

NEW ISSUE - BOOK-ENTRY ONLY

**Ratings: Standard & Poor's: AAA
Moody's: Aa1
(See "Ratings" herein)**

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 2000 Series A Bonds will not be included in the gross income of holders of the 2000 Series A Bonds for federal income tax purposes. Interest on the 2000 Series A Bonds will not constitute a preference item for the purposes of computation of the alternative minimum tax imposed on certain individuals and corporations, although interest on the 2000 Series A Bonds will be taken into account in computing the alternative minimum tax applicable to certain corporations. In the opinion of Bond Counsel, interest on the 2000 Series A Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the 2000 Series A Bonds are exempt from Massachusetts personal property taxes. For federal and Massachusetts tax purposes, interest includes original issue discount. See "Tax Exemption" herein.



\$496,645,000
Massachusetts Bay Transportation Authority
Assessment Bonds
2000 Series A

Dated: August 1, 2000

Due: July 1, as shown on the inside cover

The 2000 Series A Bonds will be issued by means of a book-entry-only system evidencing ownership and transfer of the 2000 Series A Bonds on the records of The Depository Trust Company ("DTC") and its participants. Details of payment of the 2000 Series A Bonds are more fully described in this Official Statement. The 2000 Series A Bonds will bear interest from August 1, 2000 and interest will be payable on January 1, 2001 and semiannually thereafter on each July 1 and January 1, calculated on the basis of a 360-day year of twelve 30-day months. The 2000 Series A Bonds are subject to redemption prior to maturity, as more fully described herein.

The 2000 Series A 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, as supplemented by the First Supplemental Trust Agreement dated as of July 1, 2000, both by and between the Authority and State Street Bank and Trust Company, Boston, Massachusetts, as 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 2000 Series A Bonds and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment, except as described herein.

The 2000 Series A 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 Palmer and Dodge LLP, Boston, Massachusetts and for the Commonwealth by its disclosure counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts. The 2000 Series A Bonds are expected to be available for delivery on or about August 16, 2000, at DTC in New York, New York.

PaineWebber Incorporated

Bear, Stearns & Co. Inc.
Morgan Stanley Dean Witter

Carolan & Co., Inc.
Fleet Securities, Inc.
Merrill Lynch & Co.
Raymond James & Associates, Inc.
Tucker Anthony Incorporated

Corby North Bridge Securities
Goldman, Sachs & Co.
M.R. Beal & Company
Salomon Smith Barney

Lehman Brothers
Siebert Brandford Shank & Co., LLC

Dain Rauscher Incorporated
J.P. Morgan & Co.
Prudential Securities
State Street Capital Markets, LLC
William E. Simon & Sons Municipal Securities, Inc.

August 2, 2000

Massachusetts Bay Transportation Authority
Assessment Bonds
2000 Series A

Dated: August 1, 2000

Due: July 1, as shown below

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Price or Yield</u>
2011	\$4,290,000	4.90%	4.94%	2016	\$ 660,000	5.30%	5.37%
2011	8,865,000	5 ¼	4.94*	2016	16,315,000	5 ¼	5.37*
2012	9,460,000	5	5.04	2017	1,190,000	5.40	5.43
2012	4,360,000	5 ¼	5.04*	2017	16,705,000	5 ¼	5.43*
2013	3,240,000	5 ⅛	5.14	2018	600,000	5.40	5.48
2013	11,295,000	5 ¼	5.14*	2018	18,280,000	5 ¼	5.48*
2014	1,265,000	5.20	5.23	2019	19,925,000	5 ½	5.55
2014	14,030,000	5 ¼	5.23*	2020	18,410,000	5.55	5.58
2015	3,705,000	5.30	100	2021	19,440,000	5.60	100
2015	12,405,000	5 ¼	5.30*				

\$312,205,000 5¼% Term Bonds Due July 1, 2030 to Yield 5.66%

(Accrued interest to be added)

*Priced at the stated yield to the July 1, 2010 optional redemption date at a redemption price of 100%. See "THE 2000 SERIES A BONDS - Redemption Provisions; *Optional Redemption.*"

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY

BOARD OF DIRECTORS

KEVIN J. SULLIVAN, CHAIRMAN
WILLIE J. DAVIS
JANICE LOUX*
RICHARD M. FIELDING
JOSEPH M. TROLLA
ROBERTA L. BRUNDRETT
BARON H. MARTIN

SENIOR MANAGEMENT

ROBERT H. PRINCE, JR., GENERAL MANAGER

JONATHAN R. DAVISDeputy General Manager and Chief Financial Officer
PATRICIA A. DAY Chief Labor Relations Officer
HOWARD M. HAYWOOD.....Chief of Design and Construction
ANNE Y. HERZENBERG Chief Operating Officer
JOAN M. MARTIN..... Chief of Employee Relations and Administration
WILLIAM A. MITCHELL, JR. General Counsel
MICHAEL H. MULHERNDeputy General Manager
THOMAS J. O'LOUGHLINChief of Police
C. MIKEL OGLESBY Chief of Staff
WESLEY G. WALLACE, JR.Treasurer-Controller

*On July 5, 2000, Governor Cellucci re-appointed Ms. Loux to the Board of Directors. She has not yet been sworn in.

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. 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 respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the underwriters do not guarantee the accuracy or completeness of such information.

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 2000 Series A Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

All quotations from and summaries and explanations of provisions of laws, resolutions, the 2000 Series A Bonds and other documents herein do not purport to be complete; reference is made to said laws, resolutions, the 2000 Series A Bonds and other documents for full and complete statements of their provisions. Copies of the above are available for inspection at the principal office of the Authority.

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OFFICIAL STATEMENT
OF THE
MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
PERTAINING TO ITS
ASSESSMENT BONDS, 2000 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 sale by the Massachusetts Bay Transportation Authority (the "Authority" or "MBTA") of its \$496,645,000 Assessment Bonds, 2000 Series A (the "2000 Series A 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 Bonds (hereinafter defined), the meanings set forth in APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT - Definitions."

The 2000 Series A Bonds

The 2000 Series A Bonds are authorized to be issued pursuant to the Enabling Act (hereinafter defined), and are to be issued under an Assessment Bond Trust Agreement dated as of July 1, 2000 (the "Trust Agreement"), as supplemented by the First Supplemental Trust Agreement dated as of July 1, 2000 (the "First Supplemental Trust Agreement" and together with the Trust Agreement, the "Assessment Bond Trust Agreement"), both by and between the Authority and State Street Bank and Trust Company, Boston, Massachusetts, as Trustee (the "Trustee"). The 2000 Series A Bonds are being issued for the following purposes:

- to pay costs of the Authority in accordance with the Enabling Act, including funding a portion of the Authority's capital program,
- to fund the Debt Service Reserve Fund,
- to make a deposit to the Debt Service Fund to fund capitalized interest on the 2000 Series A Bonds,
- to pay all or a portion of the September 1, 2000 interest payment on certain Prior Obligations (hereinafter defined) of the Authority, and
- to pay costs of issuing the 2000 Series A Bonds.

See "PLAN OF FINANCE" and "APPLICATION OF PROCEEDS." As used herein, the term "Assessment Bonds" means the 2000 Series A Bonds and all other Assessment Bonds hereafter issued under the Trust Agreement on a parity with the 2000 Series A Bonds. The Trust Agreement provides for the issuance of additional Assessment Bonds and subordinated bonds, and the Authority expects to issue additional Assessment Bonds or subordinated bonds in the future. See "THE AUTHORITY - Capital Plan."

The 2000 Series A Bonds constitute special obligations of the Authority, secured as to the payment of principal and Redemption Price, if any, of 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 of the Authority in accordance with the Enabling Act (the "Assessments"). The 2000 Series A Bonds are the first 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 shall be obligated to pay the 2000 Series A Bonds and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment, except as described herein.

Simultaneously with the issuance of the 2000 Series A Bonds, the Authority is issuing \$103,355,000 Senior Sales Tax Bonds, 2000 Series A (the “2000 Series A Senior Sales Tax Bonds”) for the purpose, among others, of paying costs of the Authority in accordance with the Enabling Act, including funding a portion of the Authority’s capital program.

Background

The Authority was originally created in 1964 pursuant to Chapter 161A of Massachusetts General Laws, as amended (“Prior Act”), 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 consisted of 78 cities and towns in the greater Boston metropolitan area.

Under the Prior Act, the Commonwealth provided various forms of financial assistance to offset the Authority’s operating deficit. In order to finance its capital program, the Authority was authorized to issue indebtedness secured by its general obligation. 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 such indebtedness (the “Section 28 Assistance”). Furthermore, the Commonwealth paid to the Authority the total amount of expenses in excess of revenues (the “Net Cost of Service”). Net Cost of Service was paid in arrears upon certification by the Authority to the Commonwealth. In order to meet current costs, the Authority received advances of the Net Cost of Service or issued operating notes. The Commonwealth recovered a portion of the Net Cost of Service paid to the Authority through amounts assessed on cities and towns in the Authority’s territory.

Pursuant to the Prior Act and 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 notes and entered into certain leases and other obligations, each of which was secured by a combination of the Commonwealth Guaranty, Section 28 Assistance and the Commonwealth’s payment of the Net Cost of Service. Such bonds, notes, leases and other obligations outstanding as of July 1, 2000 are collectively referred to herein as the “Prior Obligations.”

Forward Funding

As part of its Fiscal Year 2000 annual appropriations act, Chapter 127 of the Acts of 1999 of the Commonwealth, as amended (“Chapter 127” or the “Forward Funding Legislation”), the Commonwealth repealed and restated the Prior Act effective July 1, 2000. The Prior Act as restated by Section 151 of Chapter 127, together with Section 35T of Chapter 10 of Massachusetts General Laws, also enacted as part of Chapter 127, are collectively referred to herein as the “Enabling Act.”

Commencing July 1, 2000, the Authority no longer receives Net Cost of Service, which had been unlimited, or Section 28 Assistance. Instead, 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 amount raised by a 1% statewide sales tax, which equals 20% of the existing statewide sales tax, or \$645,000,000, in either case to be funded from existing sales tax receipts, subject to upward adjustment under certain circumstances set forth in the Enabling Act. See “SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX - Dedicated Sales Tax.” The Enabling Act and the new financing mechanism for the Authority established thereunder have been referred to as “Forward Funding” to reflect the fact that the Authority’s costs will no longer be funded in arrears.

The Enabling Act expands the territory of the Authority to 175 cities and towns, but aggregate annual Assessments payable by such cities and town are 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 will be adjusted annually for inflation but will not be permitted to increase by more than 2.5% per year. 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 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. The Authority has so certified in connection with its Fiscal Year 2001 budget. See "SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX - Provision for the Payment of Prior Obligations."

In order to clarify certain procedural provisions in the Enabling Act, at or prior to the issuance of the 2000 Series A Bonds, the Authority will enter into a Memorandum of Understanding dated as of July 1, 2000 with the Executive Office of 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, Assessments shall be deposited to the Fund quarterly, on September 30, December 31, March 31 and June 30, beginning September 30, 2000. The Dedicated Sales Tax is deposited not later than the last business day of each month, commencing August, 2000, on account of the prior month.

Under the Enabling Act, the Dedicated Revenues are impressed with a trust for the benefit of Authority bondholders. 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, annual aggregate Assessments shall not be reduced below \$136,026,868 and the rate of the sales tax shall not be reduced below the amount of the Dedicated Sales Tax. See "SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX - Dedicated Sales Tax."

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 Prior Act; provided, however, that any such payment by the Commonwealth shall be repayable within five years by the Authority, without interest, from the Dedicated Revenues.

Under the Enabling Act, the Authority is no longer authorized to issue indebtedness supported by the Commonwealth Guaranty. Furthermore, the Commonwealth no longer shall pay Net Cost of Service or Section 28 Assistance. Instead, 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, Assessments and the Dedicated Sales Tax. Pursuant to the Assessment Bond Trust Agreement, the 2000 Series A 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 (the "Sales Tax Bond Trust Agreement") by and between the Authority and State Street Bank and Trust Company, as 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).

The Authority has identified cost containment and revenue enhancement initiatives, which it believes to be necessary and sufficient to provide for the long-term operation and maintenance of the Authority's transportation system without additional financial assistance from the Commonwealth. There can be no assurance that such initiatives will provide sufficient financial resources to sustain the long-term operation and maintenance of the Authority's transportation system. However, under the Enabling Act, the pledge and receipt of Assessments is not contingent upon the Authority's provision of transportation services. Subject to the limitations with respect to the Assessments described herein, 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."

Official Statement

There follows in this Official Statement a description of the Authority, together with summaries of the terms of the 2000 Series A Bonds and certain provisions of the Enabling Act, the Forward Funding Legislation, the Assessment Bond Trust Agreement and the Sales Tax Bond Trust Agreement. All references herein to the Enabling Act, the Forward Funding Legislation, 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 2000 Series A 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.

Attached hereto as 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 sets forth certain continuing disclosure undertakings with respect to the 2000 Series A Bonds. See "CONTINUING DISCLOSURE." A list of the 175 cities and towns in the Authority's territory and information about Assessments and Local Aid (hereinafter defined) is set forth in Appendix E.

This Official Statement does not contain the audited financial statements of the Authority or general financial and operating information about the Authority because the 2000 Series A 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 Assessments are not derived from or otherwise related to the Authority's operations, subject to the limitations described herein. See "THE AUTHORITY - Operations." For further information about the Authority, reference is made to the Authority's most recent official statement with respect to certain Prior Obligations, copies of which are available from each Nationally Recognized Municipal Securities Information Repository ("NRMSIR") or from the Municipal Securities Rulemaking Board ("MSRB") and to the most recent annual report filed with each NRMSIR pursuant to the Authority's continuing disclosure undertaking for certain Prior Obligations.

THE AUTHORITY

The Authority was created in 1964 by the Prior Act 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, the 14 cities and towns, the 51 cities and towns and the other served communities, based upon the weighting of each member's allocable percentage of Assessments. Appendix E includes a list of the 175 cities and town 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

The Enabling Act provides that the affairs of the Authority shall be managed by a board of nine directors appointed effective July 1, 2000 (the "Board of Directors" or "Board"). The Secretary of the Executive Office of Transportation and Construction of the Commonwealth (hereinafter called the "Secretary") serves *ex officio* as the Chairman of the Board. Eight directors are appointed by the Governor of the Commonwealth to serve two-year terms, except as specified below, and are eligible for reappointment. The directors appointed by the Governor shall consist of one selected from a list provided by the Mayor of Boston, one selected from a list provided by the chief executive officers of each of the 14 cities and towns, excluding Boston, and one selected from a list provided by the metropolitan area planning council on behalf of the 51 cities and towns and other served communities. Of the appointees of the Governor, one shall be experienced in transportation, one shall be a member of a national or international labor organization, one shall be experienced in environmental protection, one shall be experienced in administration and finance and one shall be experienced in consumer protection. No more than five of the nine directors shall be members of the same political party. No fewer than seven of the directors shall be residents of the Authority's territory. In order to establish staggered terms, initially four members serve for one-year terms. Currently, there are two vacancies on the Board.

