Fiscal Year 2002. Beginning in Fiscal Year 2006, Assessments cannot be less than \$136,026,868 and are adjusted each year thereafter for inflation, provided that such amount shall not increase by more than 2.5% per year. Under a transition provision, the Assessments paid by the previously assessed 78 cities or towns for Fiscal Year 2001 were frozen at the Fiscal Year 2000 level (\$144,578,734). Beginning in Fiscal Year 2002 and each Fiscal Year thereafter through Fiscal Year 2006, Assessments were reduced in five equal installments, while, commencing with Fiscal Year 2002, the additional cities and towns (labeled "Other Served Communities" in the following table) were assessed and their portion of the Assessments were increased through Fiscal Year 2006 in five equal installments. In each case, individual Assessments are determined according to a weighted population formula. Beginning in Fiscal Year 2002, cities and towns that are also assessed for regional transit authority expenses received a dollar-for-dollar credit against the Assessments, but this has had no effect on the total amount assessed for the Authority because the credited amounts have been re-assessed on the 14 cities and towns and the 51 cities and towns. See "ASSESSMENT BOND TRUST AGREEMENT AND ASSESSMENTS."

**Massachusetts Department of Revenue – Division of Local Services – Local Aid Section    APPENDIX E**

(all amounts in thousands)

Municipality	FY2012				FY2011				FY2010			
	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid
<b><u>FOURTEEN CITIES AND TOWNS</u></b>												
ARLINGTON	13,421	332	2,514	10,575	13,577	156	2,508	10,912	13,303	113	2,527	10,663
BELMONT	7,456	70	1,427	5,959	7,590	68	1,425	6,096	6,698	120	1,435	5,144
BOSTON	379,276	88,725	77,760	212,791	387,347	78,500	74,532	234,314	528,685	71,048	74,729	382,909
BROOKLINE	12,156	1,139	4,533	6,484	12,569	1,078	4,479	7,013	13,271	1,062	4,488	7,720
CAMBRIDGE	29,752	11,737	8,741	9,275	31,632	10,888	8,615	12,128	30,222	7,893	8,303	14,026
CHELSEA	61,411	3,737	2,259	55,415	59,481	2,581	2,544	54,355	58,406	2,528	2,346	53,532
EVERETT	49,928	7,049	2,308	40,571	45,748	6,871	2,286	36,592	41,470	7,107	2,289	32,074
MALDEN	56,177	8,527	3,384	44,266	51,845	7,446	3,402	40,997	53,077	6,756	3,422	42,900
MEDFORD	21,249	6,892	3,349	11,008	22,253	7,073	3,401	11,779	23,038	7,124	3,413	12,501
MILTON	8,842	1,746	1,578	5,517	8,985	1,751	1,602	5,631	8,323	2,019	1,614	4,691
NEWTON	18,600	491	5,098	13,011	18,871	563	5,026	13,282	20,051	550	5,114	14,386
REVERE	50,674	4,615	3,115	42,943	48,567	4,715	3,684	40,168	43,713	4,535	3,399	35,779
SOMERVILLE	40,869	7,120	4,608	29,141	43,441	7,129	4,630	31,682	44,310	5,657	4,570	34,083
WATERTOWN	8,731	215	1,996	6,520	9,149	181	1,980	6,987	9,661	254	1,997	7,409
<b><u>FIFTY-ONE CITIES AND TOWNS</u></b>												
BEDFORD	4,468	47	278	4,144	4,529	33	276	4,220	4,836	14	269	4,553
BEVERLY	12,030	958	794	10,278	12,505	943	802	10,759	13,108	1,114	808	11,186
BRAINTREE	17,130	2,843	709	13,579	16,853	3,255	720	12,877	14,846	3,412	705	10,730
BURLINGTON	7,494	69	516	6,909	7,579	107	510	6,963	8,012	117	513	7,383
CANTON	5,965	403	450	5,112	5,791	510	450	4,831	6,026	502	449	5,076
COHASSET	2,111	814	149	1,148	2,136	853	146	1,137	2,247	872	147	1,228
CONCORD	3,610	106	353	3,150	3,686	98	356	3,232	3,838	51	358	3,429
DANVERS	6,894	391	547	5,956	7,061	511	546	6,004	7,475	546	547	6,381
DEDHAM	6,475	1,822	499	4,154	6,712	1,912	502	4,298	7,083	2,086	494	4,503
DOVER	827	168	115	544	841	158	115	568	926	156	115	655
FRAMINGHAM	31,417	3,561	778	27,079	29,595	3,181	766	25,648	27,083	2,994	730	23,359
HAMILTON	690	65	166	460	727	52	166	509	762	64	168	531
HINGHAM	7,058	321	467	6,269	7,046	317	460	6,269	6,500	351	458	5,691
HOLBROOK	6,013	444	216	5,353	6,010	369	217	5,424	6,356	305	218	5,833
HULL	5,697	504	223	4,969	5,717	536	225	4,956	5,981	756	227	4,999
LEXINGTON	8,442	105	621	7,715	8,509	120	617	7,772	9,018	85	621	8,312
LINCOLN	1,589	28	174	1,387	1,621	20	165	1,437	1,761	7	164	1,590
LYNN	138,464	7,942	1,758	128,764	134,368	6,657	1,774	125,938	137,429	6,379	1,784	129,266
LYNNFIELD	4,745	137	242	4,366	4,778	122	233	4,423	5,048	74	233	4,741
MANCHESTER	193	43	105	46	208	40	107	61	224	42	108	74
MARBLEHEAD	6,045	1,993	401	3,651	6,262	1,713	407	4,142	6,271	1,232	410	4,629
MEDFIELD	6,841	215	247	6,379	6,915	241	250	6,424	7,398	260	251	6,887
MELROSE	12,059	2,603	544	8,912	12,346	2,477	545	9,324	12,698	2,484	548	9,666
MIDDLETON	1,996	65	186	1,746	2,027	76	197	1,754	2,164	91	191	1,882
NAHANT	773	49	73	651	835	109	71	655	931	160	72	699
NATICK	10,593	975	385	9,232	10,795	963	393	9,440	9,704	1,161	379	8,164
NEEDHAM	8,578	615	583	7,380	8,227	498	583	7,147	7,712	490	579	6,643
NORFOLK	4,165	208	161	3,795	4,210	212	182	3,816	4,561	257	176	4,127
NORWOOD	8,790	567	572	7,652	9,087	508	575	8,003	9,510	443	577	8,490
PEABODY	24,753	3,915	1,039	19,799	25,145	4,551	1,047	19,547	26,668	4,904	1,053	20,711
QUINCY	38,047	1,263	1,829	34,954	37,243	1,349	1,883	34,010	34,785	1,188	1,876	31,722
RANDOLPH	16,791	3,573	624	12,595	16,544	3,128	614	12,802	17,836	3,054	618	14,164
READING	12,349	121	472	11,756	12,531	83	470	11,978	12,257	106	474	11,677
SALEM	25,017	5,942	831	18,244	23,967	6,151	841	16,974	21,342	5,771	848	14,723
SAUGUS	7,360	1,556	561	5,242	7,708	1,433	560	5,715	7,940	1,136	557	6,247
SHARON	7,862	425	362	7,075	7,843	410	354	7,079	8,350	406	349	7,595
STONEHAM	6,633	843	433	5,357	6,893	735	438	5,721	7,150	660	440	6,050
SWAMPSCOTT	3,688	403	282	3,003	3,829	533	284	3,012	4,140	698	286	3,155
TOPSFIELD	1,673	93	123	1,457	1,702	74	123	1,505	1,790	55	124	1,610
WAKEFIELD	7,823	856	506	6,461	8,003	749	501	6,753	8,245	774	503	6,967
WALPOLE	9,431	616	471	8,344	9,580	617	472	8,491	9,916	549	473	8,894
WALTHAM	15,091	389	1,217	13,485	15,781	319	1,229	14,233	17,392	424	1,235	15,734
WELLESLEY	8,648	551	551	7,546	8,692	529	556	7,608	7,914	509	552	6,852
WENHAM	366	52	96	218	388	40	98	251	401	27	94	280
WESTON	2,826	81	240	2,504	2,815	47	239	2,530	2,981	33	239	2,709
WESTWOOD	4,535	273	288	3,975	4,582	265	289	4,027	4,334	269	287	3,779
WEYMOUTH	33,062	1,174	1,085	30,803	30,629	1,092	1,086	28,451	32,190	1,144	1,091	29,955
WILMINGTON	12,548	185	449	11,913	12,686	206	442	12,038	12,354	157	444	11,753
WINCHESTER	7,530	52	432	7,046	7,076	31	430	6,615	6,556	25	433	6,098
WINTHROP	8,861	252	386	8,223	8,762	272	446	8,043	9,224	354	413	8,458
WOBURN	11,550	2,447	783	8,319	11,749	2,612	752	8,385	12,371	2,992	758	8,620
<b><u>OTHER SERVED COMMUNITIES</u></b>												
ABINGTON	9,108	384	89	8,635	9,182	325	85	8,772	9,763	372	79	9,312
ACTON	6,456	122	107	6,227	6,518	114	108	6,297	6,534	117	109	6,308
AMESBURY	10,914	2,373	0	8,540	10,975	2,418	37	8,520	11,573	2,594	39	8,941
ANDOVER	8,714	2,370	57	6,288	8,819	2,865	61	5,893	9,580	3,013	66	6,501
ASHBURNHAM	728	26	19	683	787	36	11	740	814	32	15	767
ASHBY	465	11	12	442	511	10	13	488	486	7	15	464
ASHLAND	6,482	1,000	65	5,418	6,207	901	70	5,237	6,211	681	69	5,461
ATTLEBORO	34,642	3,937	0	30,706	34,776	3,743	0	31,032	35,900	3,534	0	32,367
AUBURN	8,159	706	0	7,453	8,258	737	0	7,520	7,555	720	0	6,835
AYER	1,009	58	22	929	5,784	766	24	4,994	6,122	664	26	5,432
BELLINGHAM	9,724	856	0	8,868	9,740	887	11	8,841	10,299	831	25	9,443
BERKLEY	4,494	156	19	4,318	5,821	203	35	5,583	6,126	186	35	5,904
BILLERICA	23,193	5,485	42	17,667	23,732	5,563	64	18,105	24,081	5,420	72	18,589
BOXBOROUGH	1,706	42	20	1,644	1,723	43	18	1,662	1,822	61	0	1,761
BOXFORD	2,138	128	51	1,960	2,143	99	51	1,993	2,214	140	50	2,024
BRIDGEWATER	3,368	250	144	2,974	3,607	270	139	3,198	3,768	286	143	3,339
BROCKTON	157,676	5,815	0	151,862	149,383	5,686	0	143,697	146,499	5,610	0	140,889
CARLISLE	1,176	19	30	1,127	1,197	20	18	1,158	1,253	5	23	1,225
CARVER	11,054	362	29	10,663	11,064	252	28	10,784	11,703	297	30	11,376
CHELMSFORD	14,473	1,802	0	12,671	14,837	1,820	10	13,008	14,511	1,761	14	12,736
DRACUT	21,192	871	121	20,201	21,233	700	126	20,407	20,889	718	129	20,042
DUXB												

**Massachusetts Department of Revenue – Division of Local Services – Local Aid Section APPENDIX E**

(all amounts in thousands)

Municipality	FY2012				FY2011				FY2010			
	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid
EASTON	11,316	539	143	10,634	11,366	497	147	10,723	11,941	589	146	11,205
ESSEX	230	7	19	204	251	7	19	225	239	7	19	212
FITCHBURG	49,632	5,255	0	44,377	49,100	4,918	0	44,181	50,373	4,531	0	45,842
FOXBOROUGH	9,906	1,761	7	8,137	9,961	1,682	15	8,264	10,196	1,816	27	8,353
FRANKLIN	30,032	4,684	22	25,326	30,136	4,396	54	25,685	31,775	4,118	54	27,603
FREETOWN	1,367	187	39	1,141	2,577	174	37	2,366	2,690	158	35	2,497
GEORGETOWN	6,058	352	48	5,659	6,147	270	45	5,832	5,545	261	45	5,240
GLOUCESTER	10,721	5,630	0	5,091	10,634	4,519	0	6,115	10,168	3,698	0	6,470
GRAFTON	10,028	696	107	9,225	10,122	480	108	9,534	9,639	385	107	9,147
GROTON	715	55	20	640	766	55	21	690	802	29	48	725
GROVELAND	778	110	43	624	832	124	39	669	880	122	38	720
HALIFAX	3,483	71	48	3,363	3,525	79	49	3,397	3,546	115	49	3,382
HANOVER	7,797	429	88	7,280	7,922	434	89	7,400	7,993	453	89	7,451
HANSON	1,147	68	63	1,016	1,228	65	63	1,100	1,245	66	63	1,116
HARVARD	3,291	590	29	2,672	3,429	616	29	2,784	3,523	625	27	2,872
HAVERTHILL	45,312	5,240	0	40,073	44,919	5,087	0	39,832	46,009	4,696	0	41,313
HOLDEN	1,701	34	89	1,578	1,808	33	86	1,689	1,917	61	68	1,787
HOLLISTON	8,561	372	53	8,136	8,628	374	54	8,201	8,849	297	61	8,491
HOPKINTON	6,517	531	83	5,903	6,637	538	82	6,016	6,874	483	83	6,308
IPSWICH	5,115	327	48	4,740	5,295	235	79	4,981	5,252	224	80	4,949
KINGSTON	5,075	176	7	4,892	4,932	182	15	4,735	4,940	180	24	4,736
LAKEVILLE	869	120	32	716	3,042	121	41	2,880	3,213	97	53	3,063
LANCASTER	948	85	22	841	994	83	24	887	1,009	86	26	897
LAWRENCE	163,778	13,494	0	150,284	154,539	17,371	0	137,168	153,568	17,776	0	135,793
LEICESTER	11,320	419	0	10,901	11,183	401	0	10,781	11,741	356	0	11,385
LEOMINSTER	47,994	3,226	0	44,768	46,196	2,922	0	43,274	46,328	2,840	0	43,488
LITTLETON	4,510	947	31	3,532	4,511	938	29	3,544	4,080	1,039	30	3,011
LOWELL	144,034	11,757	0	132,277	138,806	12,800	0	126,006	143,802	13,672	0	130,130
LUNENBURG	5,936	771	31	5,134	5,982	709	30	5,243	6,016	669	35	5,313
MANSFIELD	20,030	1,895	40	18,095	20,153	1,897	55	18,201	19,383	1,825	53	17,506
MARLBOROUGH	19,678	3,871	103	15,705	19,581	4,003	107	15,472	17,743	3,045	182	14,516
MARSHFIELD	15,751	670	5	15,076	15,880	549	79	15,253	16,763	495	148	16,120
MAYNARD	5,001	521	0	4,480	5,116	560	0	4,557	4,915	477	0	4,439
MEDWAY	11,282	618	0	10,664	11,190	604	3	10,583	10,411	562	5	9,844
MERRIMAC	710	176	0	534	740	153	6	582	809	116	5	688
METHUEN	43,774	1,630	0	42,144	43,944	1,484	0	42,460	42,159	1,366	0	40,793
MIDDLEBOROUGH	19,612	531	0	19,082	19,202	477	0	18,726	19,624	484	4	19,136
MILLBURY	8,203	286	40	7,877	8,291	306	43	7,942	8,625	318	52	8,255
MILLIS	5,448	324	41	5,083	5,225	314	43	4,868	4,709	367	44	4,298
NEWBURY	677	194	32	451	698	182	44	472	723	181	44	498
NEWBURYPORT	6,873	2,491	6	4,376	6,797	2,472	31	4,293	7,243	2,318	21	4,904
NORTH ANDOVER	8,195	1,809	72	6,314	8,345	2,007	62	6,277	7,747	2,268	68	5,410
NORTH ATTLEBOROUGH	22,173	2,678	0	19,495	22,324	2,946	0	19,378	23,578	2,951	6	20,621
NORTH READING	8,002	128	90	7,784	8,102	97	109	7,896	7,832	106	89	7,637
NORTHBOROUGH	4,439	301	75	4,062	4,572	404	76	4,092	4,603	368	74	4,161
NORTHBRIDGE	16,415	674	92	15,649	15,884	735	91	15,058	16,426	758	92	15,577
NORTON	14,522	2,799	16	11,708	14,635	2,641	20	11,975	15,457	2,431	28	12,998
NORWELL	3,948	1,105	64	2,779	3,965	961	65	2,939	3,750	944	65	2,740
PAXTON	546	29	30	487	574	27	29	518	588	30	29	529
PEMBROKE	14,362	402	7	13,953	14,373	361	51	13,961	13,857	223	118	13,516
PLYMOUTH	27,574	5,383	62	22,129	27,088	4,644	68	22,376	27,011	4,488	74	22,449
PLYMPTON	794	58	17	719	811	55	18	739	818	53	18	748
PRINCETON	405	5	19	381	418	4	19	394	404	8	18	377
RAYNHAM	1,186	319	0	868	1,216	297	8	911	1,434	258	45	1,131
REHOBOTH	1,061	277	55	728	1,136	245	56	834	1,164	235	57	872
ROCHESTER	2,126	66	0	2,060	2,135	63	2	2,070	2,051	62	6	1,982
ROCKLAND	12,543	2,049	96	10,399	12,650	2,135	113	10,401	12,936	2,127	113	10,695
ROCKPORT	2,557	731	0	1,826	2,389	596	0	1,793	2,424	648	0	1,776
ROWLEY	528	131	36	361	554	130	36	387	606	118	37	450
SALISBURY	924	129	40	755	977	157	26	795	920	155	27	738
SCITUATE	6,541	384	114	6,043	6,689	455	113	6,121	7,088	410	114	6,564
SEEKONK	5,396	357	0	5,039	5,441	324	0	5,116	5,760	328	2	5,430
SHERBORN	692	40	25	627	706	40	25	641	748	39	26	682
SHIRLEY	1,161	26	31	1,103	5,805	1,341	30	4,434	6,213	1,406	29	4,778
SHREWSBURY	21,543	1,869	114	19,560	21,675	1,641	116	19,918	21,954	1,677	139	20,137
SOUTHBOROUGH	3,072	295	15	2,763	3,157	345	16	2,796	3,334	242	57	3,035
STERLING	621	22	34	565	656	22	35	599	673	25	38	610
STOUGHTON	15,968	2,864	34	13,270	15,391	2,726	37	12,628	15,802	2,824	50	12,929
STOW	360	82	4	273	386	81	3	302	401	84	1	316
SUDBURY	5,410	94	90	5,226	5,538	145	89	5,304	5,681	112	104	5,465
SUTTON	6,244	120	50	6,075	6,191	104	51	6,036	6,643	159	52	6,432
TAUNTON	53,678	1,407	12	52,259	52,527	1,303	25	51,199	53,293	1,324	36	51,932
TEWKSBURY	15,178	1,208	0	13,970	15,397	1,155	0	14,242	16,053	887	0	15,166
TOWNSEND	1,296	24	48	1,224	1,357	23	47	1,287	1,517	21	48	1,448
TYNGSBOROUGH	8,493	858	49	7,586	8,481	643	51	7,787	8,868	457	51	8,360
UPTON	567	6	42	520	609	6	42	561	628	12	42	574
WAREHAM	14,517	2,045	0	12,472	14,497	2,151	0	12,346	14,638	2,336	0	12,302
WAYLAND	4,024	162	67	3,794	4,116	197	66	3,853	4,297	123	77	4,097
WEST BOYLSTON	4,146	433	8	3,706	4,081	351	4	3,727	4,346	277	27	4,041
WEST BRIDGEWATER	3,999	635	32	3,332	3,803	741	35	3,028	3,769	740	36	2,993
WEST NEWBURY	310	128	26	155	324	105	25	195	347	104	25	218
WESTBOROUGH	5,566	245	111	5,210	5,547	291	115	5,141	5,865	321	111	5,434
WESTFORD	17,855	334	76	17,446	17,907	379	76	17,452	17,521	386	77	17,058
WESTMINSTER	779	38	15	726	814	33	21	759	779	42	19	719
WHITMAN	2,187	96	69	2,022	2,311	95	73	2,144	2,410	98	74	2,237
WORCESTER	242,483	29,802	0	212,680	232,469	28,433	0	204,036	223,777	26,780	0	196,997
WRENTHAM	4,376	319	1	4,056	4,421	323	11	4,087	4,717	324	13	4,381