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 approve the Authority's long term capital program and annual operating budget or to subject the operating budget to itemized reductions. The Enabling Act does not provide for the Authority to be a debtor under the federal bankruptcy code.

The Authority's directors are:

KEVIN J. SULLIVAN, *Chairman, Merrimac, Massachusetts; ex officio*

Secretary of Transportation; Former Commissioner, Massachusetts Highway Department; former Deputy Commissioner, Massachusetts Highway Department; former Associate Commissioner, Massachusetts Highway Department; former Mayor of Lawrence, Massachusetts for two four-year terms; former Alderman and Director of Health and Charities for the City of Lawrence, Massachusetts.

WILLIE J. DAVIS, *Director, Newton, Massachusetts*

Practicing Attorney; Board Member of the Committee for Public Counsel Services; Former United States Magistrate Judge; former Assistant United States Attorney for the District of Massachusetts; and former assistant Attorney General of the Commonwealth of Massachusetts.

JANICE LOUX*, *Director, Boston, Massachusetts*

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.

RICHARD M. FIELDING, *Director, Lawrence, Massachusetts*

Employed at Raytheon Company; member of Local 1505 and Vice Chairman of the Board of the Lawrence Housing Authority.

JOSEPH M. TROLLA, *Director, Marlborough, Massachusetts*

Vice President of Construction at Fafard Real Estate Development, Inc., of Ashland; formerly held positions at the Marlborough Planning Department and at Brook Realty Trust; and former Superintendent at Flatley Construction.

*On July 5, 2000, Governor Cellucci re-appointed Ms. Loux to the Board of Directors. She has not yet been sworn in.

ROBERTA L. BRUNDRETT, *Director, Springfield, Massachusetts*

Practicing Attorney and Director of the Robert F. Kennedy Children's Action Corp.; former member of the Executive Committee of the Judicial Nominating Counsel; former Chair of the Western Regional Committee of the Judicial Nominating Counsel; former Director of the YMCA of Western Massachusetts; and former Corporator of the Springfield Library and Museums.

BARON H. MARTIN, *Director, East Wareham, Massachusetts*

Mediator for the Appeals Court for the Commonwealth of Massachusetts; Arbitrator; former First Justice of the Wareham District Court; former First Justice of the Appellate Division of the District Court Southern Division; former Special Justice of the Roxbury District Court; former Adjunct Professor of Law at Southern New England Law School; and former First Assistant General Counsel of the Metropolitan Transit Authority, the predecessor to the Authority.

Administration

The Authority's principal officers are as follows:

ROBERT H. PRINCE, Jr., *General Manager*

Former Chief Operating Officer, MBTA; former Assistant General Manager for Subway Operations, MBTA; former Assistant General Manager for Human Resources, MBTA; former Special Assistant to the General Manager, MBTA.

JONATHAN R. DAVIS, *Deputy General Manager and Chief Financial Officer*

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

MICHAEL H. MULHERN, *Deputy General Manager*

Former Chief Operating Officer, MBTA; Adjunct Professor at Suffolk University, Transportation and Public Policy, Graduate Program; Former Director of Subway Operations, MBTA; Alternate Trustee, MBTA Retirement Board.

C. MIKEL OGLESBY, *Chief of Staff*

Former Section Chief of Administration and Finance, MBTA; former Project Manager of Human Resource Information System, MBTA; former Special Assistant to the General Manager's Office, MBTA; former Senior Manager of Budget, MBTA.

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.

WILLIAM A. MITCHELL, JR., *General Counsel*

Former Member of Cosgrove, Eisenberg and Kiley, P.C.; former Chief of the Civil Bureau, Office of the Attorney General, Commonwealth of Massachusetts; former Chief of the Building Construction Unit, Office of the Attorney General, Commonwealth of Massachusetts; former Chairman, Contributory Retirement Appeal Board.

General

The MBTA is the oldest and sixth largest transit system in the country, operating subway, trackless trolley, trolley, bus and commuter rail service throughout eastern Massachusetts. The MBTA is responsible for an estimated 1.2 million passenger trips every business day and operates over 64 miles of rapid transit rail routes. It owns more than 1,000 buses which cover routes totaling 730 miles. The MBTA's commuter rail service operates over 440 units of passenger rail equipment providing service between Boston and 117

outlying rail stations. In addition, the MBTA provides a broad range of other passenger services including commuter boats, "The Ride" servicing the elderly and the disabled, and express buses.

As of July 1, 2000, the Authority employed approximately 5,800 full-time and approximately 600 part-time employees. Approximately 5,200 employees are represented by one of 27 labor organizations. The largest, Local 589 Amalgamated Transit Union represents nearly 3,600 Authority employees.

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 "Capital Plan" herein. The Authority's operating expenses (excluding debt service) for Fiscal Year 1999 were approximately \$611 million, are expected to be approximately \$629 million for Fiscal Year 2000 and are budgeted for Fiscal Year 2001 at approximately \$662 million. Debt service for each of the foregoing Fiscal Years is approximately \$311 million, \$322 million and \$329 million, respectively.

Dedicated Revenues for Fiscal Year 2001 are estimated to total approximately \$789 million, including approximately \$144 million of Assessments and approximately \$645 million of Dedicated Sales Tax. Under a transition provision related to the new Enabling Act, the annual Assessments will be reduced in five equal amounts from the approximately \$144 million in Fiscal Year 2001 to approximately \$136 million Fiscal Year 2006. After Fiscal Year 2006, aggregate Assessments will be adjusted annually for inflation, but will not be permitted to increase by more than 2.5% per year. 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 receives federal grants for preventative maintenance of the system and generates other non-operating revenues. In Fiscal Year 1999, the Authority received approximately \$6 million in such federal grants. The aggregate of all such revenues for Fiscal Year 1999 was approximately \$196 million, is expected to be approximately \$192 million in Fiscal Year 2000 and is budgeted for Fiscal Year 2001 at approximately \$203 million.

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 Year 1999, the Authority paid 37% of its operating expenses excluding debt service from system-related revenues. The Blue Ribbon Committee established by the Secretary 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. The Board has authorized the General Manager to do all things necessary to update the Authority's Fare Policy Statement and to recommend a new fare structure for Board approval. The Authority is in the process of developing such recommendation and has held a series of eight public hearings regarding a new fare structure.

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. See "ASSESSMENTS - Legal Obligations of Assessed Cities and Towns." The Authority has developed management plans, including a finance plan and cost containment and revenue enhancement initiatives, that it believes will enable it to provide for the long-term operation and maintenance of its transportation system. 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, relations with the labor

unions that represent the Authority's workforce, the risk of unfunded legislative mandates or other legislative restrictions on the Authority, uncertainties as to future federal capital grants and other unexpected increases in operating costs. Furthermore, there can be no assurance that such plans, even if implemented, will provide sufficient financial resources to sustain the long-term operation and maintenance of the Authority's transportation system.

Indebtedness

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

As of August 1, 2000, the Authority had outstanding approximately \$3.8 billion 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 \$252,655,000 principal amount bearing interest at variable rates. Under the supplemental resolution authorizing such variable rate General Transportation System Bonds, the interest rate on such bonds shall not exceed 10% per annum. Because under the Enabling Act the Authority is no longer authorized to issue bonds supported by the Commonwealth Guaranty or the Section 28 Assistance, the Authority does not expect to issue any additional General Transportation System Bonds.

As of August 1, 2000, there were outstanding \$33,471,000 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.

The Authority has entered into five long-term leases providing for the lease of equipment to the Authority. Under the terms of such leases the Authority is required to make annual rental payments of approximately \$12.8 million in the years 2000 to 2013. The Authority also has entered into 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. Furthermore, 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 (excluding certain operating notes described below) for each Fiscal Year as of August 1, 2000:

Prior Obligations Debt Service Requirements

<u>Fiscal Year</u>	<u>Principal(1)</u>	<u>Interest(2)</u>	<u>Total</u>
2001	\$118,525,271	\$196,109,961	\$314,635,232
2002	130,820,582	191,893,784	322,714,366
2003	139,688,755	186,084,150	325,772,905
2004	143,014,743	179,537,054	322,551,797
2005	146,358,741	172,865,246	319,223,987
2006	155,056,772	167,544,155	322,600,927
2007	152,867,822	162,026,415	314,894,237
2008	155,010,493	153,954,118	308,964,611
2009	150,811,027	145,933,698	296,744,725
2010	157,277,431	137,895,024	295,172,455
2011	161,601,029	129,518,568	291,119,597
2012	164,829,427	120,605,429	285,434,856
2013	166,514,817	111,896,246	278,411,063
2014	158,300,000	102,440,380	260,740,380
2015	141,820,000	92,827,936	234,647,936
2016	129,590,000	84,723,848	214,313,848
2017	129,195,000	77,584,502	206,779,502
2018	131,285,000	70,600,300	201,885,300
2019	138,370,000	63,530,918	201,900,918
2020	144,795,000	55,974,744	200,769,744
2021	152,570,000	48,191,250	200,761,250
2022	140,605,000	39,963,226	180,568,226
2023	120,395,000	32,601,794	152,996,794
2024	116,110,000	26,337,518	142,447,518
2025	108,195,000	20,281,287	128,476,287
2026	86,365,000	14,602,300	100,967,300
2027	63,935,000	9,974,550	73,909,550
2028	41,200,000	6,383,400	47,583,400
2029	28,795,000	3,902,500	32,697,500
2030	30,685,000	2,013,600	32,698,600

Source: the Authority.

(1) Includes both principal and interest portions of lease payments.

(2) Assumes a 7% interest rate per annum (a) for the General Transportation System Bonds, Variable Rate Demand Obligations, 1999 Series outstanding in the principal amount of approximately \$64 million bearing interest at a rate reset weekly and (b) after expiration of an interest rate swap agreement recently entered into with respect to the General Transportation System Bonds, Variable Rate Demand Obligations, 2000 Series, outstanding in the principal amount of \$188 million bearing interest at a rate reset weekly. Until the September 1, 2005 expiration of the interest rate swap agreement, such 2000 Series Bonds are assumed to bear interest at the fixed swap rate, 4.9284%. For Fiscal Year 2001, includes the portion of the September 1, 2000 interest payment to be paid from proceeds of the 2000 Series A Bonds.

As of August 1, 2000, the Authority also had outstanding \$160,000,000 of notes issued for operating purposes. Such notes mature on September 1, 2000 and will be paid by the Commonwealth.

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 Prior Act. However, any such payment by the Commonwealth shall be repayable within five years by the Authority, without interest, from Dedicated Revenues.

The Enabling Act provides that in order to draw upon Dedicated Revenues credited to the State and Local Contribution Fund, including Assessments, 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. The Authority has so certified in connection with its Fiscal Year 2001 budget. See "ASSESSMENTS" and "SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX."

The Authority intends to provide for the payment of Prior Obligations each year under its Sales Tax Bond Trust Agreement 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 is \$645 million in Fiscal Year 2001 and is subject to upward adjustment in future years in accordance with the Enabling Act. See "SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX."

Assessment Bonds. The 2000 Series A Bonds are the first Series of Assessment Bonds issued pursuant to the Assessment Bond Trust Agreement. The Authority expects to issue additional Assessment Bonds for the purposes set forth in the Assessment Bond Trust Agreement. Subject to compliance with the conditions to issuing Assessment Bonds thereunder, the Assessment Bond Trust Agreement does not limit the amount of Assessment Bonds to be issued. However, the Enabling Act limits the amount of outstanding bonds of the Authority. See "Limitation on Debt Under the Enabling Act."

Sales Tax Bonds. Simultaneously with the issuance of the 2000 Series A Bonds, the Authority intends to issue the 2000 Series A Senior Sales Tax Bonds under the Sales Tax Bond Trust Agreement which authorizes the issuance of both Senior and Subordinated Sales Tax Bonds from time to time (collectively, the "Sales Tax Bonds"). In addition, the Authority anticipates that it will maintain a commercial paper program under the Sales Tax Bond Trust Agreement in the aggregate principal amount of \$50 million to \$100 million. See "SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX."

Limitation on Debt Under the Enabling Act. Under the Enabling Act, the Authority is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount, which, when added to outstanding General Transportation System Bonds (other than refunding bonds), does not exceed the aggregate principal amount of \$3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the Authority is authorized to issue bonds for particular capital projects in the aggregate principal amount of approximately \$1.7 billion. The Authority also is authorized to issue bonds for the purpose of refunding bonds. Such bonds and refunding bonds may be general obligations of the Authority or may be secured by a pledge or conveyance of any revenue, receipts or other assets or funds of the Authority, or any combination of the foregoing. The Authority is further authorized to issue temporary notes for operating purposes, which notes shall be a general obligation of the Authority or for capital purposes, as bond anticipation notes. There are no such notes outstanding as of August 1, 2000, nor does the Authority currently intend to issue such notes in the near future.

Capital Plan

Since 1964, when the Authority assumed control of the properties of its predecessor, the Metropolitan Transit Authority, the Authority has 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.

Total anticipated expenditures under the Authority's current five year capital program (FY2001-2005) equal approximately \$2.5 billion. Of such amount, approximately \$1.0 billion is expected to be funded from federal aid, with the remainder, \$1.5 billion, to be funded from Authority bonds or revenues. The current capital program funds ongoing programs, including those necessary to comply with legal commitments. The federal aid is awarded under the Transportation Efficiency Act for the Twenty First Century (known as "TEA-21") which expires in 2003. The Authority's capital program assumes a level of federal

funding for Fiscal Years 2004 and 2005 which is equal to the level of TEA-21 funding authorized under TEA-21 for Fiscal Year 2003.

Under the Enabling Act, the Authority is required to develop a comprehensive, long-term (not greater than 20 years) capital program (the "Program") which must be approved by 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, commencing with Fiscal Year 2002, 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, Central Artery Project transit commitments, 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.

The amount of debt service the Authority must pay will directly affect the amount of the Dedicated Revenues after the payment of debt service available to the Authority to support its operation, maintenance and capital reinvestment needs. The level or cost of the Authority's transportation services will not affect the availability of Assessments or other Pledged Revenues to meet debt service requirements on Assessment Bonds.

PLAN OF FINANCE

The 2000 Series A Bonds

A portion of the proceeds of the 2000 Series A Bonds will be applied to all or a portion of the September 1, 2000 interest payment on certain Prior Obligations (the "Refunded Prior Obligations"). Proceeds from the sale of the 2000 Series A Bonds will be deposited into an account held by the Fiscal Agent for the Refunded Prior Obligations, in an amount which will provide for the payment when due of all or a portion of the interest on September 1, 2000 on such Refunded Prior Obligations. Under the General Bond Resolution adopted by the Authority on February 15, 1967, as amended, the amounts to be held in such account for the Refunded Prior Obligations are pledged in trust for the sole and exclusive benefit of the holders of the Refunded Prior Obligations.