**Massachusetts Department of Revenue – Division of Local Services – Local Aid Section    APPENDIX E**

(all amounts in thousands)

Municipality	FY2009				FY2008				FY2007			
	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid
<b><u>FOURTEEN CITIES AND TOWNS</u></b>												
ARLINGTON	15,568	181	2,483	12,904	15,973	139	2,490	13,344	15,601	189	2,417	12,995
BELMONT	7,519	108	1,409	6,001	7,020	94	1,412	5,514	6,595	103	1,373	5,119
BOSTON	582,969	71,679	71,437	439,853	582,313	63,610	67,532	451,172	566,857	58,835	66,211	441,811
BROOKLINE	15,586	971	4,453	10,162	15,530	1,034	4,477	10,019	14,578	872	4,358	9,349
CAMBRIDGE	37,326	8,364	8,172	20,790	39,664	8,447	8,064	23,153	39,250	8,065	7,815	23,371
CHELSEA	61,753	2,533	1,983	57,238	60,543	2,162	1,964	56,417	55,502	1,733	1,933	51,836
EVERETT	43,938	6,194	2,238	35,507	38,380	5,228	2,225	30,927	33,324	4,916	2,163	26,244
MALDEN	57,671	6,757	3,361	47,552	55,569	6,283	3,375	45,912	52,320	5,741	3,219	43,360
MEDFORD	26,516	6,890	3,367	16,259	27,690	6,315	3,233	18,142	27,273	6,209	3,152	17,912
MILTON	9,491	1,905	1,566	6,020	9,272	1,929	1,572	5,771	8,716	1,889	1,504	5,323
NEWTON	22,360	597	5,007	16,756	21,396	592	5,023	15,780	19,423	604	4,874	13,945
REVERE	47,376	4,499	2,832	40,045	46,067	3,990	2,767	39,311	42,073	3,550	2,685	35,838
SOMERVILLE	50,476	5,605	4,508	40,364	52,842	5,317	4,528	42,997	52,185	4,678	4,398	43,108
WATERTOWN	11,235	1,963	1,945	7,327	11,618	1,757	1,951	7,909	11,193	1,750	1,896	7,546
<b><u>FIFTY-ONE CITIES AND TOWNS</u></b>												
BEDFORD	5,252	27	260	4,965	4,970	12	251	4,707	4,486	19	243	4,225
BEVERLY	14,823	1,071	797	12,955	15,102	963	803	13,336	14,746	1,018	779	12,950
BRAINTREE	16,577	3,115	689	12,773	15,221	2,925	678	11,617	13,974	2,901	657	10,416
BURLINGTON	8,928	86	502	8,340	8,361	67	469	7,825	7,720	83	450	7,187
CANTON	6,777	492	439	5,846	6,608	416	434	5,757	6,132	377	417	5,337
COHASSET	2,408	901	146	1,361	2,389	944	145	1,300	2,227	954	141	1,132
CONCORD	4,371	58	338	3,975	4,268	43	339	3,887	4,003	55	328	3,620
DANVERS	8,496	430	521	7,545	8,467	373	524	7,570	8,000	300	497	7,202
DEDHAM	8,183	1,841	476	5,866	8,322	1,738	478	6,105	8,098	1,801	450	5,847
DOVER	1,054	157	114	784	980	153	114	713	839	149	110	580
FRAMINGHAM	30,048	2,325	1,305	26,417	28,006	2,236	1,310	24,460	24,347	2,364	1,272	20,711
HAMILTON	998	77	167	754	1,034	77	168	789	1,001	79	163	759
HINGHAM	7,109	2,301	439	4,369	6,931	2,302	433	4,195	6,373	2,213	411	3,749
HOLBROOK	6,901	323	216	6,362	6,973	1,251	217	5,505	6,541	1,164	210	5,166
HULL	6,554	1,027	226	5,301	6,798	1,173	227	5,398	6,727	1,249	219	5,259
LEXINGTON	9,778	93	609	9,076	9,064	86	609	8,369	8,117	84	590	7,443
LINCOLN	2,068	23	160	1,885	2,011	22	160	1,829	1,885	52	155	1,678
LYNN	146,471	6,724	1,773	137,973	143,071	5,582	1,788	135,702	135,188	4,665	1,735	128,789
LYNNFIELD	5,450	63	231	5,156	4,892	63	232	4,596	3,716	61	226	3,430
MANCHESTER	318	42	107	169	342	8	107	227	333	12	104	217
MARBLEHEAD	6,789	1,273	408	5,109	6,479	1,989	409	4,082	5,966	1,815	395	3,756
MEDFIELD	7,910	206	248	7,456	7,711	170	249	7,292	7,080	164	240	6,676
MELROSE	14,567	2,740	537	11,290	13,086	2,251	531	10,304	12,723	1,963	514	10,246
MIDDLETON	2,352	52	188	2,112	2,288	67	187	2,034	2,108	65	177	1,866
NAHANT	1,052	154	72	826	985	32	72	880	920	27	70	822
NATICK	10,962	910	643	9,409	10,888	1,001	643	9,244	10,473	1,017	623	8,834
NEEDHAM	8,419	532	572	7,316	7,602	486	572	6,544	6,802	483	563	5,757
NORFOLK	4,949	231	208	4,511	4,967	282	211	4,473	4,836	261	203	4,372
NORWOOD	11,012	456	572	9,984	10,839	359	573	9,907	10,127	341	553	9,232
PEABODY	29,256	5,018	1,043	23,195	29,628	4,607	1,032	23,989	28,890	4,368	977	23,546
QUINCY	40,755	961	1,835	37,959	41,137	971	1,817	38,349	39,647	886	1,743	37,018
RANDOLPH	19,274	4,810	611	13,852	19,488	4,131	613	14,744	18,718	3,505	596	14,617
READING	13,384	132	465	12,787	12,529	116	466	11,946	11,533	103	453	10,978
SALEM	23,407	5,285	833	17,288	23,189	5,373	841	16,975	22,152	5,102	813	16,237
SAUGUS	9,184	1,155	546	7,482	9,253	2,581	542	6,130	8,927	2,323	519	6,085
SHARON	8,948	375	345	8,228	8,917	380	346	8,191	8,707	372	336	7,998
STONEHAM	8,202	1,715	433	6,054	8,495	1,677	435	6,383	8,152	1,659	422	6,070
SWAMPSCOTT	4,653	627	285	3,741	4,417	313	288	3,817	4,129	262	280	3,587
TOPSFIELD	2,003	45	124	1,834	2,033	59	124	1,850	1,890	33	121	1,736
WAKEFIELD	9,264	643	495	8,126	9,413	601	495	8,317	9,026	514	478	8,035
WALPOLE	10,888	656	467	9,765	10,182	665	465	9,051	9,097	602	437	8,059
WALTHAM	20,395	302	1,196	18,897	21,010	255	1,199	19,556	20,185	227	1,148	18,809
WELLESLEY	8,462	478	544	7,440	6,703	469	543	5,691	5,850	476	514	4,860
WENHAM	541	27	93	421	588	27	94	467	573	28	86	459
WESTON	3,223	33	235	2,956	2,869	32	233	2,603	2,411	17	225	2,170
WESTWOOD	4,644	241	279	4,125	4,257	240	280	3,737	3,717	239	272	3,207
WEYMOUTH	35,279	5,151	1,080	29,048	34,088	4,638	1,083	28,367	32,961	4,333	1,051	27,578
WILMINGTON	13,311	164	434	12,713	10,337	125	432	9,780	8,235	141	418	7,676
WINCHESTER	7,165	31	425	6,709	6,279	29	426	5,823	5,659	36	410	5,213
WINTHROP	10,471	303	347	9,821	10,756	926	344	9,486	10,491	903	339	9,250
WOBURN	14,160	3,118	746	10,296	13,935	3,078	748	10,109	13,161	2,960	726	9,475
<b><u>OTHER SERVED COMMUNITIES</u></b>												
ABINGTON	10,525	345	81	10,099	10,316	258	88	9,970	9,994	247	89	9,658
ACTON	7,072	112	108	6,853	6,289	103	108	6,077	5,175	99	105	4,972
AMESBURY	12,257	2,636	19	9,602	12,166	2,600	46	9,520	11,814	2,615	40	9,159
ANDOVER	10,548	2,793	80	7,674	9,963	2,779	95	7,088	9,122	2,405	96	6,621
ASHBURNHAM	935	34	18	883	1,009	29	24	956	977	28	24	925
ASHBY	539	5	16	517	574	7	15	552	560	6	13	542
ASHLAND	6,614	575	99	5,939	6,125	599	99	5,428	5,537	367	95	5,075
ATTLEBORO	38,253	3,489	0	34,764	37,112	3,103	35	33,973	36,127	2,722	62	33,343
AUBURN	8,217	659	1	7,557	7,674	676	15	6,983	6,704	637	16	6,052
AYER	6,248	531	26	5,691	6,245	440	29	5,777	6,008	403	29	5,577
BELLINGHAM	10,966	728	101	10,137	10,717	634	100	9,983	10,142	575	97	9,471
BERKLEY	6,380	211	35	6,134	6,309	199	35	6,075	6,115	186	36	5,893
BILLERICA	25,651	4,614	71	20,966	24,345	3,893	67	20,386	22,386	3,144	63	19,178
BOXBOROUGH	1,895	39	22	1,834	1,745	42	32	1,671	1,714	27	31	1,655
BOXFORD	2,375	104	51	2,221	2,350	90	50	2,210	2,277	90	45	2,141
BRIDGEWATER	4,341	297	144	3,900	4,718	289	144	4,285	4,628	298	142	4,188
BROCKTON	154,419	5,141	0	149,278	150,467	4,975	0	145,492	145,026	4,717	0	140,309
CARLISLE	1,399	23	20	1,356	1,358	40	31	1,287	1,244	27	30	1,186
CARVER	12,334	280	31	12,022	12,206	281	23	11,902	11,852	272	47	11,533
CHELMSFORD	16,255	1,886	16	14,353	15,670	1,633	21	14,016	14,493	1,334	19	13,141
DRACUT	22,184	572	160	21,452	21,250	646	158					

**Massachusetts Department of Revenue – Division of Local Services – Local Aid Section    APPENDIX E**

(all amounts in thousands)