In addition to funding all or a portion of the interest on the Refunded Prior Obligations with a portion of the proceeds of the 2000 Series A Bonds as described above, the Authority is issuing the 2000 Series A Bonds under the Assessment Bond Trust Agreement for the purposes described below. See "APPLICATION OF PROCEEDS."

APPLICATION OF PROCEEDS

The proceeds from the sale of the 2000 Series A Bonds (exclusive of accrued interest and less net original issue discount) are expected to be applied as follows:

To pay capitalized interest on the 2000 Series A Bonds	\$31,625,173
To fund the Debt Service Reserve Fund	45,099,625
To pay all or a portion of the interest on Refunded Prior Obligations	96,359,936*
To fund a portion of the Authority's capital program, and to pay costs of issuance of the 2000 Series A Bonds including underwriters' discount	<u>308,478,598</u>
Total Application of Funds	\$481,563,332

*To the extent not utilized to pay interest on the Refunded Prior Obligations, such amount will be applied to fund the Authority's capital program.

THE 2000 SERIES A BONDS

General

The 2000 Series A Bonds will be issued in the aggregate principal amount of \$496,645,000, will be dated August 1, 2000, will mature (unless redeemed prior to maturity) on July 1 of each of the years and bear interest from their date at the per annum rate, all as set forth on the inside cover hereof. Interest on the 2000 Series A Bonds will be payable on January 1 and July 1 of each year, commencing January 1, 2001. The 2000 Series A Bonds are subject to optional and mandatory redemption as described below.

The 2000 Series A 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 2000 Series A Bonds. Purchases of beneficial interests in the 2000 Series A 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 Bondowner, payments of the principal of and interest on the 2000 Series A Bonds will be made directly to such Bondowner. 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."

Book-Entry Only System

DTC will act as securities depository for the 2000 Series A Bonds. The ownership of one fully registered Bond for each \$200,000,000 principal amount or portion thereof for each maturity will be registered in the name of Cede & Co., as nominee for DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("Indirect Participants").

The DTC Participants shall receive a credit balance in the records of DTC. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owners") will be recorded through the records of the DTC Participant or Indirect Participant. Beneficial Owners will receive a written confirmation of their purchase providing details of the 2000 Series A Bonds acquired. Transfers of ownership interests in the 2000 Series A Bonds will be accomplished by book entries made by DTC and by the DTC Participants who act on behalf of the Indirect Participants and Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the 2000 Series A Bonds. Interest and principal will be paid by the Trustee to DTC, or its nominee, and then paid by DTC to the DTC Participants and thereafter paid by the DTC Participants and Indirect Participants to the Beneficial Owners when due.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2000 SERIES A BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDOWNERS OR REGISTERED OWNERS OF THE 2000 SERIES A BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2000 SERIES A BONDS.

Principal and interest payments on the 2000 Series A Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the 2000 Series A Bonds. Upon receipt of moneys, DTC's current practice is to immediately credit the accounts of the DTC Participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC, the Trustee or the Authority, subject to any statutory and regulatory requirements as may be in effect from time to time. When notices are given, they shall be sent by the Trustee to DTC only. DTC shall forward (or cause to be forwarded) the notices to the DTC Participants, so that such DTC Participants may forward (or cause to be forwarded) the notices to the Beneficial Owners.

DTC may determine to discontinue providing its service with respect to the 2000 Series A Bonds at any time by giving notice to the Authority and discharging its responsibilities with respect thereto under applicable law, or 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. In either of such events, the Trustee will authenticate and deliver replacement 2000 Series A Bonds in the form of fully registered certificates. The Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the registered owner of the 2000 Series A Bonds.

Redemption Provisions

Optional Redemption. The 2000 Series A Bonds are subject to redemption prior to their stated dates of maturity, at the option of the Authority, in whole or in part as to such maturity or maturities as the Authority shall determine and by lot within each such maturity on July 1, 2010 or on any date thereafter, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption.

The 2000 Series A Bonds maturing July 1, 2030 are subject to mandatory sinking fund redemption and shall be redeemed prior to their stated maturity, from Sinking Fund Installments, on July 1 of the years set forth below by payment of 100% of the principal amount of such 2000 Series A Bonds called for redemption, plus interest accrued to the date fixed for redemption according to the schedule set forth below:

2000 Series A Bonds Maturing July 1, 2030

<u>Year</u>	<u>Principal Amount</u>
2022	\$27,535,000
2023	29,095,000
2024	30,745,000
2025	32,485,000
2026	34,325,000
2027	36,280,000
2028	38,350,000
2029	40,540,000
2030	42,850,000

The Authority may purchase 2000 Series A Bonds of any maturity and credit them against the Sinking Fund Installment for such maturity at the principal amount thereof by delivering them to the Trustee for cancellation at least forty-five (45) days before the Sinking Fund Installment date. Upon the purchase or redemption of any 2000 Series A Bonds for which Sinking Fund Installments shall have been established, an amount equal to the principal amount of the 2000 Series A Bonds so purchased or redeemed shall be credited toward future Sinking Fund Installments in such order as the Authority shall determine.

Partial Redemption. If less than all of the 2000 Series A Bonds of any maturity shall be called for redemption and such 2000 Series A Bonds are not held in the Book-Entry Only System, the 2000 Series A Bonds to be so redeemed shall be selected by the Trustee in any customary manner of selection as determined by the Trustee, subject to the provisions of the Assessment Bond Trust Agreement, at their principal amounts plus accrued interest to the redemption date. So long as all of the 2000 Series A Bonds are held in the Book-Entry Only System, if less than all of the 2000 Series A Bonds of any one maturity are to be redeemed, the particular 2000 Series A Bonds or portions of the 2000 Series A Bonds of such maturity to be redeemed shall be selected by DTC in such manner as DTC may determine.

Notice of Redemption. So long as DTC or its nominee is the Bondowner, the Authority and Trustee will recognize DTC or its nominee as the Bondowner for all purposes, including notices and voting. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements which may be in effect from time to time. So long as DTC or its nominee is the Bondowner, any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner so affected shall not affect the validity of the redemption.

Except as described below, notice of redemption shall be given by the Trustee not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by first class mail, postage prepaid, to the registered owner of each 2000 Series A Bond to be redeemed, at the address of such registered owner shown on the registry books maintained by the Trustee; *provided, however*, that if any Bondowner shall be the registered owner of \$1,000,000 or more in aggregate principal amount of any 2000 Series A Bonds or portion of 2000 Series A Bonds to be redeemed, the Trustee shall mail a copy of such notice by certified mail, return receipt requested. The notice shall require that such 2000 Series A Bonds be surrendered at the principal corporate trust office of the Trustee for redemption at the redemption price and shall state that further interest on such 2000 Series A Bonds will not accrue from and after the redemption date. CUSIP number identification with appropriate dollar amounts for each CUSIP number also shall accompany all redemption notices. However, any error in a CUSIP number or contained in any notice of redemption shall not affect the validity of the redemption proceedings.

Effect of Redemption. Notice of redemption having been given in the manner provided above, and money sufficient for the redemption being held by the Trustee for the purpose, the 2000 Series A Bonds so called for redemption shall become due and payable on the redemption date, and interest thereon shall cease to accrue and the owners of the 2000 Series A Bonds so called for redemption shall thereafter no longer have any security or benefit under the Assessment Bond Trust Agreement except to receive payment of the redemption price for such 2000 Series A Bonds. If such moneys are not available on the redemption date, the 2000 Series A Bonds or portions thereof will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption. If, at the time of mailing of the notice of optional redemption, moneys have not been deposited with the Trustee in an amount sufficient to redeem all the 2000 Series A Bonds called for redemption, such notice shall state that it is conditional, i.e., subject to the deposit of sufficient moneys not later than the opening of business on the redemption date, and any such notice shall be of no effect unless such moneys are deposited.

Transfer and Exchange

In the event that the Book-Entry Only System is discontinued, the following provisions would apply: 2000 Series A Bonds may be exchanged for an equal aggregate principal amount of 2000 Series A 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 2000 Series A 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 2000 Series A 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 2000 Series A Bonds in exchange for temporary Bonds, (ii) in the case of a Bond issued upon the first exchange or transfer of a 2000 Series A Bond or 2000 Series A Bonds surrendered for such purpose within sixty (60) days after the first authentication and delivery of the 2000 Series A Bonds, or (iii) as otherwise provided in the Assessment Bond Trust Agreement, the Trustee may charge a sum sufficient to pay the cost of preparing each new 2000 Series A 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 (a) to register, transfer or exchange Bonds for a period of fifteen (15) days next preceding an interest payment on the 2000 Series A Bonds or next preceding any selection of 2000 Series A Bonds to be redeemed or thereafter until the mailing of any notice of redemption or (b) to register, transfer or exchange any 2000 Series A Bonds called for redemption.

DEBT SERVICE REQUIREMENTS

The following table sets forth Debt Service on the 2000 Series A Bonds to be paid to Bondowners for each Fiscal Year in which the 2000 Series A Bonds will be outstanding.

2000 Series A Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2001	-	\$11,133,225	\$11,133,225
2002	-	26,719,740	26,719,740
2003	-	26,719,740	26,719,740
2004	-	26,719,740	26,719,740
2005	-	26,719,740	26,719,740
2006	-	26,719,740	26,719,740
2007	-	26,719,740	26,719,740
2008	-	26,719,740	26,719,740
2009	-	26,719,740	26,719,740
2010	-	26,719,740	26,719,740
2011	-	26,719,740	26,719,740
2012	\$13,155,000	26,359,766	39,514,766
2013	13,820,000	25,637,943	39,457,943
2014	14,535,000	24,868,336	39,403,336
2015	15,295,000	24,024,328	39,319,328
2016	16,110,000	23,133,249	39,243,249
2017	16,975,000	22,191,876	39,166,876
2018	17,895,000	21,192,931	39,087,931
2019	18,880,000	20,138,783	39,018,783
2020	19,925,000	19,049,095	38,974,095
2021	18,410,000	17,990,280	36,400,280
2022	19,440,000	16,935,083	36,375,083
2023	27,535,000	15,667,969	43,202,969
2024	29,095,000	14,181,431	43,276,431
2025	30,745,000	12,610,631	43,355,631
2026	32,485,000	10,950,844	43,435,844
2027	34,325,000	9,197,081	43,522,081
2028	36,280,000	7,343,700	43,623,700
2029	38,350,000	5,384,663	43,734,663
2030	40,540,000	3,313,800	43,853,800
2031	42,850,000	1,124,813	43,974,813

SECURITY FOR THE ASSESSMENT BONDS

The principal 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 Funds while it is held by the Authority and the Rebate Fund).

The 2000 Series A Bonds will be the first series of Assessment Bonds to be issued under the Assessment 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

The Assessment Bonds are special obligations of the Authority payable solely from the items pledged therefor pursuant to the terms of the Assessment Bond Trust Agreement. The payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for Assessment Bonds is secured by a pledge of the following:

- all Pledged Revenues,
- Dedicated Payments allocated to Assessment Bonds and interest earnings thereon, if any,
- amount 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.

Under the Enabling Act, the above amounts constituting Dedicated Revenues shall not be reduced or diverted as described under “-Statutory Covenant.”

All of 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 Fund quarterly on September 30, December 31, March 31 and June 30, commencing September 30, 2000. 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, 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 due in any particular Fiscal Year in its annual budget for such Fiscal Year. The Authority intends to provide for payment of Prior Obligations from funds available under the Sales Tax Bond Trust Agreement. See “SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX.”

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.

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:

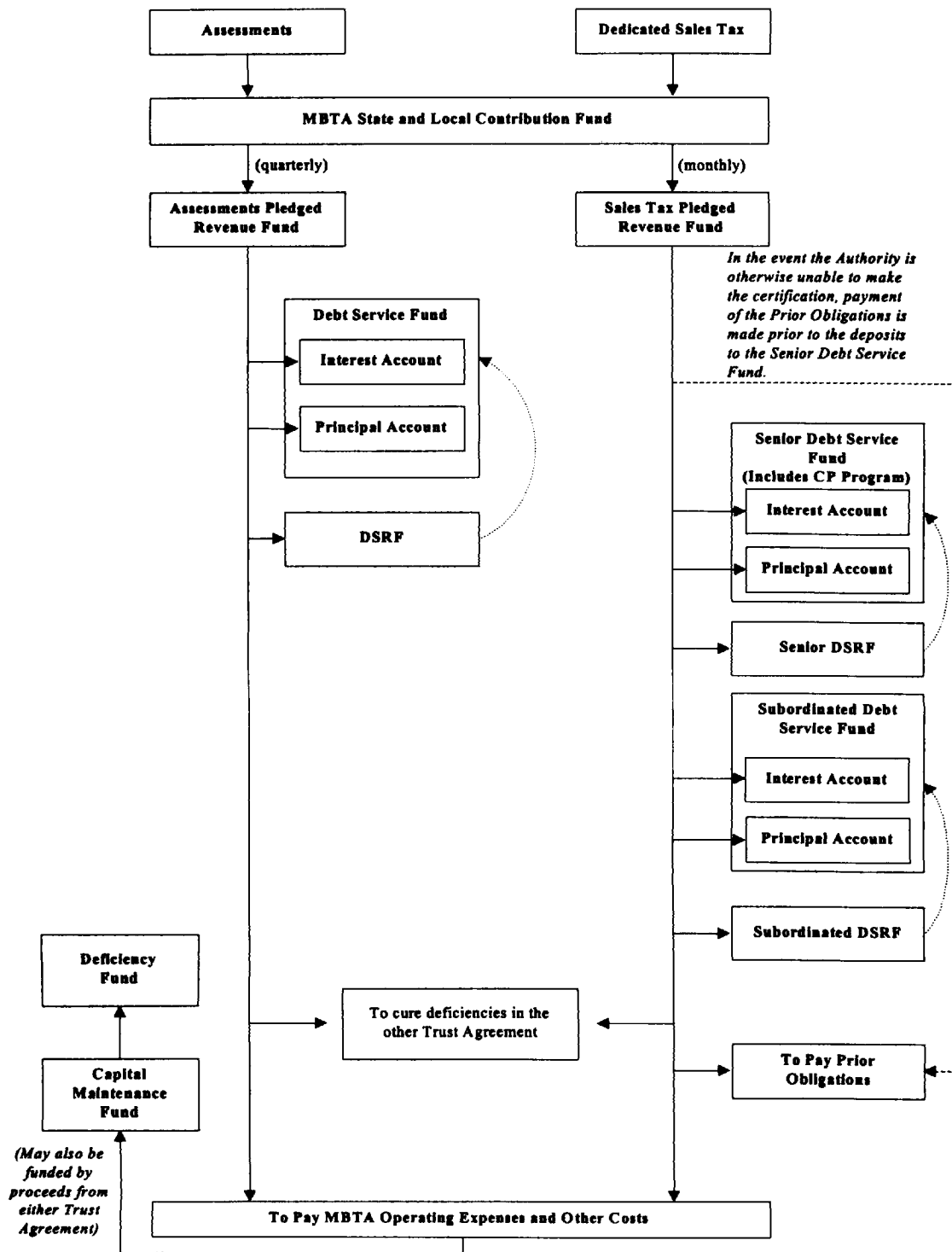
- (1) the Pledged Revenue Fund;
- (2) the Debt Service Fund; and
- (3) the Debt Service Reserve Fund.