Municipality	FY2009			FY2008			FY2007					
	Total Local Aid	All Other Assessments	Assessment	Total Local Aid	All Other Assessments	Assessment	Total Local Aid	All Other Assessments	Assessment	Net Local Aid		
EASTON	12,785	571	146	12,068	12,003	573	146	11,283	543	141	10,551	
ESSEX	316	31	20	265	345	32	20	293	34	19	289	
FITCHBURG	53,221	4,093	0	49,128	53,172	4,205	0	48,966	51,696	3,907	0	47,789
FOXBOROUGH	10,815	1,748	97	8,970	10,171	1,676	104	8,391	9,927	1,640	100	8,186
FRANKLIN	33,197	3,896	192	29,108	31,000	3,751	196	27,052	29,942	5,051	185	24,706
FREETOWN	3,011	180	24	2,807	3,009	176	57	2,776	2,726	167	55	2,504
GEORGETOWN	5,858	332	46	5,480	5,811	376	46	5,389	5,494	317	47	5,130
GLOUCESTER	11,418	3,673	0	7,745	11,673	3,329	0	8,344	11,330	3,355	0	7,976
GRAFTON	10,140	211	105	9,823	9,859	154	101	9,604	8,653	178	95	8,380
GROTON	1,050	27	48	975	1,126	27	47	1,051	1,116	27	45	1,044
GROVELAND	1,027	132	38	856	1,075	158	41	876	1,030	98	34	897
HALIFAX	3,826	113	49	3,664	3,796	82	50	3,665	3,651	65	48	3,538
HANOVER	8,678	389	90	8,199	8,776	397	90	8,289	8,284	353	85	7,846
HANSON	1,500	65	63	1,372	1,647	59	63	1,525	1,592	58	61	1,473
HARVARD	3,937	612	29	3,295	3,928	646	32	3,250	3,725	683	31	3,011
HAVERHILL	49,290	4,515	3	44,773	49,197	4,130	46	45,020	47,027	3,497	9	43,520
HOLDEN	2,201	70	72	2,059	2,399	74	70	2,256	2,321	69	63	2,189
HOLLISTON	9,542	459	88	8,995	9,361	503	88	8,770	9,114	403	85	8,625
HOPKINTON	7,258	372	90	6,796	7,070	343	90	6,637	6,894	321	86	6,486
IPSWICH	5,701	233	80	5,388	5,650	263	80	5,307	5,217	264	78	4,875
KINGSTON	5,259	161	42	5,056	4,933	200	52	4,681	4,798	163	56	4,580
LAKEVILLE	3,517	98	53	3,366	3,527	102	58	3,366	3,423	98	57	3,268
LANCASTER	1,106	87	28	992	1,195	91	24	1,080	1,167	36	22	1,109
LAWRENCE	161,939	17,016	0	144,922	156,663	16,412	0	140,251	150,829	15,372	15	135,442
LEICESTER	12,330	366	18	11,946	12,088	410	4	11,674	11,847	333	1	11,513
LEOMINSTER	48,760	2,601	0	46,158	44,367	2,478	0	41,889	42,291	0	40,053	
LITTLETON	4,190	919	34	3,237	3,570	875	42	2,653	3,139	871	40	2,228
LOWELL	153,761	13,109	0	140,651	155,712	12,837	0	142,875	150,572	12,624	0	137,948
LUNENBURG	6,510	764	37	5,709	6,296	643	39	5,614	5,913	784	38	5,092
MANSFIELD	20,378	1,817	69	18,491	18,601	1,652	91	16,858	17,265	1,788	100	15,377
MARLBOROUGH	19,241	2,446	175	16,620	17,404	2,120	182	15,102	15,420	1,747	182	13,491
MARSHFIELD	17,675	441	157	17,077	17,361	553	158	16,650	16,838	591	152	16,095
MAYNARD	5,404	392	65	4,948	5,125	270	65	4,790	4,633	147	63	4,423
MEDWAY	10,949	410	64	10,474	10,108	373	66	9,670	9,326	383	79	8,864
MERRIMAC	889	132	0	757	979	121	3	855	953	107	0	846
METHUEN	44,583	1,232	0	43,351	43,944	1,240	0	42,705	40,812	1,195	0	39,617
MIDDLEBOROUGH	20,653	441	35	20,177	20,297	321	60	19,916	19,930	373	95	19,462
MILLBURY	9,252	306	52	8,895	9,167	424	55	8,688	8,894	399	54	8,440
MILLIS	5,082	381	45	4,656	4,368	929	42	3,397	3,656	913	42	2,701
NEWBURY	809	121	44	644	844	114	44	686	805	137	42	626
NEWBURYPORT	8,272	2,432	0	5,840	8,530	2,154	7	6,369	8,366	2,018	0	6,348
NORTH ANDOVER	8,561	2,231	76	6,254	8,248	2,090	93	6,065	7,676	2,022	106	5,548
NORTH ATTLEBOROUGH	24,942	2,993	9	21,939	24,359	2,882	59	21,419	23,412	2,843	88	20,482
NORTH READING	8,500	78	88	8,333	7,835	70	89	7,676	7,392	79	86	7,227
NORTHBOROUGH	4,947	255	72	4,620	4,836	266	74	4,496	4,473	219	63	4,191
NORTHBRIDGE	17,209	646	91	16,472	17,522	583	90	16,849	16,753	761	85	15,908
NORTON	16,451	2,415	39	13,997	15,952	2,105	72	13,774	15,632	1,866	73	13,693
NORWELL	4,145	964	66	3,115	3,958	1,051	66	2,841	3,659	1,029	64	2,566
PAXTON	667	37	29	601	714	52	29	633	689	47	28	614
PEMBROKE	14,546	287	117	14,142	13,803	291	112	13,400	12,306	235	105	11,967
PLYMOUTH	28,555	4,260	152	24,143	26,902	3,811	244	22,847	25,710	3,522	258	21,930
PLYMPTON	896	53	18	825	874	52	18	804	835	53	17	766
PRINCETON	505	12	18	475	531	10	20	501	502	10	20	473
RAYNHAM	1,951	259	46	1,646	2,076	251	67	1,759	2,051	227	74	1,750
REHOBOTH	1,363	242	57	1,064	1,426	244	58	1,124	1,454	270	57	1,128
ROCHESTER	2,191	61	14	2,116	2,125	58	14	2,053	1,980	57	32	1,891
ROCKLAND	13,908	2,124	113	11,670	13,574	1,932	113	11,528	13,116	1,662	110	11,344
ROCKPORT	2,663	616	0	2,047	2,572	628	0	1,944	2,368	704	0	1,664
ROWLEY	750	118	37	596	812	94	37	681	784	97	35	653
SALISBURY	1,127	137	31	959	1,143	159	43	940	1,081	160	43	877
SCITUATE	7,796	386	115	7,295	7,332	373	115	6,844	6,734	369	112	6,253
SEEKONK	6,207	297	28	5,881	5,948	286	17	5,645	5,289	285	37	4,967
SHERBORN	842	38	27	777	787	37	27	723	703	37	26	640
SHIRLEY	6,635	1,255	33	5,347	6,546	1,077	34	5,435	6,458	1,091	32	5,335
SHREWSBURY	23,023	1,361	142	21,521	21,694	1,009	142	20,543	19,935	751	132	19,052
SOUTHBOROUGH	3,575	233	57	3,285	3,485	208	57	3,220	3,370	170	55	3,146
STERLING	876	30	38	808	962	29	38	895	920	31	35	855
STOUGHTON	16,859	2,588	65	14,206	15,940	2,473	72	13,396	14,305	2,319	72	11,913
STOW	507	44	39	423	556	42	39	474	544	42	38	465
SUDBURY	6,267	190	108	5,970	6,037	57	108	5,872	5,625	88	105	5,432
SUTTON	6,962	160	49	6,754	6,841	186	41	6,614	6,563	229	40	6,295
TAUNTON	56,666	1,350	44	55,272	55,917	1,319	92	54,505	54,018	1,159	109	52,750
TEWKSBURY	17,091	743	0	16,348	17,031	569	0	16,462	16,521	446	0	16,075
TOWNSEND	1,751	21	47	1,683	1,860	20	48	1,792	1,789	21	46	1,723
TYNGSBOROUGH	9,027	243	49	8,734	8,750	209	49	8,493	8,505	130	60	8,314
UPTON	727	17	41	669	777	17	41	719	732	16	38	677
WAREHAM	15,376	2,092	0	13,284	14,965	1,701	45	13,218	14,526	1,426	64	13,036
WAYLAND	4,650	108	82	4,460	4,453	93	83	4,277	4,111	136	80	3,895
WEST BOYLSTON	4,611	263	8	4,340	4,568	249	10	4,309	4,401	167	11	4,223
WEST BRIDGEWATER	4,063	761	34	3,268	3,791	626	33	3,132	3,436	588	33	2,814
WEST NEWBURY	438	66	26	345	464	69	26	370	455	95	25	334
WESTBOROUGH	6,268	190	110	5,968	5,678	201	98	5,379	4,916	169	105	4,641
WESTFORD	18,441	292	76	18,073	17,050	258	105	16,687	15,950	211	118	15,622
WESTMINSTER	980	43	22	915	1,045	42	24	979	1,004	40	22	941
WHITMAN	2,625	91	78	2,456	2,931	80	82	2,769	2,869	75	80	2,715
WORCESTER	239,970	25,632	0	214,338	237,298	23,628	0	213,670	228,562	20,244	0	208,318
WRENTHAM	5,086	323	65	4,699	5,100	348	70	4,682	4,965	306	68	4,591

**Massachusetts Department of Revenue – Division of Local Services – Local Aid Section APPENDIX E**

(all amounts in thousands)

Municipality	FY2006				FY2005				FY2004			
	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid
<b>FOURTEEN CITIES AND TOWNS</b>												
ARLINGTON	14,791	195	2,348	12,248	15,390	225	2,458	12,707	15,275	205	2,581	12,489
BELMONT	6,708	90	1,337	5,280	7,373	120	1,351	5,902	7,289	86	1,370	5,833
BOSTON	538,999	55,433	65,185	418,381	531,602	51,801	65,075	414,726	513,213	45,062	64,591	403,560
BROOKLINE	14,585	1,012	4,232	9,341	17,094	817	4,446	11,831	17,090	788	4,665	11,636
CAMBRIDGE	38,239	8,227	7,590	22,421	40,753	5,628	7,418	27,707	38,644	4,643	7,266	26,735
CHELSEA	51,908	1,362	1,911	48,635	59,462	1,441	1,856	56,166	58,253	937	1,775	55,541
EVERETT	30,133	4,339	2,104	23,690	31,140	4,034	2,110	24,996	27,530	3,265	2,129	22,137
MALDEN	48,161	5,131	3,128	39,903	52,007	5,070	3,170	43,766	48,513	4,455	3,223	40,834
MEDFORD	25,352	5,373	3,067	16,912	28,350	4,755	3,207	20,388	27,823	4,090	3,369	20,363
MILTON	7,464	1,568	1,448	4,448	7,284	1,378	1,454	4,452	7,257	1,233	1,462	4,562
NEWTON	19,244	429	4,725	14,089	20,688	290	4,743	15,655	20,296	189	4,819	15,288
REVERE	37,240	3,055	2,634	31,551	36,152	2,391	2,740	31,021	36,013	1,878	2,831	31,304
SOMERVILLE	49,703	4,315	4,275	41,112	51,460	4,557	4,397	42,505	51,370	5,051	4,535	41,784
WATERTOWN	10,363	1,460	1,844	7,059	10,966	1,196	1,895	7,875	10,979	1,126	1,967	7,886
<b>FIFTY-ONE CITIES AND TOWNS</b>												
BEDFORD	4,147	31	235	3,881	4,495	35	258	4,202	4,338	38	281	4,019
BEVERLY	13,598	890	752	11,956	14,795	844	786	13,165	14,727	778	821	13,129
BRAINTREE	12,222	2,449	630	9,143	11,700	2,060	707	8,933	11,564	1,731	784	9,049
BURLINGTON	7,113	70	427	6,616	6,913	43	488	6,382	6,883	51	551	6,282
CANTON	5,359	314	400	4,645	5,447	320	424	4,703	5,401	293	446	4,663
COHASSET	2,061	764	136	1,160	2,421	636	141	1,644	2,394	647	146	1,601
CONCORD	4,028	52	316	3,660	3,390	28	326	3,035	3,272	58	337	2,877
DANVERS	7,287	242	478	6,568	7,694	244	505	6,945	7,669	206	536	6,927
DEDHAM	7,363	1,466	434	5,463	6,956	1,127	496	5,333	6,949	972	560	5,417
DOVER	714	145	106	482	1,387	135	108	1,144	1,375	132	110	1,133
FRAMINGHAM	21,434	2,405	1,237	17,791	23,956	2,737	1,303	19,916	22,769	2,150	1,368	19,251
HAMILTON	833	19	157	656	725	17	161	547	693	35	165	493
HINGHAM	5,682	1,832	380	3,471	7,686	1,521	406	5,759	7,465	1,213	432	5,819
HOLBROOK	5,918	981	203	4,735	5,664	781	225	4,658	5,610	746	248	4,616
HULL	6,455	1,319	211	4,925	6,315	1,576	223	4,516	6,157	1,612	233	4,312
LEXINGTON	8,416	61	572	7,783	8,059	51	623	7,385	7,895	46	675	7,173
LINCOLN	2,017	8	151	1,859	2,433	7	162	2,264	2,302	7	172	2,122
LYNN	127,252	2,876	1,673	122,703	130,260	2,131	1,788	126,341	126,771	1,430	1,909	123,431
LYNNFIELD	3,275	112	218	2,945	3,039	94	232	2,713	2,988	588	246	2,154
MANCHESTER	296	8	100	188	266	8	105	153	266	8	111	147
MARBLEHEAD	6,053	1,987	382	3,684	4,848	1,934	419	2,495	4,066	1,336	457	2,273
MEDFIELD	6,474	147	232	6,095	6,405	146	237	6,022	6,023	146	241	5,636
MELROSE	12,285	1,579	500	10,206	12,379	1,450	578	10,352	11,968	1,085	658	10,226
MIDDLETON	1,677	61	168	1,449	1,672	55	156	1,461	1,650	79	137	1,433
NAHANT	845	24	68	754	796	38	85	673	794	39	103	652
NATICK	9,654	721	604	8,328	10,391	462	651	9,277	10,086	141	700	9,245
NEEDHAM	6,631	437	544	5,649	6,631	384	581	5,665	7,038	390	618	6,029
NORFOLK	4,517	235	195	4,087	4,908	307	202	4,400	4,802	238	208	4,355
NORWOOD	9,253	346	537	8,370	8,738	350	596	7,792	8,717	440	654	7,623
PEABODY	27,377	3,531	929	22,916	24,503	2,975	963	20,565	23,681	2,451	989	20,242
QUINCY	36,649	798	1,664	34,187	36,244	693	2,068	33,482	36,088	672	2,470	32,947
RANDOLPH	16,710	2,535	578	13,597	16,863	1,944	651	14,268	16,697	1,572	726	14,400
READING	10,511	50	441	10,020	11,701	42	477	11,183	11,636	55	515	11,066
SALEM	19,961	4,398	786	14,777	24,117	3,037	843	20,237	23,257	2,032	884	20,341
SAUGUS	8,119	1,752	495	5,872	8,422	1,425	570	6,427	8,347	1,209	646	6,491
SHARON	8,441	388	326	7,726	9,226	462	351	8,413	8,774	337	376	8,062
STONEHAM	7,404	1,283	411	5,711	8,884	1,094	439	7,351	8,820	832	468	7,521
SWAMPSCOTT	3,849	176	270	3,403	3,567	124	312	3,131	3,538	151	356	3,031
TOPSFIELD	1,467	32	117	1,318	1,863	28	122	1,713	1,836	42	127	1,667
WAKEFIELD	8,582	506	463	7,613	9,232	493	508	8,231	9,073	416	555	8,101
WALPOLE	7,907	577	421	6,910	7,757	648	459	6,650	7,593	528	484	6,581
WALTHAM	17,929	172	1,100	16,657	16,931	184	1,180	15,566	16,907	174	1,267	15,465
WELLESLEY	5,775	431	496	4,847	5,690	520	516	4,654	6,218	473	537	5,208
WENHAM	517	27	83	407	474	25	84	365	469	24	86	360
WESTON	2,802	15	218	2,570	3,808	35	219	3,554	3,686	16	219	3,450
WESTWOOD	3,425	223	264	2,939	3,380	234	280	2,865	3,435	218	297	2,920
WEYMOUTH	30,335	3,697	1,019	25,619	28,974	2,962	1,137	24,875	28,724	2,491	1,251	24,982
WILMINGTON	6,531	96	404	6,031	8,300	81	407	7,811	8,256	82	411	7,763
WINCHESTER	4,995	29	396	4,571	5,717	42	424	5,251	5,688	60	454	5,174
WINTHROP	9,881	739	336	8,806	10,490	704	378	9,408	10,209	535	419	9,255
WOBURN	12,124	2,355	706	9,063	11,528	1,869	763	8,897	11,435	1,453	812	9,170
<b>OTHER SERVED COMMUNITIES</b>												
ABINGTON	9,209	177	86	8,946	8,830	137	66	8,626	8,060	79	47	7,934
ACTON	4,417	129	101	4,187	5,143	115	76	4,952	5,095	105	51	4,939
AMESBURY	11,352	2,389	25	8,937	12,624	2,292	7	10,325	12,585	2,262	0	10,323
ANDOVER	7,905	1,906	80	5,919	9,236	1,566	44	7,627	9,199	1,400	0	7,799
ASHBURNHAM	781	25	23	734	669	24	15	630	653	24	6	623
ASHBY	431	8	12	411	382	7	9	366	373	8	10	355
ASHLAND	4,527	364	91	4,071	4,885	143	139	4,602	4,812	123	186	4,503
ATTLEBORO	33,705	2,326	58	31,321	36,762	2,050	8	34,704	35,721	1,766	0	33,955
AUBURN	5,899	654	0	5,246	5,555	747	6	4,802	5,462	623	0	4,839
AYER	5,825	426	30	5,369	5,725	413	21	5,290	5,735	445	12	5,278
BELLINGHAM	9,643	497	93	9,053	11,766	538	73	11,154	11,464	481	54	10,929
BERKLEY	5,624	184	34	5,406	6,909	207	26	6,676	6,720	174	17	6,529
BILLERICA	20,353	2,536	52	17,765	19,662	2,219	8	17,435	19,447	1,587	0	17,860
BOXBOROUGH	1,634	64	30	1,540	1,918	46	23	1,849	1,910	44	17	1,849
BOXFORD	2,123	26	49	2,049	2,374	15	38	2,320	2,339	15	28	2,296
BRIDGEWATER	3,886	297	133	3,456	4,299	279	105	3,915	4,267	270	73	3,944
BROCKTON	134,371	4,373	0	129,999	131,806	3,573	0	128,233	131,415	3,271	0	128,144
CARLISLE	1,126	4	29	1,093	1,734	25	23	1,687	1,649	4	17	1,628
CARVER	11,023	240	46	10,738	11,755	197	32	11,526	11,322	225	18	11,079
CHELMSFORD	13,126	1,084	12	12,030	12,809	1,138	0	11,671	12,721	1,245	0	11,476
DRACUT	18,619	496	145	17,978	19,787	466	111	19,210	19,194	302	77	18,815
DUXBURY	3,945	17										

Massachusetts Department of Revenue – Division of Local Services – Local Aid Section APPENDIX E

(all amounts in thousands)

Municipality	FY2006			FY2005			FY2004					
	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid
EASTON	10,342	542	136	9,665	11,036	555	106	10,374	10,804	476	79	10,250
ESSEX	314	29	18	267	281	7	14	260	273	7	10	256
FITCHBURG	47,856	3,788	0	44,069	49,599	3,653	0	45,946	49,059	3,095	0	45,964
FOXBOROUGH	8,524	1,570	97	6,858	7,907	1,381	77	6,448	7,668	1,344	57	6,267
FRANKLIN	27,086	4,513	178	22,395	26,817	3,954	141	22,723	25,322	3,219	104	21,998
FREETOWN	2,099	180	52	1,866	1,931	164	41	1,726	1,883	144	30	1,710
GEORGETOWN	4,604	268	34	4,303	5,616	208	24	5,384	5,571	199	26	5,346
GLOUCESTER	10,750	2,842	0	7,908	11,714	2,557	0	9,157	11,729	2,356	0	9,373
GRAFTON	7,593	187	87	7,319	7,483	203	70	7,210	7,381	197	49	7,136
GROTON	908	26	42	840	765	24	29	712	693	23	16	653
GROVELAND	777	68	37	672	866	56	29	781	842	54	21	766
HALIFAX	3,426	93	46	3,287	3,459	64	36	3,359	3,409	48	26	3,334
HANOVER	7,434	302	81	7,052	6,789	216	121	6,452	6,541	108	161	6,272
HANSON	1,386	61	58	1,266	1,314	58	46	1,209	1,306	54	34	1,219
HARVARD	3,401	567	30	2,804	3,286	443	22	2,821	3,242	360	9	2,873
HAVERHILL	44,061	2,902	5	41,153	46,321	2,615	0	43,705	45,798	1,549	0	44,249
HOLDEN	1,897	72	28	1,797	1,981	101	10	1,870	2,060	98	0	1,963
HOLLISTON	8,480	252	83	8,145	10,069	147	66	9,857	9,964	100	49	9,816
HOPKINTON	6,057	266	83	5,708	8,813	170	65	8,577	8,287	172	47	8,068
IPSWICH	4,816	228	75	4,513	6,442	210	58	6,175	6,225	283	42	5,900
KINGSTON	4,535	152	57	4,326	5,842	140	38	5,664	5,777	114	27	5,636
LAKEVILLE	3,061	101	54	2,906	3,361	90	41	3,230	2,964	118	27	2,819
LANCASTER	1,017	35	20	962	894	32	17	845	861	33	15	813
LAWRENCE	140,219	13,480	44	126,695	142,251	12,085	0	130,166	138,303	11,086	0	127,217
LEICESTER	10,595	281	5	10,309	11,216	307	0	10,909	11,002	198	0	10,804
LEOMINSTER	39,615	2,299	0	37,316	39,005	2,321	0	36,684	37,318	2,357	0	34,961
LITTLETON	2,615	716	38	1,860	3,929	768	28	3,134	3,728	522	14	3,192
LOWELL	140,719	9,738	0	130,981	153,068	8,476	0	144,592	146,530	6,680	0	139,849
LUNENBURG	5,371	655	36	4,679	5,233	751	24	4,458	5,069	682	13	4,374
MANSFIELD	14,317	1,701	104	12,511	15,147	1,564	68	13,516	14,410	1,345	49	13,015
MARLBOROUGH	13,096	1,056	180	11,860	13,572	397	133	13,042	13,512	450	82	12,980
MARSHFIELD	14,908	641	146	14,121	15,726	547	219	14,960	15,546	608	291	14,847
MAYNARD	4,321	129	61	4,131	5,550	112	49	5,389	5,451	44	37	5,350
MEDWAY	7,804	356	76	7,371	8,065	426	60	7,579	8,050	365	44	7,641
MERRIMAC	804	79	0	725	1,151	176	0	1,075	1,114	56	0	1,058
METHUEN	36,688	943	0	35,745	39,377	897	0	38,481	36,367	905	0	35,463
MIDDLEBOROUGH	18,132	325	94	17,713	19,117	202	65	18,851	19,074	287	42	18,744
MILLBURY	7,902	321	36	7,546	7,555	319	21	7,216	7,316	338	5	6,973
MILLIS	3,322	695	42	2,585	3,809	668	68	3,074	3,759	594	99	3,065
NEWBURY	605	131	41	434	1,388	123	32	1,232	1,349	111	24	1,214
NEWBURYPORT	7,850	1,965	0	5,885	7,702	2,061	0	5,641	7,483	1,666	0	5,817
NORTH ANDOVER	6,810	1,501	100	5,208	8,354	1,282	67	7,004	8,203	1,013	34	7,156
NORTH ATTLEBOROUGH	21,926	2,565	85	19,276	22,337	2,330	49	19,958	21,818	1,910	17	19,891
NORTH READING	6,065	28	83	5,954	5,891	14	127	5,750	5,727	30	171	5,526
NORTHBOROUGH	3,975	179	61	3,735	4,361	133	45	4,184	4,310	120	30	4,160
NORTHBRIDGE	15,854	529	81	15,244	16,683	574	63	16,045	15,974	530	47	15,398
NORTON	14,711	1,512	79	13,120	15,289	1,304	50	13,935	14,639	899	32	13,708
NORWELL	3,248	828	61	2,360	4,119	685	93	3,341	4,108	679	126	3,303
PAXTON	670	33	27	611	574	31	21	521	551	34	15	501
PEMBROKE	10,305	194	99	10,012	9,882	200	149	9,533	9,718	125	196	9,397
PLYMOUTH	22,408	2,785	251	19,372	24,548	2,565	179	21,804	23,815	1,866	117	21,832
PLYMPTON	757	38	16	703	704	36	13	655	700	39	9	651
PRINCETON	500	10	19	471	808	9	16	783	754	9	11	734
RAYNHAM	1,909	208	70	1,631	1,785	204	53	1,527	1,769	209	37	1,523
REHOBOTH	1,237	285	54	898	1,005	258	39	708	930	259	25	646
ROCHESTER	1,812	57	30	1,725	2,199	52	23	2,123	2,086	50	16	2,019
ROCKLAND	12,166	1,270	106	10,790	11,730	983	157	10,590	11,555	645	208	10,702
ROCKPORT	2,083	633	0	1,450	3,056	512	0	2,544	3,020	448	0	2,573
ROWLEY	655	121	33	500	930	72	26	832	892	59	19	814
SALISBURY	818	157	8	653	651	184	0	467	643	150	28	465
SCITUATE	6,391	307	107	5,976	5,715	361	161	5,193	5,600	299	216	5,085
SEEKONK	4,433	256	51	4,127	5,200	250	31	4,919	5,199	256	27	4,917
SHERBORN	631	42	25	564	831	35	40	756	819	35	54	730
SHIRLEY	6,038	881	29	5,128	5,778	768	15	4,994	5,685	777	7	4,901
SHREWSBURY	17,285	728	113	16,445	18,622	603	91	17,928	16,746	392	42	16,312
SOUTHBOROUGH	3,152	121	53	2,977	3,962	65	40	3,857	3,952	73	29	3,850
STERLING	755	30	32	693	651	30	23	599	645	29	11	605
STOUGHTON	12,652	1,871	73	10,708	12,243	1,524	43	10,675	12,089	1,225	17	10,847
STOW	454	39	36	379	395	36	29	331	392	35	21	335
SUDBURY	5,655	131	102	5,422	8,081	25	150	7,907	8,340	20	198	8,122
SUTTON	6,019	149	28	5,842	6,933	171	26	6,736	6,643	132	8	6,504
TAUNTON	51,051	1,070	108	49,873	51,540	904	39	50,596	51,154	896	0	50,258
TEWKSBURY	15,468	516	0	14,952	15,760	432	0	15,328	15,188	399	0	14,789
TOWNSEND	1,410	18	44	1,348	1,197	17	33	1,146	1,142	18	22	1,102
TYNGSBOROUGH	7,899	143	57	7,699	8,125	128	43	7,954	7,723	82	29	7,611
UPTON	660	15	36	609	566	15	28	523	523	15	20	488
WAREHAM	13,626	1,131	68	12,426	14,405	942	35	13,427	14,283	769	18	13,496
WAYLAND	4,202	59	78	4,066	4,252	32	120	4,100	4,170	12	162	3,996
WEST BOYLSTON	4,033	116	13	3,903	4,464	104	9	4,352	4,426	114	0	4,312
WEST BRIDGEWATER	2,966	527	32	2,407	2,684	445	25	2,215	2,666	366	19	2,281
WEST NEWBURY	351	37	25	289	312	40	20	252	307	30	15	263
WESTBOROUGH	4,211	140	103	3,969	4,517	127	79	4,310	4,477	153	55	4,269
WESTFORD	13,954	218	112	13,625	16,407	207	86	16,115	14,537	178	60	14,298
WESTMINSTER	857	39	20	797	724	39	12	674	680	39	2	639
WHITMAN	2,463	72	76	2,314	2,194	71	59	2,063	2,151	63	41	2,047
WORCESTER	213,528	18,402	0	195,126	219,416	16,235	0	203,181	213,862	14,618	0	199,244
WRENTHAM	4,878	320	65	4,494	5,135	327	51	4,756	4,978	288	37	4,653

**Massachusetts Department of Revenue – Division of Local Services – Local Aid Section APPENDIX E**

(all amounts in thousands)