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 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 below 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 "- Debt Service Reserve Fund" and in APPENDIX B - "SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT - Establishment of Funds and Accounts" through "- Subordinated Debt Service Reserve Fund," respectively.



Pledge of Amounts Payable Under the Sales Tax Bond Trust Agreement

Simultaneously with the issuance of the 2000 Series A Bonds, the Authority and a trustee named therein will enter into the Sales Tax Bond Trust Agreement dated as of July 1, 2000 (the "Sales Tax Bond Trust Agreement") and issue the 2000 Series A Senior Sales Tax Bonds thereunder. 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 equal to \$645,000,000 for Fiscal Year 2001 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, including the 2000 Series A Senior Sales Tax 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. The 2000 Series A Senior Sales Tax Bonds are the first series of Sales Tax Bonds to be issued. 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 Debt Service Fund, the Debt Service Reserve Fund and the Rebate Fund.

Debt Service Reserve Fund

To the extent that amounts in the Debt Service Fund, together with amounts transferred from the Sales Tax Bond Trust Agreement as described under "Pledge of Amounts Payable Under the Sales Tax Bond Trust Agreement," are insufficient to pay Debt Service, when due, on Assessment Bonds, in accordance with the Assessment Bond Trust Agreement, 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 the sum of the following amounts for the 2000 Series A Bonds and any additional Series of Assessment Bonds: 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 such Series in any future Fiscal Year, or, in any event, such lesser amount as may be required to comply with the Code. 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 Fund Requirement, the Authority is required to restore the amount on deposit in such Debt Service Reserve Fund. Upon issuance of the 2000 Series A 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 are 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 is held by the Authority and may be used to pay debt service on Authority bonds, notes and other obligations and other expenses of the Authority. The Capital Maintenance Fund shall be held by the Authority and may be used to pay a portion of the ongoing schedule of maintaining the equipment and mass transportation facilities of the Authority.

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."

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.

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 Bonds which is binding on future legislatures. Furthermore, enactment of a law which would reduce the Dedicated 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 2000 Series A 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, effective on July 1, 2000, 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 upon the request of the General Manager to the Authority 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. The Authority has so certified in connection with its Fiscal Year 2001 budget.

Pursuant to the MOU, Assessments shall be deposited to the Fund quarterly, on September 30, December 31, March 31 and June 30, beginning September 30, 2000. Such quarterly dates are the dates not later than which the Commonwealth is required to pay Local Aid to cities and towns.

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 increases the number of assessed cities and towns from 78 to 175 commencing in Fiscal Year 2002. Total Assessments shall be not less than \$136,026,868 in Fiscal Year 2006, as adjusted in 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 are 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 are reduced in five equal installments, while, commencing with Fiscal Year 2002, the additional cities and towns are assessed and their portion of the Assessments are 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 will receive a dollar-for-dollar credit against the Assessments, but this will have no effect on the total amount assessed for the Authority, because the credited amounts will be 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 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. The Dedicated Sales Tax may not be less than the base revenue amount which is equal to \$645 million in Fiscal Year 2001 and is subject to upward adjustment under certain circumstances set forth in the Enabling Act. See "SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX." The Enabling Act also 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 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.

Other Withholding of Local Aid

Qualified Bonds. The Commonwealth's Qualified Bond Act enables cities and towns, with the approval of the state Emergency Finance 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 Emergency Finance 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, eight communities in the Authority's territory, Amesbury, Beverly, Brockton, Chelsea, Haverhill, Lawrence, Lowell 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.

Based on the Fiscal Year 2001 preliminary so-called "cherry sheet" prepared by Department of Revenue, Division of Local Services, the City of Boston's projected Local Aid will be \$547,826,058 and the projected Assessment for the Authority will be \$62,226,869 or 11.4% of the City's Local Aid. Such Assessment will account for 43.0% 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 February 9, 2000 of the City of Boston, Massachusetts with respect to its \$120,000,000 General Obligation Bonds, 2000 Series A, copies of which are available from each NRMSIR or from the MSRB, and to the most recent annual report filed with the NRMSIRs 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 1999, the aggregate property tax levy grew from \$3.346 billion to \$6.753 billion, representing an increase of approximately 101.8%. By contrast, according to federal Bureau of Labor Statistics, the consumer price index for all urban consumers in Boston grew during the same period by approximately 107.9%.

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 1980's, the Commonwealth increased Local Aid to mitigate the impact of Proposition 2½ on local programs and services. In Fiscal Year 2000, approximately 21.7% of the Commonwealth's budget is estimated to be allocated to direct Local Aid. 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 are earmarked for public education and are distributed through a formula designed to provide more aid to the Commonwealth's poorer communities. The legislation established a Fiscal Year 1993 state spending base of approximately \$1.288 billion for local education purposes and required annual increases in state expenditures for such purposes above that base, subject to appropriation, estimated to be approximately \$2.803 billion in Fiscal Year 2000. All of the Commonwealth's budgets in Fiscal Years 1994 through 2000 have fully funded the requirements imposed by this legislation.

Another component of general revenue sharing, the Lottery and Additional Assistance programs, provides unrestricted funds for municipal use. 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.

For further information about the Commonwealth, specific reference is made to the Commonwealth Information Statement dated March 3, 2000 (the "March Information Statement"), as Supplemented by the Commonwealth Information Statement Supplement dated August 2, 2000 (the "Supplement"). The March Information Statement appears as an appendix to the Authority's Official Statement dated March 3, 2000 with respect to its \$200,000,000 General Transportation System Bonds, Variable Rate Demand Obligations, 2000 Series. Said Official Statement has been filed with each of the NRMSIRs and with the MSRB. The Supplement has been filed with each NRMSIR. **The 2000 Series A Bonds are not general obligations of the Commonwealth and are not secured by the full faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof, except as provided herein. The 2000 Series A Bonds are payable only from Pledged Revenues and other moneys available to the owners of the 2000 Series A Bonds under the Assessment Bond Trust Agreement. See "SECURITY FOR THE ASSESSMENT BONDS."**

SALES TAX BOND TRUST AGREEMENT AND DEDICATED SALES TAX

Simultaneously with the issuance of the 2000 Series A Bonds, the Authority will enter into the Sales Tax Bond Trust Agreement and issue the 2000 Series A Senior Sales Tax Bonds thereunder. 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 intends to provide for the payment of the Prior Obligations under the Sales Tax Bond Trust Agreement. See "THE AUTHORITY - Indebtedness." In addition, the Authority currently anticipates maintaining a commercial paper program in the aggregate principal amount of \$50 million to \$100 million which will be 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.

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, the Rebate Fund, the Subordinated Debt Service Fund and the Subordinated Debt Service Reserve Fund and as otherwise described below).

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 2001 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; and
- (5) the Subordinated Debt Service Reserve 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, commencing April 1, 2001, 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, which equals 20% of the existing statewide 5% sales tax. The base revenue amount is equal to \$645,000,000 for Fiscal Year 2001 and increases by the percent 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%, 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 dedicated sales tax revenue amount, the base revenue amount is increased by the same percentage increase as the amount of the dedicated sales tax revenue percentage increase.
- If the percent change in inflation, as measured by the Boston CPI for the prior year, is less than 3% and there was no increase in the dedicated sales tax revenue amount, the base revenue amount is held constant.

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 beginning on March 1, 2001 certify the base revenue amount for the following Fiscal Year. On March 15 of each year beginning on March 15, 2001, 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 beginning on November 15, 2001, 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 beginning on April 1, 2002, 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 is deposited not later than the last business day of each month, commencing August, 2000, on account of the prior month.

The existing 5% 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 the Commonwealth's total sales tax receipts, less sales tax on meals, for Fiscal Year 1977 through Fiscal Year 1999. 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 tax on motor vehicles was first imposed in July 1976 at a rate of 5%. 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 1998, 1999 and 2000 were \$112,742, \$627,144 and 1,264,918, respectively. The Fiscal Year 2000 amount is preliminary and unaudited.

Historical Commonwealth Sales Tax Receipts

Fiscal Year	Total Sales Tax Receipts	20% of Total Sales Tax Receipts	% Increase/ (Decrease)	Fiscal Year	Total Sales Tax Receipts	20% of Total Sales Tax Receipts	% Increase/ (Decrease)
1977	\$441,842,408	\$88,368,482	27.166%	1989	\$1,787,062,915	\$357,412,583	3.101%
1978	520,701,183	104,140,237	17.848	1990	1,660,519,408	332,103,882	(7.081)
1979	577,667,207	115,533,441	10.940	1991	1,617,727,164	323,545,433	(2.577)
1980	608,337,996	121,667,599	5.309	1992	1,682,319,431	336,463,886	3.993
1981	704,029,980	140,805,996	15.730	1993	1,820,971,551	364,194,310	8.242
1982	753,508,032	150,701,606	7.028	1994	1,978,773,555	395,754,711	8.666
1983	865,274,260	173,054,852	14.833	1995	2,136,971,274	427,394,255	7.995
1984	1,041,786,825	208,357,365	20.400	1996	2,252,083,428	450,416,686	5.387
1985	1,209,486,848	241,897,370	16.097	1997	2,494,701,986	498,940,397	10.773
1986	1,452,207,247	290,441,449	20.068	1998	2,570,447,261	514,512,001	3.121
1987	1,600,004,046	320,000,809	10.177	1999	2,833,016,602	566,728,749	10.149
1988	1,733,312,577	346,662,515	8.332	2000(1)	3,108,428,983	621,685,796	9.697

Source: Massachusetts Department of Revenue

(1) Represents preliminary, unaudited figures.

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 2000 Series A Bonds, would result in an unconstitutional impairment of contract rights or taking of property rights unless such Holders are provided reasonable and adequate compensation.

LEGAL INVESTMENTS AND SECURITY FOR DEPOSITS

Under the Enabling Act, the Assessment 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 Assessment Bonds are hereby 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's General Counsel is not aware of any cases, other than the cases mentioned below, that are material to the financial information concerning the Authority contained herein.

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 construction 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.

LEGISLATION

Legislation is periodically filed in the state legislature relating to the Authority. 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 2000 Series A Bonds would with respect to the 2000 Series A 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 2000 Series A Bonds.

TAX EXEMPTION

Bond Counsel is of the opinion that, under existing law, interest on the 2000 Series A Bonds will not be included in the gross income of holders of the 2000 Series A Bonds for federal income tax purposes. This opinion is expressly conditioned upon continued compliance with certain requirements imposed by the Internal Revenue Code of 1986, as amended (the "Code"), which must be satisfied subsequent to the date of issuance of the 2000 Series A Bonds in order to assure that interest on the 2000 Series A Bonds is and continues to be excluded from gross income of holders of the 2000 Series A Bonds. Failure to comply with certain of such requirements could cause interest on the 2000 Series A Bonds to be included in the gross income of the holders of the 2000 Series A Bonds retroactive to the date of issuance of the 2000 Series A Bonds. In particular, and without limitation, those requirements include restrictions on the use, expenditure and investment of proceeds of the 2000 Series A Bonds and the payment of rebate, or penalties in lieu of rebate, to the United States, subject to certain exceptions. The Authority has provided covenants and certificates as to continued compliance with such requirements.

In the opinion of Bond Counsel, under existing law, since the 2000 Series A Bonds are not “private activity bonds” under the Code, interest on the 2000 Series A 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 2000 Series A Bonds will be included in “adjusted current earnings” of corporate holders of the 2000 Series A 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.

Bond Counsel has not opined as to other federal tax consequences arising with respect to the 2000 Series A Bonds. However, prospective purchasers should be aware of certain collateral consequences which may result under federal tax law for certain holders of the 2000 Series A Bonds: (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the 2000 Series A Bonds or, in the case of a financial institution, that portion of a holder’s interest expense allocated to interest on the 2000 Series A Bonds, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) of the Code reduces the deduction for losses incurred by 15 percent of the sum of certain items, including interest on the 2000 Series A Bonds, (iii) interest on the 2000 Series A Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iv) passive investment income, including interest on the 2000 Series A 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 2000 Series A Bonds and (vi) receipt of investment earnings, including interest on the 2000 Series A Bonds, may, pursuant to Section 32(i) of the Code, disqualify the recipient from obtaining the earned income credit provided by Section 32(a) of the Code.

In the opinion of Bond Counsel, interest on the 2000 Series A Bonds and any profit on the sale thereof are exempt from Massachusetts personal income taxes, and the 2000 Series A Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the 2000 Series A Bonds. Prospective purchasers should be aware, however, that the 2000 Series A Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the 2000 Series A 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 2000 Series A Bonds or the income therefrom under the laws of any state other than Massachusetts.

For federal and Massachusetts tax purposes, interest includes original issue discount. Original issue discount with respect to a 2000 Series A Bond is equal to the excess, if any, of the stated redemption price at maturity of such 2000 Series A Bond, over the initial offering price thereof to the public, excluding underwriters and other intermediaries, at which price a substantial amount of all 2000 Series A Bonds with the same maturity were sold. Original issue discount accrues actuarially over the term of a 2000 Series A Bond. Holders should consult their own tax advisers with respect to the computations of original issue discount on such accruals of interest during the period in which any such 2000 Series A Bond is held.

RATINGS

Standard & Poor’s and Moody’s Investors Service, Inc. have assigned ratings of “AAA” and “Aa1,” respectively, to the 2000 Series A Bonds.

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 2000 Series A Bonds.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the 2000 Series A Bonds are subject to the approval of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel. The approving opinion of Bond Counsel in substantially the form attached hereto as Appendix C will be delivered with the 2000 Series A Bonds. Certain legal matters will be passed upon for the Underwriters by Palmer & Dodge LLP, Boston, Massachusetts, and for the Commonwealth by its disclosure counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase from the Authority the 2000 Series A Bonds at a discount from the initial offering prices of the 2000 Series A Bonds equal to \$3,459,353.79 of the aggregate principal amount of the 2000 Series A Bonds, and to reoffer the 2000 Series A Bonds at no greater than the initial public offering prices or no less than the initial public offering yields set forth on the inside cover page hereof. The 2000 Series A Bonds may be offered and sold to certain dealers (including dealers depositing the 2000 Series A Bonds into investment trusts) at prices lower than or yields higher than such public offering prices or yields, and such prices or yields may be changed from time to time, by the Underwriters. The Underwriters will be obligated to purchase all 2000 Series A Bonds if any such 2000 Series A Bonds are purchased.

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 undertake to provide annual reports and notice of certain events and the Commonwealth and the City of Boston will undertake to provide certain annual reports. A description of these undertakings is set forth in Appendix D. The Authority has not failed to comply with any previous undertaking to provide annual reports or notices of material events in accordance with the Rule.

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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.

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.

Debt Service Reserve Requirement shall mean as of any date of calculation for each Series of Assessment Bonds, an amount equal to 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 Bonds of such Series in any future Fiscal Year; provided that in the case that two

or more Series of Bonds are treated as one issue for federal tax purposes, (a) the aggregate 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 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 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.

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.

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

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; and

(4) fees and termination payments, if any, payable to the Provider may be deemed to be Debt Service and paid from amounts on deposit in the Debt Service Fund if and to the extent expressly provided in the Qualified Hedge Agreement (otherwise such fees and termination payments shall be payable solely from general funds 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 (including any fee and termination payments) shall be made only from general funds of the Authority; and

(3) any payments received by the Authority from the Provider pursuant to such Hedge Agreement shall be treated as Pledged Revenues and shall be deposited in the Pledged Revenue Fund. (*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; and
- (3) Debt Service Reserve 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, 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; and

(5) 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*).

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 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*).

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*).

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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 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 day 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.

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, but excluding the Authority's \$160,000,000 of 1999 Series B Notes due September 1, 2000.

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.

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;

(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

(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 may be deemed to be Debt Service and paid from amounts on deposit in the Senior Debt Service Fund or the Subordinated Debt Service Fund if and to the extent expressly provided in the Qualified Hedge Agreement (otherwise such fees and termination payments shall be payable solely from general funds 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 (including any fee and termination payments) shall be made only from general funds of the Authority; and

(3) any payments received by the Authority from the Provider pursuant to such Hedge Agreement shall be treated as Pledged Revenues and shall be deposited in the Pledged Revenue Fund. (*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; and
- (5) Subordinated Debt Service Reserve 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*).

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; and

(8) 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. (*Section 504*).

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. 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.

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*).

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.

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. (*Section 1005*).

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PROPOSED FORM OF OPINION OF BOND COUNSEL

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

**MINTZ LEVIN
COHN FERRIS
GLOVSKY AND
POPEO PC**

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New York

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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 \$496,645,000 Assessment Bonds, 2000 Series A, dated August 1, 2000 (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 State Street Bank and Trust Company, as Trustee (the "Trustee"), as supplemented by the First Supplemental Trust Agreement dated as of July 1, 2000 by and between the Authority and the Trustee (as supplemented, 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 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 will not be included in the gross income of the holders of the Bonds for federal income tax purposes. This opinion is rendered subject to the condition that the Authority comply 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. While 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, interest on the Bonds will be included in the "adjusted current earnings" of corporate holders of the Bonds and therefore will be taken into account 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 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 arising with respect to the Bonds nor as to the taxability of the Bonds or the income therefrom under the laws of any state other than Massachusetts.

(f) For federal and Massachusetts tax purposes, interest includes original issue discount. Original issue discount with respect to the Bonds is equal to the excess, if any, of the stated redemption price at maturity of such Bonds over the initial offering price thereof to the public, excluding underwriters and other intermediaries, at which price a substantial amount of all Bonds with the same maturity were sold. Original issue discount accrues actuarially over the term of the Bonds. Holders should consult their own tax advisers with respect to the computation of original issue discount on such accruals of interest during the period in which any such Bond is held.

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
2000 Series A (the "Bonds")

Continuing Disclosure Undertakings

The Authority Disclosure Agreement

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 each nationally recognized municipal securities information repository (each, a "NRMSIR") within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and to the state information depository for the Commonwealth, if any (the "SID"), within the meaning of the Rule, no later than 350 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) Assessments, (b) the Dedicated Sales Tax, (c) outstanding indebtedness, (d) capital plan and (e) total revenues and operating expenses and (ii) audited financial statements of the Authority for such fiscal year if audited financial statements are then available (but in no event later than 350 days after the end of such fiscal year).

All of the information described above may be included by reference to other documents, including official statements pertaining to debt issued by the Authority, which have been submitted to each NRMSIR. If the document incorporated by reference is a final official statement within the meaning of the Rule, it will also be available from the Municipal Securities Rulemaking Board ("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 and 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 in a timely manner to the MSRB and to the SID notice of any of the following events with respect to the Bonds (numbered in accordance with the provisions of the Rule), if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (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 or events affecting the tax-exempt status of the security;
- (vii) modifications to rights of security holders;
- (viii) bond calls;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the securities; and

- (xi) rating changes.

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 consistent with the provisions of state legislation establishing the SID or otherwise 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 each NRMSIR within the meaning of the Rule and to the SID, 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 February 9, 2000, relating to its \$120,000,000 General Obligation Bonds, 2000 Series A, dated February 1, 2000, 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 and (f) pension obligations 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 included by reference to other documents, including official statements pertaining to debt issued by the City, which have been submitted to each NRMSIR. 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.

The City of Boston Disclosure Agreement also will provide that the Collector-Treasurer of the City on behalf of the City, undertakes for the benefit of the registered owners and Beneficial Owners of the Bonds to provide in a timely manner to the MSRB and to the SID notice of any change in the credit rating of outstanding general obligation bonds of the City maintained by any nationally recognized municipal security rating agency.

To the extent permitted by law, the provisions of the City of Boston Disclosure Agreement shall be enforceable against the City 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 Collector-Treasurer). 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 City and to compel the City and any of its officers, agents or employees to perform and carry out their duties under such provisions of the City of Boston Disclosure Agreement; provided, however, that the sole remedy in connection with violation of the City of Boston Disclosure Agreement shall be limited to an action to compel specific performance of the obligations of the City under the City Disclosure Agreement and shall not include any rights to monetary damages. The City of Boston 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 in effect, whichever occurs first. The City of Boston Disclosure Agreement may be amended, changed or modified without the consent of, or notice to, the Authority, (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 City of Boston Disclosure Agreement by the Collector-Treasurer and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the City 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 undertaking of the Collector-Treasurer on behalf of the City in the City of Boston Disclosure Agreement in a manner consistent with the provisions of state legislation establishing the SID or otherwise 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 City or the Authority (such as a firm eligible to serve at the time as bond counsel to the City) 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, which consent shall be obtained as provided in Assessment Bond Trust Agreement with respect to consents of Registered Owners.

The Commonwealth Disclosure Agreement

Prior to the issuance of the Bonds, the Authority and the Commonwealth, acting by and through the Treasurer and Receiver-General of the Commonwealth, will undertake for the benefit of the owners of the Bonds to provide to each NRMSIR within the meaning of the Rule and to the SID, within the meaning of the Rule, no later than 270 days after the end of each fiscal year of the Commonwealth (i) the annual financial information described below relating to such fiscal year, together with audited financial statements of the Commonwealth for such fiscal year if audited financial statements are then available, provided, however, that if audited financial statements of the Commonwealth are not then available, such audited financial statements shall be delivered to each NRMSIR and the SID when they become available (but in no event later than 350 days after the end of such fiscal year) or (ii) notice of the Commonwealth's failure, if any, to provide any such information. The annual financial information to be provided as aforesaid shall include financial information and operating data, in each case updated through the last day of such fiscal year unless otherwise noted, relating to the following information contained in the Commonwealth's Information Statement dated March 3, 2000 (the "Information Statement") as it appears in the Official Statement dated March 3, 2000 of the Massachusetts Bay Transportation Authority with respect to its General Transportation System Bonds, Variable Rate Demand Obligations, 2000 Series, and in each case substantially in the same level of detail as is found in the referenced section of the Information Statement:

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
1. Summary presentation on statutory accounting and five-year comparative basis of selected budgeted operating funds operations, concluding with prior fiscal year, plus estimates for current fiscal year	"FINANCIAL RESULTS - Selected Financial Data - Statutory Basis"
2. Summary presentation on GAAP and five-year comparative basis of selected budgeted operating funds operations, concluding with prior fiscal year	"FINANCIAL RESULTS - Selected Financial Data - GAAP Basis"
3. Summary presentation of actual revenues in budgeted operating funds on five-year comparative basis, concluding with prior fiscal year, plus estimates for current fiscal year	"COMMONWEALTH REVENUES - Distribution of Revenues"
4. So long as Commonwealth statutes impose limits on tax revenues, information as to compliance therewith in the prior fiscal year	"COMMONWEALTH REVENUES - Limitations on Tax Revenues"
5. Summary presentation of budgeted expenditures by selected, then-current major categories on five-year comparative basis and estimated expenditures for current fiscal year	"COMMONWEALTH PROGRAMS AND SERVICES"
6. So long as Commonwealth statutes impose a limit on appropriations for debt service, information as to compliance therewith for the prior fiscal year and an estimate for the current fiscal year	"COMMONWEALTH CAPITAL SPENDING - Five-Year Capital Spending Plan"
7. If and to the extent otherwise updated in the prior fiscal year, summary presentation of the size of the state workforce	"COMMONWEALTH PROGRAMS AND SERVICES - State Workforce"
8. Statement of Commonwealth bond and note liabilities as of the end of the prior fiscal year	"COMMONWEALTH BOND AND NOTE LIABILITIES - Overview - Outstanding Bond and Note Liabilities"
9. Five-year comparative presentation of long term Commonwealth debt and selected Commonwealth-supported debt as of the end of the prior fiscal year	"COMMONWEALTH BOND AND NOTE LIABILITIES - Overview - Long Term Bond Liabilities"
10. Annual fiscal year debt service requirements for Commonwealth general obligation and special obligation bonds, beginning with the current fiscal year	"COMMONWEALTH BOND AND NOTE LIABILITIES - Debt Service Requirements on Commonwealth Bonds"
11. So long as Commonwealth statutes impose a limit on the amount of outstanding "direct" bonds, information as to compliance therewith as of the end of the prior fiscal year	"COMMONWEALTH BOND AND NOTE LIABILITIES - Statutory Debt Limit on Direct Bonds"

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
12. Five-year summary presentation of authorized but unissued general obligation debt and actual capital project expenditures	"COMMONWEALTH BOND AND NOTE LIABILITIES - Authorized But Unissued Debt"
13. Annual fiscal year debt service contract assistance requirements for Commonwealth-supported debt, beginning with the current fiscal year	"COMMONWEALTH BOND AND NOTE LIABILITIES - Debt Service Contract Assistance Requirements on Commonwealth-Supported Debt"
14. Summary presentation of the then-current, statutorily imposed funding schedule for future Commonwealth pension liabilities, if any	"OTHER COMMONWEALTH LIABILITIES - Retirement Systems and Pension Benefits"
15. Summary presentation of operating lease commitments for future fiscal years as of the end of the prior fiscal year	"OTHER COMMONWEALTH LIABILITIES - Long Term Operating Leases"
16. Summary presentation of long-term capital lease for future fiscal years as of the end of the prior fiscal year	"OTHER COMMONWEALTH LIABILITIES - Long Term Capital Leases"
17. Summary presentation of school building assistance program commitments for future fiscal years as of the end of the prior fiscal year	"OTHER COMMONWEALTH LIABILITIES - School Building Assistance"

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

The Commonwealth Disclosure Agreement also will provide that the Treasurer and Receiver-General of the Commonwealth on behalf of the Commonwealth, undertakes for the benefit of the registered owners and Beneficial Owners of the Bonds to provide in a timely manner to the MSRB and to the SID notice of any change in the credit rating of outstanding general obligation bonds of the Commonwealth.

To the extent permitted by law, the provisions of the Commonwealth Disclosure Agreement shall be enforceable against the Commonwealth in accordance with the terms thereof by any owner of a Bond, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Treasurer and Receiver-General). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of the Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Commonwealth and to compel the Commonwealth and any of its officers, agents or employees to perform and carry out their duties under such provisions of the Commonwealth Disclosure Agreement; provided, however, that the sole remedy in connection with violation of the Commonwealth Disclosure Agreement shall be limited to an action to compel specific performance of the obligations of the Commonwealth under the Commonwealth Disclosure Agreement and shall not include any rights to monetary damages. The Commonwealth 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 in effect, whichever occurs first. The Commonwealth Disclosure Agreement may be amended, changed or modified 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 Commonwealth Disclosure Agreement and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Commonwealth for the benefit of the owners of 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 Commonwealth Disclosure Agreement in a manner consistent with the provisions of state legislation establishing the SID or otherwise 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 Commonwealth (such as Commonwealth disclosure counsel or Commonwealth bond counsel) or by the vote or consent of owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

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APPENDIX E

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 1996 through 2001.

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 increases the number of assessed cities and towns from 78 to 175 commencing in Fiscal Year 2002. Total Assessments shall be not less than \$136,026,868 in Fiscal Year 2006, as adjusted in 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 are 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 are reduced in five equal installments, while, commencing with Fiscal Year 2002, the additional cities and towns (labeled "Other Served Communities" in the following table) are assessed and their portion of the Assessments are 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 will receive a dollar-for-dollar credit against the Assessments, but this will have no effect on the total amount assessed for the Authority, because the credited amounts will be re-assessed on the 14 cities and towns and the 51 cities and towns. See "ASSESSMENTS."