Municipality	FY2003				FY2002				FY2001			
	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid
<b><u>FOURTEEN CITIES AND TOWNS</u></b>												
ARLINGTON	18,119	27	2,687	15,405	18,617	28	2,824	15,785	18,170	38	2,883	15,249
BELMONT	8,263	31	1,379	6,854	8,346	30	1,394	6,922	8,097	41	1,388	6,668
BOSTON	558,968	1,580	63,926	493,462	569,975	1,549	63,056	505,369	550,204	1,517	62,238	486,450
BROOKLINE	19,832	573	4,869	14,390	19,727	557	5,055	14,115	18,954	486	5,251	13,217
CAMBRIDGE	43,222	133	7,121	35,968	43,956	128	6,909	36,920	45,566	114	6,785	38,668
CHELSEA	61,618	254	1,682	59,682	62,144	251	1,515	60,378	58,138	262	1,484	56,392
EVERETT	29,471	1,046	2,130	26,296	29,875	951	2,111	26,813	31,659	840	2,119	28,700
MALDEN	50,156	47	3,259	46,849	48,818	44	3,278	45,496	46,526	39	3,314	43,174
MEDFORD	32,681	1,352	3,494	27,835	33,435	1,194	3,645	28,597	28,948	1,108	3,726	24,114
MILTON	8,660	1,095	1,465	6,100	8,597	941	1,475	6,180	8,384	864	1,461	6,059
NEWTON	23,588	65	4,885	18,638	23,671	61	4,949	18,662	23,290	72	4,989	18,229
REVERE	37,490	1,256	2,924	33,310	38,068	1,008	2,976	34,084	36,525	935	3,096	32,494
SOMERVILLE	61,290	77	4,636	56,577	61,818	69	4,732	57,016	62,275	67	4,813	57,395
WATERTOWN	12,934	928	2,029	9,978	13,317	765	2,098	10,454	13,153	646	2,140	10,366
<b><u>FIFTY-ONE CITIES AND TOWNS</u></b>												
BEDFORD	5,172	8	303	4,861	5,232	8	333	4,890	4,388	13	348	4,027
BEVERLY	17,181	83	860	16,238	16,814	75	903	15,836	16,319	159	934	15,226
BRAINTREE	14,010	1,549	861	11,601	14,116	1,314	947	11,855	13,371	1,205	1,011	11,156
BURLINGTON	8,362	13	613	7,736	8,349	14	682	7,653	7,890	13	735	7,141
CANTON	6,522	225	475	5,823	6,637	197	508	5,933	5,869	208	531	5,130
COHASSET	2,831	479	151	2,201	2,858	436	157	2,265	2,782	408	161	2,213
CONCORD	4,094	11	347	3,736	4,283	11	363	3,909	4,695	11	365	4,320
DANVERS	9,183	62	569	8,553	9,152	58	607	8,487	8,714	122	632	7,960
DEDHAM	8,428	922	622	6,884	8,602	788	688	7,125	8,114	695	742	6,677
DOVER	728	130	113	486	735	112	117	506	697	112	119	466
FRAMINGHAM	27,127	45	1,428	25,654	27,795	44	1,492	26,260	26,014	42	1,541	24,431
HAMILTON	790	4	170	616	830	4	173	653	820	23	179	619
HINGHAM	8,691	996	463	7,231	8,740	821	500	7,419	6,502	780	523	5,199
HOLBROOK	6,300	636	271	5,392	6,335	442	298	5,595	6,209	370	317	5,522
HULL	7,551	54	247	7,251	7,696	52	260	7,384	7,573	43	272	7,257
LEXINGTON	9,626	21	729	8,876	10,467	25	786	9,656	9,933	24	835	9,073
LINCOLN	2,722	5	184	2,533	2,844	5	196	2,643	2,842	5	205	2,632
LYNN	134,042	173	2,033	131,836	131,849	158	2,140	129,550	118,597	254	2,272	116,071
LYNNFIELD	3,697	502	261	2,934	3,761	422	278	3,062	3,686	456	291	2,940
MANCHESTER	303	4	118	182	334	4	126	204	326	30	131	166
MARBLEHEAD	4,703	40	495	4,168	4,689	17	536	4,136	4,465	93	570	3,802
MEDFIELD	5,800	142	247	5,411	5,748	124	253	5,371	5,357	127	258	4,972
MELROSE	14,296	21	734	13,542	14,474	19	815	13,641	13,309	23	883	12,403
MIDDLETON	1,989	43	134	1,812	1,960	5	126	1,829	1,936	20	126	1,790
NAHANT	981	7	121	853	997	6	140	851	965	16	156	793
NATICK	11,997	65	750	11,182	12,199	59	803	11,336	11,036	62	846	10,128
NEEDHAM	8,433	387	658	7,388	8,481	356	698	7,427	8,110	347	734	7,029
NORFOLK	4,861	88	214	4,559	4,881	76	224	4,581	4,547	79	226	4,241
NORWOOD	10,567	237	714	9,615	10,830	216	780	9,833	10,536	226	832	9,478
PEABODY	26,039	1,712	1,034	23,294	25,183	1,322	1,092	22,769	24,431	1,279	1,120	22,032
QUINCY	43,288	559	2,884	39,845	43,923	517	3,304	40,102	42,766	517	3,703	38,547
RANDOLPH	18,843	1,031	799	17,013	19,017	810	877	17,330	18,291	732	944	16,614
READING	12,464	13	551	11,901	11,999	12	590	11,397	11,824	20	621	11,183
SALEM	25,129	1,179	949	23,001	25,235	995	1,013	23,227	24,680	932	1,076	22,672
SAUGUS	9,161	919	726	7,515	9,357	791	814	7,752	9,155	767	884	7,504
SHARON	9,409	185	401	8,823	8,699	161	428	8,110	8,500	159	450	7,890
STONEHAM	9,755	453	494	8,807	9,522	363	525	8,634	8,084	347	545	7,192
SWAMPSCOTT	4,254	24	400	3,830	4,332	21	444	3,867	4,067	58	486	3,523
TOPSFIELD	2,146	3	133	2,010	1,625	3	140	1,481	1,527	20	145	1,363
WAKEFIELD	10,693	22	602	10,070	10,922	22	653	10,247	9,953	25	692	9,236
WALPOLE	9,267	216	513	8,538	9,246	191	547	8,508	8,940	199	569	8,171
WALTHAM	20,552	56	1,348	19,148	21,146	53	1,438	19,655	21,056	68	1,505	19,483
WELLESLEY	7,410	413	557	6,440	7,553	399	582	6,573	7,224	386	595	6,244
WENHAM	546	23	87	436	565	2	90	473	559	13	89	456
WESTON	4,339	9	222	4,107	4,420	10	224	4,187	3,725	11	226	3,488
WESTWOOD	4,262	211	314	3,737	4,285	189	330	3,766	3,915	175	347	3,393
WEYMOUTH	31,148	1,966	1,372	27,810	31,433	1,662	1,506	28,265	30,608	1,573	1,611	27,424
WILMINGTON	9,696	46	417	9,233	9,818	41	425	9,352	7,125	61	427	6,637
WINCHESTER	6,771	29	487	6,255	6,854	29	523	6,302	5,429	26	551	4,852
WINTHROP	11,394	475	457	10,462	11,595	393	495	10,707	10,585	340	533	9,713
WOBURN	13,873	1,136	871	11,866	14,275	895	937	12,444	13,587	779	985	11,823
<b><u>OTHER SERVED COMMUNITIES</u></b>												
ABINGTON	8,830	62	30	8,738	8,903	59	15	8,828	8,623	62	0	8,561
ACTON	4,432	70	28	4,334	4,335	65	5	4,266	4,213	30	0	4,183
AMESBURY	13,771	559	0	13,213	13,844	433	0	13,411	13,692	397	0	13,295
ANDOVER	11,110	1,306	0	9,805	11,331	1,081	0	10,250	10,671	1,120	0	9,552
ASHBURNHAM	760	22	1	738	791	20	0	770	802	17	0	785
ASHBY	438	1	5	431	461	2	3	456	497	1	0	495
ASHLAND	5,394	31	236	5,127	5,319	28	285	5,006	4,971	29	335	4,608
ATTLEBORO	35,472	587	0	34,885	33,920	572	0	33,348	32,943	546	0	32,397
AUBURN	6,696	149	0	6,547	6,719	143	0	6,575	6,167	98	0	6,069
AYER	5,441	33	5	5,403	5,471	30	0	5,441	5,368	34	0	5,334
BELLINGHAM	13,361	148	36	13,177	12,909	130	20	12,760	10,395	132	0	10,263
BERKLEY	6,793	85	10	6,697	6,274	83	4	6,186	6,033	74	0	5,959
BILLERICA	23,199	1,038	0	22,161	23,542	958	0	22,584	22,481	745	0	21,736
BOXBOROUGH	2,109	33	11	2,065	2,107	29	5	2,072	2,065	18	0	2,047
BOXFORD	2,870	3	19	2,849	2,858	3	11	2,843	2,742	26	0	2,717
BRIDGEWATER	4,858	258	42	4,559	5,009	209	11	4,789	5,023	212	0	4,810
BROCKTON	142,731	1,956	0	140,775	143,361	1,907	0	141,454	128,611	1,881	0	126,730
CARLISLE	1,899	3	11	1,885	1,978	3	6	1,968	1,815	3	0	1,812
CARVER	11,850	95	5	11,749	11,873	91	0	11,782	11,639	76	0	11,563
CHELMSFORD	15,684	247	0	15,437	16,082	236	0	15,846	15,058	217	0	14,841
DRACUT	19,936	56	44	19,836	19,762	53	13	19,696	19,173	70	0	19,103
DUXBURY	4,706	126	216	4,364	4,765	121	263	4,381	4,504	113	305	4,086
EAST BRIDGEWATER	11,325	74	17	11,234	11,125	70	2					



**Massachusetts Department of Revenue – Division of Local Services – Local Aid Section APPENDIX E**

(all amounts in thousands)

Municipality	FY2003			FY2002			FY2001					
	Total Local Aid	All Other Assessments	Assessment	Total Local Aid	All Other Assessments	Assessment	Total Local Aid	All Other Assessments	Assessment	Net Local Aid		
EASTON	10,930	316	52	10,562	10,974	309	27	10,638	10,533	284	0	10,249
ESSEX	310	4	6	301	350	4	3	344	362	13	0	349
FITCHBURG	50,471	551	0	49,921	50,447	539	0	49,909	45,578	533	0	45,045
FOXBOROUGH	8,977	151	38	8,787	8,995	131	20	8,844	8,778	139	0	8,639
FRANKLIN	24,953	855	70	24,028	23,959	728	36	23,195	22,121	663	0	21,458
FREETOWN	2,327	124	20	2,183	2,382	120	11	2,251	2,309	115	0	2,194
GEORGETOWN	5,399	43	17	5,339	5,445	39	10	5,396	5,270	52	0	5,217
GLOUCESTER	13,539	1,267	0	12,273	13,729	1,076	0	12,653	13,518	1,063	0	12,456
GRAFTON	7,229	31	28	7,170	7,243	31	10	7,202	7,201	34	0	7,167
GROTON	817	20	5	792	859	20	0	839	851	19	0	832
GROVELAND	1,040	26	14	1,000	1,068	23	7	1,037	1,056	33	0	1,024
HALIFAX	3,817	38	18	3,761	3,857	36	9	3,811	3,828	33	0	3,795
HANOVER	6,958	78	203	6,676	7,040	75	246	6,719	6,663	73	287	6,303
HANSON	1,446	47	22	1,377	1,477	44	12	1,421	1,503	42	0	1,461
HARVARD	4,495	182	5	4,308	4,506	148	15	4,344	4,291	105	0	4,186
HAVERTHILL	50,042	421	0	49,621	50,389	418	0	49,972	49,409	476	0	48,933
HOLDEN	2,354	92	0	2,262	2,428	90	0	2,337	2,388	90	0	2,298
HOLLISTON	11,125	52	32	11,040	11,170	47	17	11,106	10,783	37	0	10,746
HOPKINTON	8,474	51	31	8,391	8,382	7	14	8,361	5,361	6	0	5,355
IPSWICH	6,876	97	27	6,752	6,925	86	12	6,827	6,948	116	0	6,832
KINGSTON	5,894	84	13	5,797	5,792	80	5	5,707	5,454	72	0	5,382
LAKEVILLE	3,302	74	16	3,212	3,323	70	5	3,248	3,364	65	0	3,298
LANCASTER	1,030	21	9	1,000	1,096	19	0	1,078	1,065	19	0	1,046
LAWRENCE	141,930	1,717	0	140,213	137,168	1,383	0	135,785	126,220	1,387	0	124,834
LEICESTER	11,957	69	0	11,888	12,010	68	0	11,942	10,859	72	0	10,786
LEOMINSTER	37,572	545	0	37,027	37,627	530	0	37,097	37,077	521	0	36,556
LITTLETON	2,896	43	6	2,848	2,848	39	0	2,808	2,614	42	0	2,572
LOWELL	156,088	828	0	155,261	156,853	804	0	156,049	141,966	709	0	141,257
LUNENBURG	4,957	61	3	4,893	5,009	57	0	4,952	4,529	69	0	4,460
MANSFIELD	15,163	356	32	14,775	14,288	347	13	13,928	13,115	304	0	12,811
MARLBOROUGH	15,506	88	44	15,373	15,745	84	0	15,661	14,433	114	0	14,319
MARSHFIELD	16,256	137	364	15,755	16,300	130	439	15,730	14,488	123	512	13,852
MAYNARD	5,066	13	25	5,029	5,138	13	13	5,113	4,805	13	0	4,792
MEDWAY	8,118	102	29	7,986	7,983	89	15	7,879	7,459	92	0	7,366
MERRIMAC	1,234	29	0	1,205	1,250	29	0	1,221	1,244	36	0	1,208
METHUEN	36,924	332	0	36,592	36,867	258	0	36,609	33,786	316	0	33,470
MIDDLEBOROUGH	18,472	145	24	18,303	18,599	137	5	18,457	18,116	128	0	17,988
MILLBURY	7,427	94	0	7,333	7,426	90	0	7,336	7,180	85	0	7,095
MILLIS	4,223	320	139	3,765	4,265	294	170	3,801	3,710	257	200	3,253
NEWBURY	1,442	101	16	1,326	1,488	88	8	1,392	1,496	96	0	1,400
NEWBURYPORT	7,093	124	0	6,968	7,258	118	0	7,140	7,076	156	0	6,921
NORTH ANDOVER	9,773	741	4	9,029	9,658	552	0	9,106	8,922	515	0	8,407
NORTH ATTLEBOROUGH	21,657	961	0	20,696	20,473	885	0	19,588	18,996	826	0	18,170
NORTH READING	6,095	9	216	5,869	6,121	9	261	5,851	5,998	7	306	5,685
NORTHBOROUGH	5,200	88	12	5,100	5,078	83	0	4,996	5,112	79	0	5,033
NORTHBRIDGE	16,105	43	31	16,031	14,111	40	18	14,053	14,502	18	0	14,484
NORTON	14,696	244	21	14,431	13,962	238	8	13,716	13,213	197	0	13,017
NORWELL	3,814	560	160	3,094	3,872	436	195	3,241	3,691	408	228	3,056
PAXTON	583	38	10	536	627	38	5	584	599	34	0	565
PEMBROKE	12,081	90	257	11,734	7,325	86	310	6,928	6,730	82	362	6,286
PLYMOUTH	29,047	382	65	28,600	29,350	365	3	28,982	28,455	355	0	28,100
PLYMPTON	885	24	6	856	884	22	3	859	828	20	0	808
PRINCETON	851	8	7	836	920	8	3	909	861	9	0	852
RAYNHAM	1,763	178	24	1,561	1,703	173	10	1,520	1,712	159	0	1,552
REHOBOTH	1,104	239	14	851	1,148	230	2	917	1,150	222	0	928
ROCHESTER	2,102	48	11	2,043	2,130	45	6	2,079	2,078	41	0	2,037
ROCKLAND	13,296	525	260	12,512	13,383	451	313	12,619	13,364	376	363	12,624
ROCKPORT	3,142	200	0	2,942	3,145	190	0	2,954	3,056	199	0	2,856
ROWLEY	1,055	49	13	993	1,093	43	7	1,043	1,079	53	0	1,026
SALISBURY	756	62	18	676	784	54	9	722	940	71	0	869
SCITUATE	6,916	116	271	6,529	6,811	111	327	6,373	6,636	103	381	6,151
SEEKONK	6,282	237	11	6,034	6,330	231	5	6,094	6,111	222	0	5,888
SHERBORN	954	30	69	854	970	27	84	858	952	28	99	826
SHIRLEY	5,905	17	0	5,888	5,368	18	0	5,350	4,845	21	0	4,824
SHREWSBURY	12,680	184	0	12,496	11,649	177	0	11,472	10,596	180	0	10,416
SOUTHBOROUGH	3,882	57	19	3,806	3,766	53	5	3,708	3,380	66	0	3,315
STERLING	752	28	4	721	773	27	0	747	809	33	0	775
STOUGHTON	13,656	961	0	12,695	13,780	793	0	12,987	13,173	749	0	12,424
STOW	457	30	14	413	474	27	7	440	482	25	0	457
SUDBURY	8,529	11	247	8,270	8,431	11	296	8,123	5,776	13	346	5,417
SUTTON	6,946	38	0	6,908	6,903	37	0	6,865	6,245	34	0	6,211
TAUNTON	49,911	792	0	49,119	48,677	767	0	47,910	47,634	742	0	46,892
TEWKSBURY	16,154	254	0	15,900	16,294	247	0	16,047	16,038	203	0	15,835
TOWNSEND	1,326	13	11	1,302	1,393	12	2	1,379	1,419	12	0	1,408
TYNGSBOROUGH	8,452	14	17	8,422	8,459	13	4	8,442	7,627	14	0	7,613
UPTON	612	13	13	586	677	12	7	657	643	12	0	631
WAREHAM	15,524	622	2	14,900	15,623	601	0	15,022	15,518	551	0	14,968
WAYLAND	5,022	13	205	4,804	5,071	13	248	4,810	4,778	10	290	4,477
WEST BOYLSTON	4,310	28	0	4,282	4,281	50	0	4,231	4,225	38	0	4,187
WEST BRIDGEWATER	3,220	302	11	2,907	3,268	260	4	3,004	3,182	229	0	2,953
WEST NEWBURY	350	1	10	339	361	1	5	354	378	11	0	367
WESTBOROUGH	5,446	103	34	5,308	5,499	101	11	5,386	5,236	101	0	5,135
WESTFORD	16,274	72	36	16,167	16,071	65	12	15,994	13,164	58	0	13,106
WESTMINSTER	795	35	0	760	868	34	0	835	832	34	0	798
WHITMAN	2,442	52	27	2,363	2,504	48	11	2,444	2,427	47	0	2,380
WORCESTER	220,381	2,042	0	218,339	211,862	1,989	0	209,874	200,086	1,834	0	198,252
WRENTHAM	5,044	111	25	4,908	5,157	94	13	5,050	5,123	96	0	5,027

**Massachusetts Department of Revenue – Division of Local Services – Local Aid Section APPENDIX E**

(all amounts in thousands)

Municipality	FY2000				FY1999				FY1998			
	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid
<b>FOURTEEN CITIES AND TOWNS</b>												
ARLINGTON	16,969	112	2,825	14,032	16,006	118	2,779	13,108	14,356	666	2,246	11,444
BELMONT	7,234	110	1,422	5,702	6,569	106	1,425	5,038	9,856	477	1,117	8,263
BOSTON	532,599	1,675	61,978	468,947	511,069	1,722	60,253	449,094	471,570	19,574	40,841	411,156
BROOKLINE	15,162	475	5,074	9,613	13,715	453	5,065	8,197	12,435	1,650	3,833	6,953
CAMBRIDGE	44,010	310	6,781	36,919	42,311	324	6,885	35,103	38,271	1,951	5,301	31,200
CHELSEA	55,371	282	1,470	53,619	52,001	288	1,425	50,288	48,364	652	1,051	46,660
EVERETT	23,855	793	2,137	20,925	20,727	793	2,053	17,882	18,044	1,160	1,656	15,228
MALDEN	42,949	116	3,375	39,458	35,808	120	3,230	32,458	29,949	1,056	2,275	26,617
MEDFORD	27,528	1,173	3,872	22,483	26,080	1,057	3,752	21,270	25,092	1,937	2,833	20,322
MILTON	7,594	825	1,448	5,321	6,784	751	1,411	4,622	6,241	1,060	1,062	4,119
NEWTON	19,030	334	4,955	13,741	16,024	345	4,734	10,944	14,511	1,634	3,340	9,537
REVERE	34,890	919	3,123	30,849	33,545	782	2,941	29,822	29,845	1,585	2,067	26,193
SOMERVILLE	59,927	141	4,860	54,926	56,604	150	4,732	51,722	52,721	1,298	3,545	47,878
WATERTOWN	12,405	688	2,094	9,622	11,855	639	2,046	9,170	10,311	1,269	1,418	7,624
<b>FIFTY-ONE CITIES AND TOWNS</b>												
BEDFORD	3,813	53	340	3,420	3,362	44	331	2,986	3,053	152	215	2,686
BEVERLY	15,088	63	951	14,073	12,532	147	931	11,454	11,735	561	586	10,587
BRAINTREE	12,391	1,134	1,043	10,214	11,374	999	1,051	9,325	10,601	1,217	751	8,633
BURLINGTON	7,171	72	736	6,363	6,503	72	769	5,662	5,799	326	484	4,990
CANTON	5,238	204	526	4,509	4,701	199	515	3,988	4,259	415	265	3,579
COHASSET	2,478	385	162	1,931	1,752	343	162	1,246	1,603	371	97	1,135
CONCORD	3,984	67	373	3,544	3,548	67	367	3,115	3,245	204	222	2,820
DANVERS	7,885	54	616	7,216	7,133	123	606	6,403	5,995	404	411	5,180
DEDHAM	7,446	652	744	6,051	6,892	607	733	5,552	6,391	790	517	5,084
DOVER	598	111	120	367	449	107	118	224	383	143	73	167
FRAMINGHAM	22,727	159	1,593	20,976	19,537	155	1,516	17,866	18,132	752	849	16,530
HAMILTON	771	4	181	586	704	27	175	501	658	109	116	433
HINGHAM	5,753	785	522	4,446	4,851	724	536	3,591	4,391	808	347	3,237
HOLBROOK	5,965	351	323	5,291	5,558	340	338	4,880	5,343	382	255	4,706
HULL	7,157	44	264	6,849	6,849	40	282	6,527	6,279	164	147	5,969
LEXINGTON	8,505	124	853	7,528	7,520	133	846	6,541	6,920	359	589	5,972
LINCOLN	2,648	27	209	2,412	2,441	27	208	2,207	2,352	86	140	2,126
LYNN	112,544	173	2,317	110,053	107,712	273	2,094	105,344	97,371	992	1,447	94,931
LYNNFIELD	3,166	433	291	2,441	2,826	445	282	2,100	2,592	574	178	1,840
MANCHESTER	973	4	134	836	826	36	127	664	738	129	72	536
MARBLEHEAD	3,768	18	571	3,178	3,241	100	543	2,598	2,877	359	379	2,139
MEDFIELD	4,744	125	258	4,361	3,932	119	254	3,559	3,611	224	135	3,253
MELROSE	12,367	78	902	11,388	11,569	85	903	10,582	11,024	293	669	10,062
MIDDLETON	1,771	3	125	1,643	1,295	24	120	1,151	889	106	62	721
NAHANT	866	6	157	704	771	17	145	610	706	71	110	524
NATICK	10,135	131	846	9,158	9,308	128	804	8,376	7,998	456	445	7,098
NEEDHAM	7,010	327	726	5,957	6,212	326	705	5,181	5,697	534	464	4,700
NORFOLK	4,246	78	235	3,933	3,719	77	226	3,417	3,349	213	73	3,062
NORWOOD	9,707	222	857	8,629	8,977	231	811	7,935	8,418	451	549	7,419
PEABODY	22,887	1,074	1,124	20,690	21,464	1,073	1,086	19,305	18,924	1,453	728	16,742
QUINCY	39,856	497	3,639	35,720	37,076	508	3,730	32,837	34,867	1,697	2,470	30,700
RANDOLPH	16,292	669	943	14,680	15,252	631	938	13,683	13,576	914	575	12,087
READING	10,805	57	638	10,111	9,969	62	635	9,273	8,164	253	408	7,504
SALEM	22,534	815	1,049	20,670	21,341	839	994	19,508	19,173	1,146	628	17,399
SAUGUS	8,357	664	908	6,786	7,575	637	825	6,113	7,102	874	572	5,656
SHARON	7,054	157	449	6,449	5,546	153	437	4,955	5,109	331	233	4,545
STONEHAM	7,468	365	549	6,554	6,834	346	543	5,946	6,471	526	353	5,592
SWAMPSCOTT	3,550	20	483	3,047	3,417	59	437	2,921	3,046	237	301	2,508
TOPSFIELD	1,357	3	143	1,211	1,225	24	141	1,060	1,090	103	81	906
WAKEFIELD	8,580	74	721	7,784	7,849	75	719	7,055	7,309	283	483	6,543
WALPOLE	8,223	194	581	7,447	7,482	188	550	6,744	7,009	421	287	6,302
WALTHAM	19,554	176	1,486	17,893	18,174	182	1,417	16,575	17,125	611	924	15,589
WELLESLEY	6,276	383	589	5,304	5,656	374	585	4,696	5,086	547	402	4,137
WENHAM	534	2	91	441	495	16	85	395	469	61	59	349
WESTON	2,709	63	234	2,412	2,417	58	226	2,133	2,232	112	167	1,953
WESTWOOD	3,134	181	352	2,601	2,896	162	338	2,395	2,630	236	246	2,148
WEYMOUTH	28,886	1,460	1,622	25,804	26,789	1,294	1,608	23,887	24,784	1,719	1,089	21,977
WILMINGTON	6,362	110	430	5,821	5,650	90	430	5,130	5,261	241	252	4,768
WINCHESTER	4,802	82	577	4,142	4,226	81	585	3,560	3,831	220	423	3,188
WINTHROP	10,002	321	544	9,138	9,518	291	536	8,691	8,756	389	439	7,927
WOBURN	12,393	806	980	10,607	11,422	755	1,001	9,665	10,711	995	714	9,001
<b>OTHER SERVED COMMUNITIES</b>												
ABINGTON	8,055	58	0	7,998	7,503	53	0	7,450	7,124	49	0	7,075
ACTON	3,643	74	0	3,569	3,101	73	0	3,028	2,735	73	0	2,662
AMESBURY	13,041	393	0	12,648	11,881	386	0	11,495	9,950	430	0	9,520
ANDOVER	9,474	950	0	8,524	8,508	929	0	7,579	7,794	1,003	0	6,791
ASHBURNHAM	767	17	0	750	694	16	0	677	627	23	0	604
ASHBY	455	5	0	451	413	5	0	407	376	6	0	370
ASHLAND	4,497	52	339	4,105	3,906	52	331	3,522	2,771	218	147	2,405
ATTLEBORO	31,242	535	0	30,707	29,375	518	0	28,857	26,353	508	0	25,845
AUBURN	5,613	87	0	5,526	5,094	79	0	5,015	4,704	80	0	4,624
AYER	5,056	42	0	5,014	4,827	41	0	4,786	4,709	39	0	4,670
BELLINGHAM	9,781	120	0	9,661	9,220	116	0	9,104	8,404	116	0	8,288
BERKLEY	4,828	69	0	4,760	4,545	67	0	4,478	3,734	69	0	3,665
BILLERICA	20,941	676	0	20,266	19,632	575	0	19,057	18,232	575	0	17,657
BOXBOROUGH	1,920	28	0	1,892	945	26	0	919	460	26	0	434
BOXFORD	2,415	3	0	2,412	1,878	31	0	1,847	1,697	69	0	1,628
BRIDGEWATER	4,679	200	0	4,480	4,289	169	0	4,120	3,974	197	0	3,777
BROCKTON	119,294	1,807	0	117,487	109,317	1,803	0	107,514	100,925	1,749	0	99,176
CARLISLE	1,485	18	0	1,467	1,346	18	0	1,329	1,249	18	0	1,232
CARVER	11,182	83	0	11,099	10,606	76	0	10,530	9,433	71	0	9,362
CHELMSFORD	13,716	280	0	13,436	12,466	265	0	12,201	11,309	259	0	11,050
DRACUT	16,962	99	0	16,863	16,030	104	0	15,925	14,385	106	0	14,279
DUXBURY	3,739	102	308	3,329	3,214	94	296	2,824	2,862	265	110	2,487
EAST BRIDGEWATER	10,502	68	0	10,434	9,923	64	0	9,859	8,924	52	0	

**Massachusetts Department of Revenue – Division of Local Services – Local Aid Section    APPENDIX E**

(all amounts in thousands)

Municipality	FY2000			FY1999			FY1998					
	Total Local Aid	All Other Assessments	Assessment	Total Local Aid	All Other Assessments	Assessment	Total Local Aid	All Other Assessments	Assessment	Net Local Aid		
EASTON	9,705	285	0	9,420	9,011	264	0	8,747	7,161	255	0	6,906
ESSEX	1,031	4	0	1,027	953	16	0	938	772	32	0	740
FITCHBURG	43,325	523	0	42,803	37,701	493	0	37,208	33,968	482	0	33,487
FOXBOROUGH	8,066	137	0	7,929	7,318	132	0	7,185	6,714	126	0	6,588
FRANKLIN	20,620	555	0	20,065	17,360	458	0	16,901	14,465	434	0	14,031
FREETOWN	2,102	113	0	1,989	1,844	110	0	1,734	1,870	112	0	1,758
GEORGETOWN	4,990	29	0	4,961	3,272	43	0	3,229	2,811	64	0	2,748
GLOUCESTER	12,540	1,032	0	11,508	11,513	991	0	10,522	10,033	1,009	0	9,025
GRAFTON	6,749	28	0	6,721	5,852	27	0	5,825	5,196	26	0	5,169
GROTON	784	34	0	750	709	34	0	675	641	27	0	615
GROVELAND	1,003	21	0	982	940	29	0	912	890	44	0	846
HALIFAX	3,643	32	0	3,611	3,447	30	0	3,417	3,146	28	0	3,118
HANOVER	6,106	70	290	5,746	5,741	67	282	5,392	5,130	176	157	4,797
HANSON	1,384	40	0	1,344	1,522	38	0	1,484	1,436	36	0	1,400
HARVARD	3,960	84	0	3,876	3,657	88	0	3,570	3,435	91	0	3,344
HAVERHILL	47,100	392	0	46,708	43,776	483	0	43,293	40,617	561	0	40,055
HOLDEN	2,258	88	0	2,170	1,954	83	0	1,872	1,789	92	0	1,697
HOLLISTON	8,358	63	0	8,295	6,738	64	0	6,674	6,148	58	0	6,090
HOPKINTON	4,803	32	0	4,771	3,411	32	0	3,379	3,182	34	0	3,149
IPSWICH	4,493	78	0	4,415	4,052	102	0	3,950	3,782	150	0	3,632
KINGSTON	3,629	68	0	3,560	3,252	59	0	3,193	2,881	65	0	2,816
LAKEVILLE	3,172	63	0	3,109	3,062	58	0	3,004	2,434	67	0	2,368
LANCASTER	987	18	0	969	892	18	0	874	816	17	0	797
LAWRENCE	121,079	1,296	0	119,783	110,464	1,177	0	109,287	100,507	1,251	0	99,256
LEICESTER	10,443	68	0	10,374	9,415	60	0	9,355	8,003	67	0	7,936
LEOMINSTER	35,283	513	0	34,770	30,958	479	0	30,479	27,397	460	0	26,938
LITTLETON	2,021	62	0	1,959	1,760	51	0	1,709	1,593	59	0	1,533
LOWELL	135,484	802	0	134,682	130,287	811	0	129,476	119,936	804	0	119,132
LUNENBURG	4,182	69	0	4,113	3,839	68	0	3,771	3,701	66	0	3,635
MANSFIELD	12,211	298	0	11,913	10,521	290	0	10,231	8,553	278	0	8,275
MARLBOROUGH	13,339	175	0	13,164	10,735	166	0	10,569	9,628	168	0	9,462
MARSHFIELD	13,568	125	518	12,925	12,580	113	508	11,960	10,584	356	236	9,992
MAYNARD	4,424	30	0	4,394	4,203	28	0	4,175	3,745	-107	142	3,709
MEDWAY	6,902	90	0	6,812	6,248	86	0	6,162	5,221	83	0	5,138
MERRIMAC	1,186	27	0	1,159	1,122	31	0	1,091	1,070	26	0	1,045
METHUEN	31,655	251	0	31,404	29,197	316	0	28,880	27,019	481	0	26,537
MIDDLEBOROUGH	16,372	125	0	16,246	16,162	111	0	16,052	15,207	107	0	15,100
MILLBURY	6,748	60	0	6,688	6,268	52	0	6,217	5,840	55	0	5,785
MILLIS	3,457	205	203	3,049	3,063	159	197	2,706	2,854	271	87	2,496
NEWBURY	1,444	78	0	1,365	1,386	87	0	1,299	1,340	106	0	1,235
NEWBURYPORT	6,574	108	0	6,466	6,163	169	0	5,994	5,840	182	0	5,658
NORTH ANDOVER	7,627	388	0	7,239	6,842	401	0	6,441	5,241	490	0	4,751
NORTH ATTLEBOROUGH	17,956	799	0	17,157	15,707	714	0	14,993	13,953	653	0	13,300
NORTH READING	5,331	34	310	4,988	4,912	34	303	4,576	4,348	125	198	4,025
NORTHBOROUGH	4,254	81	0	4,173	3,251	73	0	3,178	2,955	62	0	2,893
NORTHBRIDGE	13,328	17	0	13,311	12,066	18	0	12,048	11,208	19	0	11,189
NORTON	12,202	195	0	12,008	10,143	183	0	9,960	8,851	179	0	8,672
NORWELL	3,293	326	230	2,736	2,982	253	226	2,504	2,762	336	135	2,291
PAXTON	546	40	0	505	482	34	0	448	434	34	0	399
PEMBROKE	6,259	79	365	5,815	5,873	74	360	5,440	5,422	228	188	5,005
PLYMOUTH	25,040	360	0	24,680	23,445	295	0	23,150	21,231	274	0	20,957
PLYMPTON	761	19	0	742	744	18	0	725	710	17	0	693
PRINCETON	849	8	0	841	798	8	0	790	765	8	0	757
RAYNHAM	1,652	157	0	1,495	1,545	148	0	1,397	1,418	144	0	1,274
REHOBOTH	1,066	216	0	849	970	206	0	764	897	203	0	694
ROCHESTER	1,829	39	0	1,790	1,519	36	0	1,483	1,444	33	0	1,411
ROCKLAND	12,613	354	367	11,891	11,594	345	360	10,889	10,616	453	226	9,937
ROCKPORT	2,852	171	0	2,681	2,533	170	0	2,363	2,321	202	0	2,119
ROWLEY	1,033	38	0	994	980	14	0	966	936	31	0	906
SALISBURY	842	54	0	788	749	60	0	690	672	85	0	587
SCITUATE	5,856	100	386	5,369	5,285	94	381	4,810	4,944	211	242	4,492
SEEKONK	5,688	220	0	5,469	4,338	216	0	4,122	3,997	210	0	3,788
SHERBORN	590	44	100	446	509	41	99	370	460	99	55	307
SHIRLEY	4,625	27	0	4,597	4,286	23	0	4,263	3,865	22	0	3,844
SHREWSBURY	9,596	178	0	9,418	8,694	154	0	8,539	7,851	164	0	7,686
SOUTHBOROUGH	2,560	67	0	2,493	1,154	54	0	1,100	1,008	52	0	957
STERLING	749	33	0	716	678	31	0	647	621	30	0	591
STOUGHTON	12,157	713	0	11,444	11,290	663	0	10,627	10,285	686	0	9,599
STOW	447	38	0	409	403	38	0	365	369	37	0	332
SUDBURY	5,169	56	350	4,763	4,420	56	346	4,019	3,519	180	205	3,134
SUTTON	4,466	34	0	4,432	4,144	33	0	4,111	3,414	36	0	3,378
TAUNTON	45,231	733	0	44,498	40,283	702	0	39,580	36,346	699	0	35,647
TEWKSBURY	14,121	246	0	13,874	12,296	242	0	12,054	11,386	230	0	11,156
TOWNSEND	1,291	23	0	1,268	1,139	23	0	1,116	1,032	23	0	1,009
TYNGSBOROUGH	7,080	26	0	7,054	6,307	25	0	6,281	5,702	25	0	5,677
UPTON	595	12	0	583	541	12	0	529	500	13	0	487
WAREHAM	14,666	517	0	14,149	13,393	429	0	12,964	12,472	400	0	12,072
WAYLAND	4,188	47	294	3,847	3,667	50	289	3,327	3,366	113	209	3,043
WEST BOYLSTON	3,704	36	0	3,668	2,770	36	0	2,734	2,447	21	0	2,426
WEST BRIDGEWATER	2,945	210	0	2,735	2,737	191	0	2,546	2,578	182	0	2,396
WEST NEWBURY	354	1	0	353	324	14	0	311	502	30	0	472
WESTBOROUGH	4,571	89	0	4,481	3,983	84	0	3,899	2,925	77	0	2,848
WESTFORD	10,127	105	0	10,023	7,597	105	0	7,491	6,121	96	0	6,025
WESTMINSTER	790	33	0	757	700	29	0	671	640	27	0	613
WHITMAN	2,240	43	0	2,197	2,030	40	0	1,989	1,875	46	0	1,830
WORCESTER	189,197	1,786	0	187,411	172,805	1,821	0	170,983	162,771	1,653	0	161,118
WRENTHAM	4,776	95	0	4,682	4,205	84	0	4,120	3,983	81	0	3,902