Municipality	Projected FY2001				FY2000				FY1999				FY1998			
	Total	All	Net	Total	All	Net	Total	All	Net	Total	All	Net	Total	All	Net	
	Local Aid	Other Assessments	Assessment	Local Aid	Other Assessments	Assessment*	Local Aid	Other Assessments	Assessment	Local Aid	Other Assessments	Assessment	Local Aid	Other Assessments	Assessment	
Total of Fifty-One Cities and Towns	\$576,745	\$14,453	\$34,879	\$527,413	\$542,534	\$493,595	\$498,368	\$13,912	\$34,345	\$450,111	\$455,134	\$22,479	\$407,640	\$25,016	\$22,479	
ABINGTON	8,585	62	-	8,523	8,055	-	7,503	53	-	7,450	7,124	-	7,075	49	-	
ACTON	4,068	30	-	4,038	3,643	-	3,101	73	-	3,028	2,735	-	2,662	73	-	
AMESBURY	12,937	397	-	13,041	13,041	-	11,881	386	-	11,495	9,950	-	9,520	430	-	
ANDOVER	10,536	1,120	-	9,416	8,524	-	8,508	950	-	7,591	7,794	-	6,791	1,003	-	
ASHBURNHAM	829	17	-	812	767	-	694	16	-	677	627	-	604	23	-	
ASHBY	504	1	-	503	455	-	451	5	-	407	376	-	370	6	-	
ASHLAND	4,901	29	335	4,977	4,697	335	3,906	52	331	3,522	2,771	218	147	218	2,405	
ATTLEBORO	32,462	545	-	31,917	31,242	-	29,375	518	-	28,857	26,533	508	25,845	508	-	
AUBURN	6,149	99	-	6,051	5,613	-	5,094	79	-	5,015	4,704	-	4,624	80	-	
AYER	5,372	36	-	5,337	5,056	-	4,827	41	-	4,786	4,709	-	4,670	39	-	
BELLINGHAM	10,188	132	-	10,056	9,781	-	9,220	116	-	9,104	8,404	-	8,288	116	-	
BERKLEY	6,023	74	-	5,949	4,828	-	4,545	67	-	4,478	3,754	-	3,665	69	-	
BILLERICA	22,181	745	-	21,435	20,941	-	19,632	575	-	19,057	18,232	-	17,657	575	-	
BOXBOROUGH	2,005	18	-	1,987	1,920	-	1,892	26	-	1,847	1,628	-	1,628	26	-	
BOXFORD	2,666	26	-	2,641	2,415	-	2,412	31	-	1,847	1,628	-	1,628	69	-	
BRIDGEWATER	5,019	212	-	4,807	4,679	-	4,489	169	-	4,120	3,974	-	3,777	197	-	
BROCKTON	128,085	1,878	-	126,207	119,294	-	117,487	1,803	-	107,514	100,925	-	98,176	1,749	-	
CARLISLE	1,795	3	-	1,792	1,485	-	1,346	18	-	1,329	1,249	-	1,232	18	-	
CARVER	11,703	76	-	11,627	11,182	-	11,099	76	-	10,530	9,433	-	9,362	71	-	
CHELMSFORD	14,639	217	-	14,421	13,716	-	13,456	265	-	12,201	11,309	-	11,050	259	-	
DRACUT	17,766	70	-	17,696	16,962	-	16,030	104	-	15,925	14,365	-	14,279	106	-	
DUXBURY	4,999	112	305	3,982	3,739	305	3,214	94	296	2,824	2,862	265	110	2,487	110	
EAST BRIDGEWATER	10,847	66	-	10,781	10,502	-	9,923	64	-	9,859	8,924	-	8,873	52	-	
EASTON	10,425	284	-	10,140	9,705	-	9,420	264	-	8,747	7,161	-	6,906	255	-	
ESSEX	1,123	13	-	1,110	1,031	-	1,027	16	-	938	772	-	740	32	-	
FITCHBURG	45,409	533	-	44,877	43,325	-	37,701	493	-	37,208	33,968	-	33,487	482	-	
FOXBOROUGH	8,197	139	-	8,057	8,066	-	7,929	132	-	7,185	6,714	-	6,588	126	-	
FRANKLIN	22,067	663	-	21,403	20,620	-	20,065	438	-	16,901	14,465	-	14,031	434	-	
PREETOWN	2,310	115	-	2,195	2,102	-	1,989	110	-	1,734	1,810	-	1,758	112	-	
GEORGETOWN	5,172	52	-	5,120	4,990	-	4,961	43	-	3,272	2,811	-	2,748	64	-	
GLOUCESTER	13,013	1,063	-	11,949	12,540	-	11,513	991	-	10,522	10,033	-	9,025	1,009	-	
GRAFTON	6,988	34	-	6,954	6,749	-	6,721	27	-	5,852	5,196	-	5,169	26	-	
GROTON	862	19	-	843	784	-	709	34	-	675	641	-	615	27	-	
GROVELAND	1,058	33	-	1,025	1,003	-	982	29	-	912	890	-	846	44	-	
HALIFAX	3,840	33	-	3,806	3,643	-	3,417	30	-	3,417	3,146	-	3,118	28	-	
HANOVER	6,446	73	287	6,086	6,106	287	5,749	67	282	5,392	5,130	176	4,797	176	157	
HANSON	1,537	42	-	1,495	1,384	-	1,344	38	-	1,484	1,436	-	1,400	36	-	
HARVARD	4,257	105	-	4,152	3,960	-	3,657	88	-	3,570	3,435	-	3,344	91	-	
HAVERHILL	48,623	476	-	48,147	47,100	-	46,708	483	-	43,293	40,617	-	40,055	561	-	
HOLDEN	2,378	90	-	2,288	2,258	-	1,954	83	-	1,872	1,789	-	1,697	92	-	
HOLLISTON	9,473	37	-	9,436	8,558	-	8,295	64	-	6,674	6,148	-	6,090	58	-	
HOPKINTON	5,092	6	-	5,085	4,803	-	4,771	32	-	3,579	3,182	-	3,149	34	-	
IPSWICH	6,775	116	-	6,659	4,493	-	4,415	102	-	3,950	3,782	-	3,632	150	-	
KINGSTON	5,204	72	-	5,133	3,629	-	3,560	59	-	3,193	2,881	-	2,816	65	-	
LAKEVILLE	3,128	65	-	3,062	3,172	-	3,062	58	-	3,004	2,434	-	2,368	67	-	
LANCASTER	1,066	19	-	1,047	987	-	892	18	-	874	816	-	797	18	-	
LAWRENCE	126,799	1,387	-	125,412	121,079	-	119,783	1,177	-	109,287	100,507	-	99,256	1,251	-	
LEICESTER	10,889	72	-	10,517	10,443	-	9,415	60	-	9,355	8,003	-	7,936	67	-	
LEOMINSTER	36,622	524	-	36,099	35,283	-	34,770	479	-	30,479	27,397	-	26,938	460	-	
LITTLETON	2,545	42	-	2,503	2,021	-	1,959	51	-	1,709	1,593	-	1,533	59	-	
LOWELL	140,996	709	-	140,287	135,484	-	130,287	811	-	129,476	119,936	-	119,132	804	-	
LUNENBURG	4,519	69	-	4,450	4,182	-	3,839	68	-	3,771	3,701	-	3,635	66	-	
MANSFIELD	12,993	304	-	12,689	12,211	-	10,321	290	-	10,231	8,553	-	8,275	278	-	
MARLBOROUGH	14,588	115	-	14,474	13,339	-	13,164	166	-	10,569	9,628	-	9,462	166	-	
MARSHFIELD	14,056	123	512	13,421	13,568	512	12,931	113	508	11,960	10,584	356	9,992	236	236	
MAYNARD	4,761	13	-	4,748	4,424	-	4,203	28	-	4,175	3,745	-	3,709	142	-	
MEDWAY	7,199	92	-	7,106	6,902	-	6,812	86	-	6,162	5,221	-	5,138	83	-	
MERRIMAC	1,253	93	-	1,159	1,186	-	1,122	31	-	1,091	1,070	-	1,045	26	-	

Derived from data provided by Dept. of Revenue, Division of Local Services. Italicized communities will pay a Regional Transportation Authority Assessment.
 * Information provided by the MBTA and represents actual Assessments.

Appendix E

FY2001-FY1998

Municipality	Projected FY2001				FY2000				FY1999				FY1998				FY1997			
	Total		Net		Total		Net		Total		Net		Total		Net		Total		Net	
	All Assessments	Local Assessment	All Assessments	Local Assessment	All Assessments	Local Assessment	All Assessments	Local Assessment	All Assessments	Local Assessment	All Assessments	Local Assessment	All Assessments	Local Assessment	All Assessments	Local Assessment	All Assessments	Local Assessment	All Assessments	Local Assessment
METHUEN	33,504	316	33,188	31,655	29,197	31,404	29,197	316	316	27,019	28,880	27,019	481	481	26,537	26,537				
MIDDLEBOROUGH	18,003	128	17,875	16,372	16,246	16,246	16,372	111	111	15,207	16,052	15,207	107	107	15,100	15,100				
MILLBURY	7,193	85	7,107	6,748	6,688	6,688	6,748	52	52	5,840	6,217	5,840	55	55	5,785	5,785				
MILLS	3,598	257	3,141	3,457	3,052	3,052	3,457	199	199	2,854	2,706	2,854	271	271	2,496	2,496				
NEWBURY	1,497	96	1,401	1,444	1,365	1,365	1,444	78	78	1,340	1,299	1,340	106	106	1,235	1,235				
NEWBURYPOR	6,874	99	6,775	6,574	6,466	6,466	6,574	169	169	5,840	5,994	5,840	182	182	5,658	5,658				
NORTH ANDOVER	8,813	515	8,299	7,627	7,239	7,239	7,627	401	401	6,441	6,441	6,441	490	490	4,751	4,751				
NORTH ATTLEBOROUGH	18,482	825	17,657	17,956	15,707	17,157	15,707	714	714	13,953	14,993	13,953	653	653	13,300	13,300				
NORTH READING	5,757	7	5,444	5,331	4,992	4,992	5,331	34	34	4,348	4,576	4,348	125	125	4,025	4,025				
NORTHBOROUGH	4,977	79	4,898	4,254	4,173	4,173	4,254	73	73	3,251	3,178	3,251	62	62	2,893	2,893				
NORTHBURGH	14,544	18	14,526	13,328	13,311	13,311	14,526	18	18	11,208	12,048	11,208	19	19	11,189	11,189				
NORTON	13,234	197	13,037	12,202	10,143	12,008	12,202	183	183	9,960	9,960	9,960	179	179	8,672	8,672				
NORWELL	3,568	408	2,932	3,293	2,739	2,739	3,293	253	253	2,042	2,226	2,042	336	336	1,719	1,719				
PAXTON	6,10	34	5,77	5,46	5,05	5,05	5,46	74	74	4,48	4,48	4,48	34	34	399	399				
PEMBROKE	6,690	82	6,246	6,239	362	362	6,239	79	79	5,873	5,440	5,440	228	228	5,005	5,005				
PLYMOUTH	28,190	355	27,835	25,040	24,680	24,680	25,040	360	360	23,445	23,150	23,445	274	274	20,957	20,957				
PLYMPTON	784	20	764	842	749	749	842	14	14	96	96	96	31	31	906	906				
PRINCETON	868	9	859	856	842	842	856	60	60	749	690	749	85	85	587	587				
RATONHAM	1,716	159	1,556	1,652	1,495	1,495	1,652	148	148	1,545	1,397	1,545	144	144	1,274	1,274				
REHOBOTH	1,169	222	947	1,066	849	849	1,066	206	206	970	764	970	203	203	694	694				
ROCHESTER	1,895	41	1,854	1,829	1,790	1,790	1,829	39	39	1,519	1,483	1,519	33	33	1,411	1,411				
ROCKLAND	13,029	376	12,289	12,613	363	363	12,613	354	354	11,994	10,889	11,994	453	453	9,937	9,937				
ROCKPORT	3,073	199	2,873	2,852	2,681	2,681	2,852	171	171	2,533	2,363	2,533	202	202	2,119	2,119				
ROWLEY	1,084	53	1,031	1,033	994	994	1,033	38	38	980	966	980	31	31	906	906				
SALISBURY	939	71	868	842	788	788	842	54	54	749	690	749	85	85	587	587				
SCITUATE	6,338	103	5,853	5,856	5,374	5,374	5,856	100	100	5,285	4,810	5,285	211	211	4,492	4,492				
SEEKONK	6,063	222	5,841	5,688	5,469	5,469	5,688	220	220	4,338	4,122	4,338	210	210	3,788	3,788				
SHERBORN	939	28	812	900	849	849	900	44	44	509	370	509	99	99	307	307				
SHIRLEY	4,907	21	4,886	4,625	4,597	4,597	4,625	27	27	4,286	4,263	4,286	22	22	3,844	3,844				
SHERBURY	10,320	180	10,140	9,596	9,418	9,418	9,596	178	178	8,694	8,539	8,694	164	164	7,886	7,886				
SOUTHBOROUGH	3,170	66	3,104	2,560	2,493	2,493	2,560	67	67	2,483	2,363	2,483	52	52	2,119	2,119				
STERLING	815	33	782	749	716	716	749	31	31	647	647	647	30	30	591	591				
STOUGHTON	13,084	749	12,335	12,157	11,444	11,444	12,157	713	713	11,290	10,627	11,290	663	663	9,599	9,599				
STOW	481	25	456	447	409	409	447	38	38	403	365	403	37	37	332	332				
SUDBURY	5,398	13	5,039	5,169	4,767	4,767	5,169	56	56	4,420	4,019	4,420	180	180	3,134	3,134				
SUTTON	6,254	34	6,220	4,466	4,432	4,432	4,466	34	34	4,111	4,111	4,111	36	36	3,378	3,378				
TAUNTON	47,283	742	46,541	45,231	44,498	44,498	45,231	733	733	40,283	39,580	40,283	699	699	35,647	35,647				
TEWKSBURY	14,771	203	14,568	14,121	13,874	13,874	14,121	246	246	12,296	12,054	12,296	230	230	11,156	11,156				
TOWNSEND	1,427	12	1,415	1,291	1,268	1,268	1,291	23	23	1,139	1,116	1,139	23	23	1,009	1,009				
TYNGSBOROUGH	7,536	14	7,522	7,080	6,307	6,307	7,080	26	26	6,307	6,281	6,307	25	25	5,677	5,677				
UPTON	646	12	633	595	583	583	595	12	12	541	529	541	13	13	487	487				
WAREHAM	15,142	551	14,591	14,666	14,149	14,149	14,666	517	517	13,393	12,964	13,393	429	429	12,072	12,072				
WAYLAND	4,582	10	4,282	4,188	3,851	3,851	4,188	47	47	3,667	3,327	3,667	400	400	3,043	3,043				
WEST BOSTON	4,225	38	4,187	3,704	3,668	3,668	3,704	36	36	2,770	2,734	2,770	21	21	2,426	2,426				
WEST BRIDGEWATER	3,153	229	2,924	2,945	2,735	2,735	2,945	210	210	2,737	2,546	2,737	182	182	2,396	2,396				
WEST NEWBURY	378	11	367	354	353	353	354	1	1	324	311	324	30	30	284	284				
WESTBOROUGH	5,153	101	5,051	4,571	4,481	4,481	4,571	89	89	3,983	3,899	3,983	77	77	2,848	2,848				
WESTFORD	13,020	58	12,962	10,127	10,023	10,023	10,127	105	105	7,597	7,491	7,597	96	96	6,025	6,025				
WESTMINSTER	898	34	864	790	757	757	790	33	33	700	671	700	27	27	613	613				
WHITMAN	2,470	47	2,422	2,240	2,197	2,197	2,240	40	40	1,989	1,989	1,989	46	46	1,830	1,830				
WORCESTER	199,973	1,828	198,145	189,197	187,411	187,411	189,197	1,786	1,786	172,805	170,983	172,805	1,653	1,653	161,118	161,118				
WRENTHAM	5,072	96	4,976	4,776	4,682	4,682	4,776	95	95	4,205	4,120	4,205	81	81	3,902	3,902				
Total of Other Served Communities	\$1,498,612	\$23,705	\$1,470,894	\$1,407,583	\$1,278,173	\$1,380,743	\$1,278,173	\$22,827	\$22,908	\$1,161,245	\$1,252,288	\$1,161,245	\$23,713	\$23,336	\$1,135,197	\$1,135,197				
Total	\$3,015,813	\$45,197	\$2,826,036	\$2,849,639	\$2,625,639	\$2,660,195	\$2,625,639	\$44,865	\$44,468	\$2,441,118	\$2,441,053	\$2,441,118	\$84,697	\$84,400	\$2,215,850	\$2,215,850				