**Massachusetts Department of Revenue – Division of Local Services – Local Aid Section    APPENDIX E**

(all amounts in thousands)

Municipality	FY1990				FY1985			
	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid
<b><u>FOURTEEN CITIES AND TOWNS</u></b>								
ARLINGTON	14,366	84	2,370	11,912	11,791	2,247	2,273	7,271
BELMONT	5,166	132	1,241	3,794	3,962	1,555	1,134	1,274
BOSTON	462,970	2,413	47,570	412,987	354,242	7,544	42,103	304,595
BROOKLINE	11,389	383	4,083	6,923	10,627	3,013	3,883	3,730
CAMBRIDGE	41,233	230	5,551	35,452	35,358	3,759	5,270	26,328
CHELSEA	20,985	592	1,092	19,301	13,661	837	1,059	11,765
EVERETT	11,665	473	1,641	9,551	8,080	2,622	1,671	3,787
MALDEN	27,532	137	2,526	24,869	20,059	1,970	2,285	15,804
MEDFORD	24,473	1,005	2,929	20,539	16,301	2,870	2,851	10,581
MILTON	4,921	476	1,128	3,317	3,898	1,371	1,080	1,447
NEWTON	12,079	299	3,730	8,050	13,708	5,447	3,391	4,870
REVERE	20,991	686	2,440	17,865	17,525	1,445	2,090	13,990
SOMERVILLE	51,244	190	3,690	47,365	36,906	2,817	3,583	30,506
WATERTOWN	10,074	462	1,625	7,987	8,897	1,826	1,437	5,633
<b><u>FIFTY-ONE CITIES AND TOWNS</u></b>								
BEDFORD	2,463	44	276	2,144	2,383	525	222	1,636
BEVERLY	10,806	346	755	9,704	7,947	858	606	6,484
BRAINTREE	9,931	646	897	8,388	8,460	1,644	768	6,049
BURLINGTON	5,670	97	643	4,929	6,171	904	493	4,774
CANTON	3,881	150	414	3,317	4,085	896	285	2,903
COHASSET	1,467	183	139	1,145	1,513	212	101	1,200
CONCORD	2,633	46	301	2,287	2,895	484	230	2,181
DANVERS	5,576	296	487	4,792	4,914	615	427	3,872
DEDHAM	5,966	411	647	4,908	5,175	1,064	537	3,574
DOVER	297	55	106	136	531	287	77	167
FRAMINGHAM	15,636	140	1,149	14,347	12,747	1,972	887	9,888
HAMILTON	652	80	157	414	683	203	119	361
HINGHAM	3,430	353	484	2,592	3,866	957	356	2,554
HOLBROOK	4,731	190	296	4,246	3,791	246	262	3,282
HULL	4,688	61	219	4,407	4,274	225	154	3,896
LEXINGTON	5,239	96	746	4,397	5,316	1,700	610	3,005
LINCOLN	1,426	14	165	1,247	1,231	206	146	879
LYNN	52,323	995	1,483	49,845	36,841	1,573	1,477	33,791
LYNNFIELD	2,115	311	251	1,552	2,177	389	187	1,601
MANCHESTER	544	101	99	344	786	229	75	481
MARBLEHEAD	2,306	314	456	1,536	2,739	843	393	1,502
MEDFIELD	2,645	72	211	2,362	2,835	180	141	2,514
MELROSE	11,161	107	772	10,283	8,670	1,347	690	6,633
MIDDLETON	626	63	96	467	683	120	65	499
NAHANT	660	48	125	487	533	183	113	236
NATICK	7,510	92	608	6,810	6,655	904	468	5,283
NEEDHAM	3,732	267	621	2,844	4,407	1,487	483	2,437
NORFOLK	1,386	42	140	1,204	1,171	102	77	991
NORWOOD	8,427	180	690	7,557	6,288	1,218	573	4,497
PEABODY	16,946	932	892	15,122	13,595	1,101	762	11,732
QUINCY	35,451	487	3,056	31,909	29,549	3,605	2,560	23,384
RANDOLPH	10,457	317	720	9,421	8,775	723	593	7,458
READING	6,118	52	558	5,508	4,952	682	425	3,846
SALEM	13,496	713	730	12,053	10,633	933	649	9,051
SAUGUS	6,540	451	632	5,457	5,718	1,156	587	3,975
SHARON	3,778	92	328	3,359	3,626	255	248	3,123
STONEHAM	6,219	227	446	5,546	5,106	1,144	370	3,592
SWAMPSCOTT	2,569	157	385	2,027	2,539	554	314	1,671
TOPSFIELD	932	68	119	745	977	185	85	707
WAKEFIELD	6,661	60	588	6,013	5,038	1,186	500	3,352
WALPOLE	5,159	117	404	4,638	4,655	498	302	3,855
WALTHAM	16,405	205	1,059	15,140	12,419	3,306	949	8,165
WELLESLEY	3,706	318	479	2,910	4,780	1,498	417	2,864
WENHAM	483	36	70	377	459	82	62	315
WESTON	1,748	45	230	1,474	2,377	776	176	1,425
WESTWOOD	1,990	105	329	1,555	2,447	671	258	1,518
WEYMOUTH	21,675	779	1,380	19,515	17,019	1,823	1,127	14,069
WILMINGTON	5,349	51	356	4,942	4,324	530	262	3,532
WINCHESTER	3,134	74	492	2,568	3,984	1,177	439	2,369
WINTHROP	8,306	249	521	7,536	6,261	725	440	5,096
WOBURN	10,290	311	811	9,168	8,303	1,458	736	6,109
<b><u>OTHER SERVED COMMUNITIES</u></b>								
ABINGTON	5,597	25	0	5,572	4,089	173	0	3,916
ACTON	2,158	49	0	2,110	2,330	437	0	1,893
AMESBURY	6,618	293	0	6,325	4,836	289	0	4,547
ANDOVER	4,934	749	0	4,185	5,345	999	0	4,346
ASHBURNHAM	468	10	0	458	789	91	0	698
ASHBY	221	2	0	219	171	29	0	142
ASHLAND	2,055	27	257	1,771	2,016	263	154	1,599
ATTLEBORO	15,310	402	0	14,908	10,382	703	0	9,679
AUBURN	4,195	68	0	4,127	3,404	412	0	2,992
AYER	4,210	25	0	4,185	3,235	127	0	3,108
BELLINGHAM	6,649	70	0	6,579	5,012	170	0	4,842
BERKLEY	1,732	31	0	1,701	785	60	0	725
BILLERICA	13,540	357	0	13,183	10,709	730	0	9,979
BOXBOROUGH	284	11	0	273	360	81	0	278
BOXFORD	892	86	0	806	747	196	0	551
BRIDGEWATER	5,817	132	0	5,685	4,362	267	0	4,094
BROCKTON	58,748	1,742	0	57,006	42,261	2,248	0	40,014
CARLISLE	968	9	0	959	596	115	0	481
CARVER	2,725	29	0	2,696	1,689	122	0	1,567
CHELMSFORD	8,983	185	0	8,798	8,122	631	0	7,491
DRACUT	8,058	67	0	7,990	6,376	315	0	6,061
DUXBURY	2,707	66	223	2,418	2,937	336	114	2,487
EAST BRIDGEWATER	4,409	29	0	4,380	3,147	154	0	2,993

**Massachusetts Department of Revenue – Division of Local Services – Local Aid Section    APPENDIX E**

(all amounts in thousands)

Municipality	FY1990				FY1985			
	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid
EASTON	5,282	230	0	5,052	4,349	364	0	3,985
ESSEX	532	39	0	493	535	74	0	461
FITCHBURG	21,060	448	0	20,612	13,598	730	0	12,868
FOXBOROUGH	4,251	73	0	4,178	3,892	259	0	3,632
FRANKLIN	6,806	277	0	6,529	5,492	309	0	5,183
FREETOWN	1,557	70	0	1,486	1,006	179	0	827
GEORGETOWN	1,965	62	0	1,903	1,661	126	0	1,535
GLOUCESTER	7,779	897	0	6,883	6,554	934	0	5,620
GRAFTON	3,452	31	0	3,421	2,996	249	0	2,747
GROTON	782	22	0	760	662	161	0	500
GROVELAND	1,187	39	0	1,148	927	92	0	835
HALIFAX	1,798	10	0	1,787	1,146	73	0	1,073
HANOVER	4,371	27	213	4,130	3,589	217	164	3,209
HANSON	3,261	28	0	3,233	2,320	132	0	2,188
HARVARD	3,014	27	0	2,987	2,403	196	0	2,207
HAVERHILL	21,882	663	0	21,219	16,410	918	0	15,492
HOLDEN	3,168	60	0	3,108	2,294	385	0	1,909
HOLLISTON	4,071	31	0	4,039	3,664	241	0	3,423
HOPKINTON	1,584	16	0	1,568	1,519	110	0	1,409
IPSWICH	3,041	132	0	2,909	2,716	280	0	2,436
KINGSTON	1,461	25	0	1,437	1,064	128	0	935
LAKEVILLE	1,647	27	0	1,620	780	125	0	655
LANCASTER	1,961	12	0	1,949	1,466	147	0	1,320
LAWRENCE	52,902	960	0	51,941	31,464	1,200	0	30,264
LEICESTER	4,989	63	0	4,927	3,500	202	0	3,298
LEOMINSTER	14,670	308	0	14,362	9,932	791	0	9,141
LITTLETON	1,270	53	0	1,217	1,277	161	0	1,116
LOWELL	57,298	688	0	56,610	38,701	1,481	0	37,220
LUNENBURG	2,795	9	0	2,787	2,313	214	0	2,099
MANSFIELD	3,743	200	0	3,543	2,934	433	0	2,502
MARLBOROUGH	9,328	113	0	9,215	7,860	524	0	7,336
MARSHFIELD	6,744	57	421	6,266	5,321	408	246	4,668
MAYNARD	3,520	19	0	3,501	2,456	174	0	2,282
MEDWAY	2,938	47	0	2,891	2,668	157	0	2,511
MERRIMAC	1,456	28	0	1,428	1,042	61	0	981
METHUEN	12,463	475	0	11,988	8,333	763	0	7,570
MIDDLEBOROUGH	8,187	40	0	8,148	5,095	262	0	4,833
MILLBURY	4,879	45	0	4,834	4,148	247	0	3,901
MILLIS	2,014	95	159	1,760	1,750	120	91	1,539
NEWBURY	769	60	0	709	717	140	0	577
NEWBURYPORT	5,607	220	0	5,387	3,961	335	0	3,626
NORTH ANDOVER	3,820	368	0	3,452	3,489	577	0	2,912
NORTH ATTLEBOROUGH	8,327	380	0	7,946	5,638	477	0	5,161
NORTH READING	3,196	44	251	2,901	3,025	230	207	2,588
NORTHBOROUGH	2,222	42	0	2,180	2,040	325	0	1,715
NORTHBRIDGE	6,517	15	0	6,502	4,166	225	0	3,941
NORTON	5,718	130	0	5,588	4,642	233	0	4,408
NORWELL	2,352	139	209	2,004	2,557	252	141	2,164
PAXTON	685	30	0	655	621	97	0	524
PEMBROKE	3,186	45	296	2,845	2,681	243	197	2,241
PLYMOUTH	4,555	161	0	4,394	4,989	931	0	4,059
PLYMPTON	416	8	0	408	276	41	0	234
PRINCETON	529	1	0	527	501	68	0	433
RAYNHAM	2,993	93	0	2,900	2,071	200	0	1,872
REHOBOTH	575	130	0	445	1,477	228	0	1,249
ROCHESTER	1,124	8	0	1,116	470	70	0	401
ROCKLAND	7,983	191	290	7,502	6,387	274	236	5,876
ROCKPORT	1,721	210	0	1,510	764	294	0	471
ROWLEY	1,249	36	0	1,213	640	96	0	544
SALISBURY	1,411	94	0	1,317	1,092	162	0	930
SCITUATE	4,154	56	332	3,766	4,450	399	253	3,799
SEEKONK	3,268	142	0	3,126	2,390	358	0	2,032
SHERBORN	409	25	92	292	547	152	57	338
SHIRLEY	2,465	8	0	2,458	2,130	69	0	2,061
SHREWSBURY	5,463	94	0	5,370	4,463	679	0	3,784
SOUTHBOROUGH	762	15	0	747	1,064	249	0	815
STERLING	1,088	15	0	1,073	1,050	138	0	911
STOUGHTON	8,707	341	0	8,366	6,264	664	0	5,600
STOW	738	14	0	724	798	124	0	673
SUDBURY	2,837	28	288	2,520	3,003	357	214	2,431
SUTTON	3,060	9	0	3,051	1,546	152	0	1,394
TAUNTON	25,635	715	0	24,920	17,312	776	0	16,536
TEWKSBURY	8,653	134	0	8,519	7,177	380	0	6,798
TOWNSEND	799	19	0	780	534	119	0	416
TYNGSBOROUGH	2,135	25	0	2,110	1,491	102	0	1,388
UPTON	492	2	0	490	426	91	0	336
WAREHAM	6,098	220	0	5,878	3,517	390	0	3,127
WAYLAND	2,600	26	284	2,290	2,930	346	220	2,364
WEST BOYLSTON	1,464	15	0	1,449	1,315	186	0	1,129
WEST BRIDGEWATER	2,019	96	0	1,923	1,725	154	0	1,571
WEST NEWBURY	731	32	0	699	507	65	0	441
WESTBOROUGH	2,091	32	0	2,059	2,594	468	0	2,125
WESTFORD	3,924	56	0	3,867	3,671	269	0	3,402
WESTMINSTER	479	9	0	470	759	142	0	617
WHITMAN	4,975	32	0	4,943	3,590	178	0	3,412
WORCESTER	101,080	1,270	0	99,810	76,577	3,166	0	73,411
WRENTHAM	1,951	41	0	1,910	1,355	112	0	1,243