Municipality	FY1997			FY1996			FY1990			FY1985		
	Total Local Aid	All Other Assessments	Net Local Aid	Total Local Aid	All Other Assessments	Net Local Aid	Total Local Aid	All Other Assessments	Net Local Aid	Total Local Aid	All Other Assessments	Net Local Aid
FOURTEEN CITIES AND TOWNS												
ARLINGTON	\$13,205	\$124	\$2,657	\$12,686	\$122	\$9,964	\$14,366	\$84	\$2,370	\$11,912	\$2,247	\$7,271
BELMONT	6,573	123	1,416	5,129	114	3,629	5,166	132	1,241	3,794	1,555	1,134
BOSTON	441,281	1,714	57,173	413,623	1,851	355,994	462,970	2,413	47,570	412,987	7,544	304,595
BROOKLINE	11,756	439	4,816	11,055	445	5,962	11,389	383	4,083	6,923	3,013	3,883
CAMBRIDGE	37,302	376	6,611	35,824	387	28,999	41,233	230	5,551	35,452	3,759	26,328
CHELSEA	43,000	289	1,333	38,785	300	3,000	20,985	592	1,092	13,661	837	1,059
EVERETT	16,020	696	1,933	14,430	686	11,861	11,665	473	1,641	8,080	2,622	1,671
MALDEN	27,911	125	3,049	24,737	136	2,991	27,532	137	2,526	24,869	1,970	15,804
MEDFORD	23,298	1,131	3,537	22,397	1,054	17,903	24,473	1,005	2,929	20,539	2,870	10,581
MILTON	5,686	741	1,338	3,687	723	3,238	4,921	476	1,128	3,317	1,371	1,447
NEWTON	13,168	349	4,461	11,919	767	7,175	12,079	299	3,730	13,708	5,447	4,870
REVERE	26,343	717	2,791	23,734	707	20,300	20,991	686	2,440	17,865	1,445	2,090
SOMERVILLE	48,464	152	4,445	44,601	146	40,135	51,244	190	3,690	47,365	2,817	30,506
WATERLOO	9,884	663	1,953	9,711	766	7,044	10,074	462	1,625	7,987	1,826	5,633
Total of Fourteen Cities and Towns	\$723,891	\$7,640	\$97,512	\$676,721	\$7,804	\$573,822	\$719,089	\$7,563	\$81,615	\$629,911	\$39,325	\$441,581
FIFTY-ONE CITIES AND TOWNS												
BEDFORD	2,745	45	326	2,553	45	318	2,463	44	276	2,144	525	1,636
BEVERLY	10,964	271	890	9,803	348	872	10,806	346	755	9,704	858	6,484
BRAINTREE	10,042	1,001	9,042	9,444	968	969	9,931	646	897	8,388	1,644	6,049
BURLINGTON	5,364	72	733	4,559	72	721	4,229	97	643	4,929	904	4,774
CANTON	3,913	190	495	3,227	187	480	3,881	150	414	3,317	4,085	2,953
COHASSET	1,481	303	158	1,020	292	153	1,467	183	139	1,145	212	1,001
CONCORD	2,874	73	358	2,443	72	345	2,633	46	301	2,287	2,895	2,181
DANVERS	5,176	234	576	4,366	477	565	5,773	296	487	4,792	4,914	4,277
DEDHAM	5,950	590	693	4,668	561	671	4,412	596	647	4,908	5,175	3,574
DOVER	329	89	115	124	284	87	297	55	106	136	287	77
FRAMINGHAM	16,812	165	1,462	15,184	162	1,398	15,636	140	1,149	14,347	1,972	9,888
HAMILTON	594	55	169	369	74	165	652	80	157	414	683	361
HINGHAM	3,977	631	516	2,830	598	503	3,430	353	484	2,592	3,866	3,556
HOLBROOK	4,991	276	328	4,387	308	321	4,286	190	296	4,246	246	3,282
HULL	6,102	48	264	5,790	52	259	4,688	61	219	4,407	4,274	154
LEXINGTON	6,069	130	816	5,124	124	797	4,605	96	746	4,397	1,700	3,005
LINCOLN	2,155	27	203	1,925	36	195	1,893	14	165	1,247	206	879
LYNN	82,929	423	1,963	80,543	489	1,911	71,084	995	1,483	49,845	1,573	33,791
LYNNFIELD	2,358	421	276	1,662	464	271	1,426	311	251	1,552	2,177	1,601
MANCHESTER	665	74	126	465	101	125	374	101	99	344	229	75
MARBLEHEAD	2,567	208	516	1,843	258	505	1,807	314	456	1,536	2,739	1,502
MEDFIELD	3,342	98	246	2,997	3,111	97	2,460	72	211	2,362	2,835	141
MELROSE	10,462	85	857	9,521	91	832	9,261	107	772	10,283	1,347	6,633
MIDDLETON	783	49	119	615	66	116	626	63	96	467	120	65
NAHANT	650	33	143	475	42	139	490	48	125	487	183	236
NATICK	7,719	127	786	6,806	124	772	6,374	92	608	6,810	6,655	5,283
NEEDHAM	5,230	318	676	4,235	306	667	3,732	267	621	2,844	4,407	4,833
NORFOLK	2,860	66	218	2,576	64	214	1,386	42	140	1,204	1,02	991
NORWOOD	7,919	223	773	6,923	212	752	6,566	180	690	7,557	6,288	573
PEABODY	17,182	1,163	1,043	14,976	1,218	1,019	14,038	932	892	15,122	1,101	762
QUINCY	33,092	549	3,573	28,970	547	3,518	33,989	487	3,056	31,909	3,605	23,384
RANDOLPH	12,159	572	894	10,693	553	873	10,457	317	720	9,421	8,775	593
READING	7,329	63	609	6,657	65	603	6,118	52	558	5,508	682	425
SALEM	17,753	739	935	16,078	821	913	13,496	713	730	12,093	933	649
SAUGUS	6,642	641	424	5,226	685	753	6,540	451	632	5,718	1,156	3,875
SHARON	4,788	138	774	4,226	131	408	3,962	92	328	3,359	3,626	248
STONEHAM	6,076	360	579	5,187	363	521	4,810	227	446	5,546	1,144	370
SWAMPSCOTT	2,580	122	407	2,050	176	400	1,782	157	385	2,027	554	314
TOPSFIELD	980	48	136	796	65	133	932	68	119	745	977	85
WAKEFIELD	6,793	684	684	6,041	65	668	6,661	60	588	6,013	1,186	500
WALPOLE	6,609	170	524	6,058	174	513	5,159	117	404	4,638	4,655	3,855
WALTHAM	16,208	197	1,359	14,652	208	1,318	13,829	205	1,059	15,140	3,306	949
WELLESLEY	4,349	346	559	3,445	350	526	3,171	318	479	2,910	4,780	417
WENHAM	440	32	86	322	44	84	483	36	70	377	459	62
WESTON	2,094	63	221	1,810	63	218	1,748	45	230	1,474	776	176
WESTWOOD	2,339	148	324	2,091	145	320	1,990	105	329	1,555	2,447	258
WEYMOUTH	23,627	1,292	1,544	22,290	1,296	1,514	19,480	779	1,380	19,515	1,823	14,069

Derived from data provided by Dept. of Revenue, Division of Local Services. Italicized communities will pay a Regional Transportation Authority Assessment.
 * Information provided by the MBTA and represents actual Assessments.

Appendix E

FY1997, FY1996, FY1990, FY1985

Municipality	FY1997					FY1996					FY1990					FY1985				
	Total	All Other Assessments	Assessment	Net Local Aid	Total	All Other Assessments	Assessment	Net Local Aid	Total	All Other Assessments	Assessment	Net Local Aid	Total	All Other Assessments	Assessment	Net Local Aid	Total	All Other Assessments	Assessment	Net Local Aid
	Local Aid				Local Aid				Local Aid				Local Aid				Local Aid			
WILMINGTON	4,900	81	413	4,406	4,534	79	398	4,056	5,249	51	356	4,942	4,324	530	262	3,532				
WINCHESTER	3,519	89	561	2,869	3,197	89	555	2,553	3,134	74	492	2,568	3,984	1,177	439	2,369				
WINTHROP	8,136	316	516	7,304	7,850	333	514	7,004	8,306	249	521	7,536	6,261	725	440	5,096				
WOBURN	10,270	729	953	8,238	9,583	747	930	7,907	10,290	311	811	9,168	8,303	1,458	736	6,109				
Total of Fifty-One Cities and Towns	\$414,887	\$14,253	\$32,870	\$367,764	\$387,290	\$14,832	\$32,088	\$340,371	\$365,339	\$11,647	\$28,020	\$325,671	\$307,303	\$45,644	\$23,282	\$238,378				
OTHER SERVED COMMUNITIES																				
ABINGTON	6,435	47	-	6,388	6,010	44	-	5,965	5,577	25	-	5,572	4,089	173	-	3,916				
ACTION	2,485	78	-	2,408	2,231	74	-	2,157	2,158	49	-	2,110	2,330	437	-	1,893				
AMESBURY	8,853	430	-	8,423	7,802	424	-	7,378	6,618	293	-	6,325	4,336	289	-	4,547				
ANDOVER	5,713	975	-	4,739	4,651	1,045	-	3,606	4,934	749	-	4,185	5,435	999	-	4,346				
ASHBURNHAM	557	20	-	537	509	19	-	491	468	10	-	458	789	91	-	698				
ASHBY	346	4	-	342	309	4	-	305	221	2	-	219	171	29	-	142				
ASHLAND	2,502	53	324	2,124	2,267	52	318	1,897	2,055	27	257	1,771	2,016	263	154	1,599				
ATTLEBORO	23,419	506	-	22,913	21,906	479	-	21,427	15,310	402	-	14,908	10,382	703	-	9,679				
AUBURN	4,410	78	-	4,333	4,184	76	-	4,108	4,195	68	-	4,127	3,404	412	-	2,992				
AYER	4,576	42	-	4,534	4,517	42	-	4,475	4,210	25	-	4,185	3,235	127	-	3,108				
BELLINGHAM	7,524	113	-	7,411	7,071	106	-	6,965	6,649	70	-	6,579	5,012	170	-	4,842				
BERKLEY	3,300	56	-	3,244	2,858	54	-	2,805	1,732	31	-	1,701	785	60	-	725				
BILLERICA	16,694	628	-	16,066	15,083	616	-	14,467	13,540	357	-	13,183	10,709	730	-	9,979				
BOXBOROUGH	406	25	-	381	340	24	-	316	284	11	-	273	360	81	-	278				
BOXFORD	1,543	62	-	1,481	1,441	84	-	1,357	892	86	-	806	747	196	-	551				
BRIDGEWATER	2,775	221	-	2,555	2,542	197	-	2,345	5,817	132	-	5,685	4,362	267	-	4,094				
BROCKTON	85,948	1,707	-	84,241	75,331	1,672	-	73,660	58,748	1,742	-	57,006	42,261	2,248	-	40,014				
CARLISLE	1,165	18	-	1,147	1,028	18	-	1,010	968	9	-	959	596	115	-	481				
CARVER	8,509	64	-	8,445	7,447	62	-	7,386	2,725	29	-	2,696	1,689	122	-	1,567				
CHELMSFORD	10,439	258	-	10,181	9,356	194	-	9,163	8,983	185	-	8,798	8,122	631	-	7,491				
DRACUT	13,473	103	-	13,370	10,722	103	-	10,619	8,058	67	-	7,990	6,376	315	-	6,061				
DUXBURY	7,646	78	292	7,413	2,535	77	285	2,172	2,707	66	223	2,418	2,937	336	114	2,487				
EAST BRIDGEWATER	7,666	57	-	7,589	5,997	52	-	5,945	4,409	29	-	4,380	3,147	154	-	2,993				
EASTON	6,482	242	-	6,240	5,755	232	-	5,523	5,282	230	-	5,052	4,349	364	-	3,985				
ESSEX	563	31	-	532	501	41	-	460	532	39	-	493	535	74	-	461				
FITCHBURG	30,665	452	-	30,213	27,749	434	-	27,315	21,060	448	-	20,612	13,598	730	-	12,868				
FOXBOROUGH	5,972	120	-	5,852	5,044	117	-	4,928	4,251	73	-	4,178	3,892	259	-	3,632				
FRANKLIN	12,693	410	-	12,283	9,458	422	-	9,036	6,806	277	-	6,529	5,492	309	-	5,183				
FREETOWN	1,623	112	-	1,511	1,502	107	-	1,394	1,557	70	-	1,486	1,006	179	-	827				
GEORGETOWN	2,571	61	-	2,510	2,295	74	-	2,221	1,765	62	-	1,903	1,226	126	-	1,035				
GLOUCESTER	8,287	995	-	7,292	7,633	1,108	-	6,525	7,779	897	-	6,883	6,554	934	-	5,620				
GRAFTON	4,578	27	-	4,551	4,304	29	-	4,275	3,452	31	-	3,421	2,996	249	-	2,747				
GROTON	574	27	-	547	526	26	-	499	782	22	-	760	662	161	-	500				
GROVELAND	833	42	-	791	792	54	-	739	1,187	39	-	1,148	927	92	-	835				
HALIFAX	2,830	25	-	2,804	2,563	24	-	2,538	1,798	10	-	1,787	1,146	73	-	1,073				
HANOVER	4,600	60	276	4,265	4,275	61	271	3,943	4,371	27	213	4,130	3,589	217	164	3,209				
HANSON	1,364	34	-	1,330	1,163	33	-	1,130	3,261	28	-	3,233	2,320	132	-	2,188				
HARVARD	3,254	85	-	3,169	3,083	126	-	2,957	3,014	27	-	2,987	2,403	196	-	2,207				
HAVERHILL	36,420	566	-	35,855	30,955	626	-	30,329	21,882	663	-	21,219	16,410	918	-	15,492				
HOLDEN	1,639	90	-	1,549	1,559	91	-	1,469	3,168	60	-	3,108	2,294	385	-	1,909				
HOLLISTON	5,268	58	-	5,209	4,781	54	-	4,726	4,071	31	-	4,039	3,664	241	-	3,423				
HOPKINTON	2,844	32	-	2,812	2,702	32	-	2,670	1,584	16	-	1,568	1,519	110	-	1,409				
IPSWICH	3,466	147	-	3,319	3,208	170	-	3,038	3,041	132	-	2,909	2,716	280	-	2,436				
KINGSTON	2,511	56	-	2,455	1,985	53	-	1,931	1,461	25	-	1,437	1,064	128	-	935				
LAKEVILLE	2,260	55	-	2,206	2,039	52	-	1,987	1,647	27	-	1,620	780	125	-	655				
LANCASTER	737	25	-	712	672	19	-	653	1,961	12	-	1,949	1,466	147	-	1,320				
LAWRENCE	92,506	1,311	-	91,194	80,933	1,330	-	79,603	52,902	960	-	51,941	31,464	1,200	-	30,264				
LEICESTER	7,231	64	-	7,167	6,679	71	-	6,608	4,989	63	-	4,927	3,500	202	-	3,298				
LEOMINSTER	23,993	428	-	23,564	20,486	414	-	20,073	14,670	308	-	14,362	9,932	791	-	9,141				
LITTLETON	1,424	59	-	1,365	1,311	61	-	1,250	1,270	53	-	1,217	1,277	161	-	1,116				
LOWELL	108,970	748	-	108,222	93,108	727	-	92,381	57,298	688	-	56,610	38,701	1,481	-	37,220				
LUNENBURG	3,423	63	-	3,360	3,376	57	-	3,319	2,795	9	-	2,787	2,313	214	-	2,099				
MANSFIELD	7,263	246	-	7,017	6,158	245	-	5,913	3,743	200	-	3,543	2,934	433	-	2,502				
MARLBOROUGH	8,911	156	-	8,754	8,333	140	-	8,194	9,328	113	-	9,215	7,860	324	-	7,336				
MARSHFIELD	9,703	105	495	9,103	8,421	98	485	7,839	6,744	57	421	6,266	5,321	408	246	4,668				
MAYNARD	3,497	34	-	3,463	3,393	33	-	3,360	3,320	19	-	3,501	2,456	174	-	2,282				
MEDWAY	4,807	76	-	4,731	3,732	73	-	3,659	2,938	47	-	2,891	2,668	157	-	2,511				
MERRIMAC	1,008	25	-	983	965	34	-	931	1,456	28	-	1,428	1,042	61	-	981				

Downward from data provided by: Dept. of Revenue, Division of Local Services, Inland Revenue Authority, Assessment.

Municipality	FY1997			FY1996			FY1990			FY1985		
	Total	Net	All	Total	Net	All	Total	Net	All	Total	Net	All
	Local Aid	Local Aid	Other Assessments	Local Aid	Local Aid	Other Assessments	Local Aid	Local Aid	Other Assessments	Local Aid	Local Aid	Other Assessments
METHUEN	20,963	20,487	476	16,816	16,283	533	12,463	11,988	475	8,333	8,148	185
MIDDLEBOROUGH	14,060	13,961	99	12,978	12,880	98	8,187	8,148	40	5,095	4,833	262
MILLBURY	5,213	5,161	51	4,759	4,709	50	4,187	4,148	45	4,148	4,148	247
MILLS	2,590	2,220	194	2,469	2,141	137	2,014	1,760	95	1,750	1,539	91
NEWBURY	1,281	1,171	110	1,247	1,117	130	769	709	60	717	717	140
NEWBURYPOR	5,505	5,336	169	5,323	5,123	200	5,607	5,387	220	3,961	3,626	335
NORTH ANDOVER	4,720	4,236	484	4,238	3,718	540	3,820	3,452	368	3,489	3,177	312
NORTH ATTLEBOROUGH	11,424	10,784	640	9,900	9,227	673	8,327	7,946	380	5,638	5,161	477
NORTH READING	4,170	3,834	41	3,791	3,461	290	3,196	2,810	44	3,025	2,588	207
NORTHBOROUGH	2,665	2,596	69	2,200	2,131	70	2,222	2,180	42	2,040	1,915	125
NORTHBURGH	9,757	9,734	23	8,445	8,426	18	6,517	6,502	15	4,166	3,941	225
NORTON	8,072	7,895	177	6,999	6,831	168	5,718	5,588	130	4,642	4,408	233
NORWELL	2,515	2,044	252	2,328	1,874	238	2,352	2,004	139	2,557	2,164	141
PAXTON	379	341	38	348	306	43	685	655	30	621	524	97
PEMBROKE	4,551	4,136	66	4,100	3,695	64	3,186	2,845	45	2,96	2,681	243
PLYMOUTH	18,927	18,653	274	16,121	15,865	256	14,555	14,394	161	4,989	4,559	430
PLYMPTON	659	644	16	551	536	15	416	408	8	276	274	2
PRINCETON	734	726	7	710	703	7	529	527	1	501	493	8
RAVENHAM	1,350	1,221	129	1,235	1,109	126	2,993	2,900	93	2,071	1,872	200
REHOBOTH	818	628	191	775	582	193	575	445	130	1,477	1,249	228
ROCHESTER	1,405	1,374	31	1,361	1,331	30	1,124	1,116	8	470	401	70
ROCKLAND	9,955	9,275	332	9,246	8,569	335	7,983	7,502	191	6,387	5,876	236
ROCKPORT	2,107	1,899	207	1,819	1,600	219	1,721	1,510	210	764	471	294
ROWLEY	893	864	29	905	865	40	1,249	1,213	36	640	544	96
SALISBURY	602	503	99	561	448	112	4,411	4,317	94	1,092	930	162
SCITUATE	4,543	4,092	83	4,250	3,809	80	4,154	3,766	56	4,450	3,799	253
SEZEWICK	3,705	3,495	211	3,516	3,313	203	3,268	3,126	142	2,390	2,032	358
SHERBORN	409	367	46	364	326	43	409	292	25	547	338	152
SHIRLEY	3,398	3,380	18	3,145	3,127	17	2,465	2,458	8	2,130	2,061	69
SHREWSBURY	6,600	6,448	152	5,894	5,744	150	5,463	5,370	94	4,463	3,784	679
SOUTHBOROUGH	885	839	46	796	752	44	762	747	15	1,064	911	153
STERLING	556	528	28	512	486	26	1,088	1,073	15	1,050	911	138
STOUGHTON	9,474	8,843	631	9,045	8,491	554	8,707	8,366	341	6,264	5,600	664
STOW	338	296	42	315	275	40	738	724	14	798	673	124
SUDBURY	3,219	2,828	56	3,014	2,630	56	2,837	2,520	28	3,003	2,431	214
SUTTON	4,050	4,018	32	3,778	3,750	28	3,060	3,051	9	1,546	1,394	152
TAUNTON	32,354	31,691	663	29,434	28,783	651	25,635	24,920	715	17,312	16,536	776
TEWKSBURY	10,419	10,220	200	10,143	10,017	126	8,653	8,519	134	7,177	6,798	380
TOWNSEND	914	886	28	838	810	28	799	780	19	534	416	119
TYNGBOROUGH	4,863	4,835	28	4,196	4,162	33	2,135	2,110	25	1,491	1,388	102
UPTON	457	446	11	429	419	10	492	490	2	426	336	91
WAREHAM	11,175	10,752	423	9,640	9,239	401	6,098	5,878	220	3,517	3,127	390
WAYLAND	3,159	2,822	54	2,938	2,613	47	2,78	2,590	26	2,930	2,364	220
WEST BOYLSTON	1,897	1,866	31	1,503	1,473	30	1,464	1,449	15	1,315	1,129	186
WEST BRIDGEWATER	2,079	1,893	186	1,983	1,802	181	2,019	1,923	96	1,725	1,571	154
WEST NEWBURY	472	444	28	470	432	38	731	699	32	507	441	65
WESTBOROUGH	2,562	2,485	78	2,320	2,244	76	2,091	2,059	32	2,594	2,125	468
WESTFORD	5,532	5,455	97	4,982	4,883	98	3,924	3,867	56	3,671	3,402	269
WESTMINSTER	565	539	26	524	500	24	479	473	9	759	617	142
WHITMAN	1,678	1,588	44	1,544	1,544	43	4,975	4,943	32	3,412	3,412	178
WORCESTER	146,732	145,156	1,575	130,547	129,007	1,540	101,080	99,810	1,270	76,577	73,411	3,166
WRENTHAM	3,581	3,508	73	3,025	2,955	70	1,951	1,910	41	1,355	1,243	112
Total of Other-Served Communities	\$1,037,209	\$1,011,570	\$21,763	\$916,011	\$890,453	\$21,757	\$719,412	\$699,316	\$16,782	\$538,927	\$538,927	\$38,361
Total	\$2,175,987	\$1,998,074	\$43,656	\$1,980,022	\$1,804,646	\$44,393	\$1,803,841	\$1,654,898	\$35,992	\$1,401,246	\$1,178,232	\$396,685

Derived from data provided by Dept. of Revenue, Division of Local Services. Italicized communities will pay a Regional Transportation Authority Assessment.
 * Information provided by the MBTA and represents actual Assessments.







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MABAYASSESS0800

DO NOT STAPLE THIS FORM

MSRB

FORM G-36 (OS) - FOR OFFICIAL STATEMENTS

SECTION I - MATERIALS SUBMITTED

A. THIS FORM IS SUBMITTED IN CONNECTION WITH (check one):

1. [X] A FINAL OFFICIAL STATEMENT RELATING TO A PRIMARY OFFERING OF MUNICIPAL SECURITIES (enclose two (2) copies)

(a) DATE RECEIVED FROM ISSUER: 08/10/2000

(b) DATE SENT TO MSRB: 08/10/2000

2. [] AN AMENDED OFFICIAL STATEMENT WITHIN THE MEANING OF RULE G-36(d) (enclose two (2) copies)

(a) DATE RECEIVED FROM ISSUER: _____

(b) DATE SENT TO MSRB: _____

B. IF MATERIALS SUBMITTED WITH THIS FORM CONSIST OF MORE THAN ONE DOCUMENT (e.g. preliminary official statement and wrap, even if physically attached), PLEASE CHECK HERE: []

C. IF THIS FORM AMENDS PREVIOUSLY SUBMITTED FORM WITHOUT CHANGING MATERIALS SUBMITTED, PLEASE CHECK HERE (include copy of original form G-36 (OS)): []

SECTION II - IDENTIFICATION OF ISSUE(S)

Each issue must be listed separately.

If more space is needed to list additional issues, please include on a separate sheet and check here: []

NAME OF ISSUER: MASSACHUSETTS BAY TRANSPORTATION AUTHORITY ASSESSMENT BONDS, 2000 SERIES A
DESCRIPTION OF ISSUE: SERIES A

STATE: MA
DATED: 08/01/2000

NAME OF ISSUER: _____
DESCRIPTION OF ISSUE: _____

STATE: _____
DATED: _____
DATE: _____

NAME OF ISSUER: _____
DESCRIPTION OF ISSUE: _____

STATE: _____
DATED: _____
DATE: _____

SECTION III - TRANSACTION INFORMATION

A. LATEST FINAL MATURITY DATE OF ALL SECURITIES IN OFFERING: 07/01/2030

B. DATE OF FINAL AGREEMENT TO PURCHASE, OFFER OR SELL SECURITIES (Date of Sale): 08/02/2000

C. ACTUAL OR EXPECTED DATE OF DELIVERY OF SECURITIES TO UNDERWRITER(S) (Bond Closing): 08/16/2000

D. IF THESE SECURITIES ADVANCE REFUND ALL OR A PORTION OF ANOTHER ISSUE, PLEASE CHECK HERE: []

A separate Form G-36(ARD) and copies of the advance refunding documents must be submitted for each issue advance refunded.

SECTION IV - UNDERWRITER ASSESSMENT INFORMATION

The information will be used by the MSRB to compute any rule A-13 underwriting assessment that may be due on this offering. The managing underwriter will be sent an invoice if a rule A-13 assessment is due on the offering.

A. MANAGING UNDERWRITER: PaineWebber Incorporated

SEC REG. NUMBER: 8-16267

B. TOTAL PAR VALUE OF ALL SECURITIES IN OFFERING \$ 496,645,000

C. PAR AMOUNT OF SECURITIES UNDERWRITTEN (if different from the amount shown in item B above): \$

C. CHECK ALL THAT APPLY

1. [] At the option of the holder thereof, all securities in this offering may be tendered to the issuer of such securities or its designated agent for redemption or purchase at par value of more at least as frequently as every nine months until maturity, earlier redemption, or purchase by the issuer or its designated agent.

2. [] At the option of the holder thereof, all securities in this offering may be tendered to the issuer of such securities or its designated agent for redemption or purchase at par value of more at least as frequently as every two years until maturity, earlier redemption, or purchase by the issuer or its designated agent.

3. [] This offering is exempt from SEC rule 15c2-12 under section (c)(1) of that rule. Section (c)(1) of SEC rule 15c2-12 states that an offering is exempt from the requirements of the rule if the securities offered have authorized denominations of \$100,000 or more and sold to no more than 35 persons each of whom the participating underwriter believes: (1) has the knowledge and expertise necessary to evaluate the merits and risks of the investment; and (2) is not purchasing for more than one account, or with a view toward distributing the securities.

SECTION V - CUSIP INFORMATION

MSRB rule G-34 requires that CUSIP numbers be assigned to each new issue of municipal securities unless the issue is ineligible for CUSIP number assignment under the eligibility criteria of the CUSIP Service Bureau.

A. CUSIP-9 NUMBERS OF THE ISSUE(S)

Maturity Date	CUSIP Number	Maturity Date	CUSIP Number	Maturity Date	CUSIP Number
07/01/2011A	575577AA9	07/01/2011B	575577AB7	07/01/2012A	575577AC5
07/01/2012B	575577AD3	07/01/2013A	575577AE1	07/01/2013B	575577AF8
07/01/2014A	575577AG6	07/01/2014B	575577AH4	07/01/2015A	575577AJ0
07/01/2015B	575577AK7	07/01/2016A	575577AL5	07/01/2016B	575577AM3
07/01/2017A	575577AN1	07/01/2017B	575577AP6	07/01/2018A	575577AQ4
07/01/2018B	575577AR2	07/01/2019A	575577AS0	07/01/2020A	575577AT8
07/01/2021A	575577AU5	07/01/2030A	575577AV3		

B. IF ANY OF THE ABOVE SECURITIES HAS A "CUSIP-6" BUT NO "CUSIP-9", CHECK HERE AND LIST THEM BELOW: []

(Please see instructions in Form G-36 Manual)

LIST ALL CUSIP-6 NUMBERS ASSIGNED: _____

State the reason why such securities have not been assigned a "CUSIP-9": _____

C. IF ANY OF THESE SECURITIES IS INELIGIBLE FOR CUSIP NUMBER ASSIGNMENT, PLEASE CHECK HERE: []

State the reason why such securities are ineligible for CUSIP number assignment: _____

SECTION VI - MANAGING UNDERWRITER'S CERTIFICATION AND SIGNATURE

THE UNDERSIGNED CERTIFIES THAT THE MATERIALS ACCOMPANYING THIS FORM ARE AS DESCRIBED IN SECTION I ABOVE AND THAT THE INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT. THE UNDERSIGNED ACKNOWLEDGES THAT SAID "

AUG 11 2000