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## TABLE OF REFUNDED BONDS

The bonds of the Authority to be refunded from the proceeds of the Bonds are described below:

<u>Bonds</u>	<u>Maturity or Sinking Fund Installment Date</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP*</u>
2002 Series A (Sales Tax Bonds)	7/1/2017	4.600%	\$625,000	8/1/2012	100%	575579BE6
2006 Series C (Sales Tax Bonds)	7/1/2020	5.000	9,320,000	7/1/2018	100	575579SL2
	7/1/2021	5.000	9,780,000	7/1/2018	100	575579SM0
	7/1/2022	5.000	10,270,000	7/1/2018	100	575579SN8
	7/1/2023	5.000	11,110,000	7/1/2018	100	575579ND5
2004 Series A (Assessment Bonds)	7/1/2015	4.250	2,755,000	7/1/2014	100	575577EC1
	7/1/2016	4.300	835,000	7/1/2014	100	575577EE7
	7/1/2017	4.400	520,000	7/1/2014	100	575577EG2
	7/1/2018	4.500	1,015,000	7/1/2014	100	575577EJ6
	7/1/2019	4.500	1,025,000	7/1/2014	100	575577EL1
	7/1/2020	4.625	40,000	7/1/2014	100	575577EN7
	7/1/2021	4.625	425,000	7/1/2014	100	575577EQ0
2005 Series A (Assessment Bonds)	7/1/2016	5.000	1,585,000	7/1/2015	100	575577MB4
	7/1/2017	5.000	1,670,000	7/1/2015	100	575577MC2
	7/1/2018	5.000	15,250,000	7/1/2015	100	575577GC9
	7/1/2019	5.000	15,900,000	7/1/2015	100	575577GD7
	7/1/2020	5.000	17,900,000	7/1/2015	100	575577GE5
	7/1/2021	5.000	18,300,000	7/1/2015	100	575577GF2
	7/1/2022	5.000	4,000,000	7/1/2015	100	575577GG0
2008 Series A (Assessment Bonds)	7/1/2019	5.000	13,075,000	7/1/2018	100	575577KX8
	7/1/2020	4.700	780,000	7/1/2018	100	575577KY6
	7/1/2020	5.000	17,450,000	7/1/2018	100	575577KZ3
	7/1/2021	4.750	3,480,000	7/1/2018	100	575577LA7
	7/1/2022	4.750	6,595,000	7/1/2018	100	575577LB5
	7/1/2023	4.875	7,755,000	7/1/2018	100	575577LC3
	7/1/2024	5.000	4,310,000	7/1/2018	100	575577LD1

\* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. The CUSIP numbers are included solely for the convenience of Bondowners and the Authority is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products.

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**History of Dedicated Sales Tax Receipts**  
(Fiscal Year Basis)

**APPENDIX G**

		<u>Sales Tax</u>			<u>Sales Tax</u>	
<b>FY 2001</b>	July 2000	\$58,864,609.93		<b>FY 2005</b>	July 2004	\$59,152,487.60
	August 2000	51,598,902.68			August 2004	56,531,955.68
	September 2000	53,047,132.99			September 2004	52,686,964.50
					First Quarter MOU Payment	10/29/2004
	October 2000	58,257,056.21			October 2004	7,830,820.97
	November 2000	47,241,054.05			November 2004	56,320,495.47
	December 2000	50,746,166.04			December 2004	52,385,319.17
					Second Quarter MOU Payment	1/28/2005
	January 2001	68,281,720.03			January 2005	13,895,988.00
	February 2001	47,862,483.14			February 2005	66,116,787.81
	March 2001	52,638,613.24			March 2005	47,835,510.40
					Third Quarter MOU Payment	4/29/2005
	April 2001	48,626,223.33			April 2005	13,740,473.53
	April 2002	53,608,485.11			May 2005	55,428,402.46
	April 2003	63,818,320.89			June 2005	57,276,986.25
					Fourth Quarter MOU Payment	7/29/2005
						3,146,085.27
<b>FY 2002</b>	July 2001	56,740,477.12		<b>FY 2006</b>	July 2005	63,706,766.98
	August 2001	56,793,427.86			August 2005	60,021,625.04
	September 2001	45,910,181.24			September 2005	54,730,482.84
	First Quarter MOU Payment	10/31/2001	6,643,413.78		First Quarter MOU Payment	n/a
	October 2001	60,159,739.28			October 2005	56,219,658.23
	November 2001	51,718,117.35			November 2005	54,655,984.67
	December 2001	46,540,029.65			December 2005	54,750,007.59
	Second Quarter MOU Payment	1/30/2002	7,669,613.72		Second Quarter MOU Payment	1/30/2006
	January 2002	69,042,536.25			January 2006	12,208,342.50
	February 2002	40,598,823.38			February 2006	67,603,286.89
	March 2002	50,570,181.60			March 2006	50,440,625.43
	Third Quarter MOU Payment	4/30/2002	5,875,958.77		Third Quarter MOU Payment	4/28/2006
	April 2002	54,293,860.57			April 2006	9,744,835.75
	May 2002	53,588,358.95			May 2006	57,501,884.78
	June 2002	52,833,594.53			June 2006	55,647,976.97
	Fourth Quarter MOU Payment	7/30/2002	5,371,685.95		Fourth Quarter MOU Payment	7/28/2006
						6,585,540.09
<b>FY 2003</b>	July 2002	57,498,881.00		<b>FY 2007</b>	July 2006	61,508,085.83
	August 2002	54,046,526.32			August 2006	58,230,191.82
	September 2002	51,382,636.91			September 2006	55,383,595.47
	First Quarter MOU Payment	10/30/2002	8,142,080.77		First Quarter MOU Payment	10/30/2006
	October 2002	55,105,094.19			October 2006	8,368,954.63
	November 2002	48,652,365.92			November 2006	60,725,874.12
	December 2002	53,939,508.59			December 2006	54,496,233.19
	Second Quarter MOU Payment	1/30/2003	13,373,156.30		Second Quarter MOU Payment	1/30/2007
	January 2003	65,812,935.67			January 2007	12,911,330.83
	February 2003	43,426,930.49			February 2007	69,881,393.62
	March 2003	47,566,254.55			March 2007	54,255,592.49
	Third Quarter MOU Payment	4/30/2003	14,264,004.29		Third Quarter MOU Payment	4/30/2007
	April 2003	52,185,573.20			April 2007	49,488,669.55
	May 2003	52,880,284.27			May 2007	9,865,172.09
	June 2003	56,704,746.56			June 2007	55,805,024.25
	Fourth Quarter MOU Payment	7/30/2009	9,299,520.97		Fourth Quarter MOU Payment	7/31/2007
						57,150,132.76
						59,494,727.83
						11,040,944.00
<b>FY 2004</b>	July 2003	58,091,671.15		<b>FY 2008</b>	July 2007	64,677,209.96
	August 2003	53,364,460.09			August 2007	57,068,427.82
	September 2003	52,904,470.37			September 2007	56,892,519.45
	First Quarter MOU Payment	10/30/2003	6,709,523.00		First Quarter MOU Payment	10/30/2007
	October 2003	56,942,704.65			October 2007	10,357,395.27
	November 2003	48,731,253.66			November 2007	59,835,957.10
	December 2003	53,499,963.33			December 2007	55,645,342.69
	Second Quarter MOU Payment	1/30/2004	11,896,214.00		Second Quarter MOU Payment	1/31/2008
	January 2004	58,026,446.59			January 2008	18,018,199.18
	February 2004	46,167,642.97			February 2008	68,571,803.70
	March 2004	48,664,540.82			March 2008	51,321,517.46
	Third Quarter MOU Payment	4/30/2004	18,211,494.00		Third Quarter MOU Payment	4/30/2008
	April 2004	53,191,662.52			April 2008	18,676,763.49
	May 2004	54,570,000.42			May 2008	57,170,276.41
	June 2004	58,073,409.76			June 2008	55,370,711.29
	Fourth Quarter MOU Payment	7/30/2004	5,235,042.67		Fourth Quarter MOU Payment	7/31/2008
						58,279,393.53
						18,175,171.27

## APPENDIX G

		Sales Tax			Sales Tax	
<b>FY 2009</b>	July 2008	\$60,706,166.06		<b>FY 2011</b>	July 2010	60,334,040.24
	August 2008	56,907,139.70			August 2010	55,279,892.76
	September 2008	54,758,493.55			September 2010	51,855,845.04
	First Quarter MOU Payment	19,392,371.69	10/31/2008		First Quarter MOU Payment	24,294,392.96
	October 2008	57,608,174.31			October 2010	55,324,371.10
	November 2008	52,010,512.62			November 2010	52,918,333.82
	December 2008	51,176,551.03			December 2010	54,536,590.64
	Second Quarter MOU Payment	30,968,933.04	1/30/2009		Second Quarter MOU Payment	28,984,875.44
	January 2009	62,448,994.93			January 2011	66,112,553.97
	February 2009	46,790,898.05			February 2011	45,897,703.95
	March 2009	46,084,047.46			March 2011	48,764,668.38
	Third Quarter MOU Payment	36,440,230.56	4/30/2009		Third Quarter MOU Payment	30,989,244.70
	April 2009	51,850,889.02			April 2011	54,653,746.10
	May 2009	52,232,931.03			May 2011	53,043,325.34
	June 2009	55,238,472.87			June 2011	55,923,298.65
	Fourth Quarter MOU Payment	32,441,878.08	7/31/2009		Fourth Quarter MOU Payment	28,143,800.91
<b>FY 2010</b>	July 2009	57,556,839.54		<b>FY 2012</b>	July 2011	\$59,646,374.97
	August 2009	54,385,484.65			August 2011	54,110,947.96
	September 2009	49,646,769.86			September 2011	52,414,328.89
	First Quarter MOU Payment	30,178,767.63	11/13/2009		First Quarter MOU Payment	28,601,298.98
	October 2009	53,810,216.23			October 2011	56,434,332.77
	November 2009	50,510,524.03			November 2011	52,892,465.91
	December 2009	50,719,673.02			December 2011	57,303,339.30
	Second Quarter MOU Payment	36,720,067.04	1/29/2010		Second Quarter MOU Payment	28,142,812.78
	January 2010	61,894,172.30			January 2012	67,440,335.72
	February 2010	46,001,614.90			February 2012	49,632,002.94
	March 2010	47,656,945.22			March 2012	49,645,001.96
	Third Quarter MOU Payment	36,211,438.58	4/30/2010		Third Quarter MOU Payment	28,055,610.14
	April 2010	56,005,251.54			April 2012	57,959,022.11
	May 2010	52,957,311.16			May 2012	
	June 2010	55,939,141.58			June 2012	
	Fourth Quarter MOU Payment	26,862,466.72	8/6/2010		Fourth Quarter MOU Payment	Date





**CUSIP Numbers\***

This Annual Report relates to bonds and notes issued by the Massachusetts Bay Transportation Authority (the “Authority”) which records available to the Authority indicate have, or had at the time of issuance, the following six-digit issuer identification CUSIP numbers:

**575577**

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\*The Authority is not a subscriber to the CUSIP Service Bureau and has no means to verify the accuracy of these CUSIP numbers or to determine if such numbers have changed as a result of events in the secondary market. In accordance with the terms of the bonds and notes of the Authority, failure to use CUSIP numbers in any notice to holders of the bonds or notes, or any error or omission with respect thereto, does not constitute an event of default or any similar violation of any Authority contract with such holders.

The Authority acknowledges the copyright position of Standard & Poor’s and the American Bankers Association with respect to CUSIP numbers and the CUSIP numbering system.

# Massachusetts Bay Transportation Authority

All Assessment & Sales Tax Issues

## Dedicated Sales Tax - Base Revenue Amount

Fiscal Years Ending June 30

Fiscal Year	Base Revenue	
	Amount	Percent Increase
2001	\$645,000,000	
2002	\$664,350,000	3.00%
2003	\$684,280,500	3.00%
2004	\$684,208,500	0.00%
2005	\$704,808,915	3.00%
2006	\$712,585,739	1.10%
2007	\$733,963,311	3.00%
2008	\$755,982,210	3.00%
2009	\$767,056,684	1.46%
2010	\$767,056,684	0.00%
2011	\$767,056,684	0.00%
2012	\$779,091,803	1.57%

All Assessment & Sales Tax Issues

## Dedicated Sales Tax - Sales Tax Receipts

Fiscal Years Ending June 30

Fiscal Year	Sales Tax Receipts	20% of Sales Tax Receipts	% Increase/ (Decrease)
1978	\$520,701,180	\$104,140,236	17.8%
1979	\$577,811,734	\$115,562,347	11.0%
1980	\$608,428,226	\$121,685,645	5.3%
1981	\$704,188,866	\$140,837,773	15.7%
1982	\$753,147,231	\$150,629,446	7.0%
1983	\$865,291,925	\$173,058,385	14.9%
1984	\$1,041,797,387	\$208,359,477	20.4%
1985	\$1,209,522,818	\$241,904,564	16.1%
1986	\$1,452,092,246	\$290,418,449	20.1%
1987	\$1,600,004,046	\$320,000,809	10.2%
1988	\$1,733,312,576	\$346,662,515	8.3%
1989	\$1,787,062,915	\$357,412,583	3.1%
1990	\$1,660,519,469	\$332,103,894	-7.1%
1991	\$1,617,727,175	\$323,545,435	-2.6%
1992	\$1,682,319,431	\$336,463,886	4.0%
1993	\$1,820,971,551	\$364,194,310	8.2%
1994	\$1,978,773,555	\$395,754,711	8.7%
1995	\$2,136,971,274	\$427,394,255	8.0%
1996	\$2,252,083,428	\$450,416,686	5.4%
1997	\$2,494,701,986	\$498,940,397	10.8%
1998	\$2,572,447,261	\$514,489,452	3.1%
1999	\$2,833,016,602	\$566,603,320	10.1%
2000	\$3,107,166,500	\$621,433,300	9.7%
2001	\$3,272,953,839	\$654,590,768	5.3%
2002	\$3,193,946,638	\$638,789,328	-2.4%
2003	\$3,196,008,691	\$639,201,738	0.1%
2004	\$3,211,141,238	\$642,228,248	0.5%
2005	\$3,330,838,208	\$666,167,642	3.7%
2006	\$3,420,208,843	\$684,041,769	2.7%
2007	\$3,458,884,551	\$691,776,910	1.1%
2008	\$3,453,776,709	\$690,755,342	-0.1%
2009	\$3,239,083,506	\$647,816,701	-6.2%
2010	\$3,852,057,082	\$637,083,944	-1.7%
2011	\$4,091,484,725	\$654,642,631	2.8%
2012	\$4,190,596,549	\$670,495,448	2.4%

All Assessment & Sales Tax Issues

**Assessments**

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As of June 30, 2012

(Insert required information here)

All Assessment & Sales Tax Issues, 2002A-B Refunding

**Outstanding Indebtedness**

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As of June 30, 2012

(Insert required information here)

All Assessment & Sales Tax Issues

**Capital Plan**

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As of June 30, 2012

(Insert required information here)

All Assessment & Sales Tax Issues, 2002A-B Refunding

**Revenues and Expenses**

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As of June 30, 2012

(Insert required information here)

Series 2002A-B Refunding

**Fund Balances**

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As of June 30, 2012

(Insert required information here)