

In the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel, under existing law, assuming continued compliance with certain provisions of the Internal Revenue Code of 1986, as amended, interest on the Notes will not be included in the gross income of Note owners for federal income tax purposes. While interest on the Notes will not constitute a preference item for purposes of computation of the alternative minimum tax imposed on certain individuals and corporations, interest on the Notes will be included in the "adjusted current earnings" of corporate holders of the Notes and therefore will be taken into account in computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Notes and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. See "TAX EXEMPTION" herein.



\$271,095,000
MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
Subordinated Sales Tax Bond Anticipation Notes
Series 2017 (Sustainability Bonds)

Dated: Date of Delivery Interest Rate: 4.00% CUSIP*: 575579 E60 Yield: 1.27% Due: December 1, 2021

This Official Statement relates to the issuance by the Massachusetts Bay Transportation Authority (the "Authority") of its Subordinated Sales Tax Bond Anticipation Notes, Series 2017 (Sustainability Bonds) (the "Notes"). The Notes will be issued by means of a book-entry only system evidencing ownership and transfer of the Notes on the records of The Depository Trust Company, New York, New York ("DTC") and its participants. Details of payment of the Notes are more fully described in this Official Statement.

The Notes will bear interest from the date of initial delivery thereof and interest will be payable on January 1, 2018 and semiannually thereafter on each July 1 and January 1, calculated on the basis of a 360-day year of twelve 30-day months. Purchases of the Notes will be made in book-entry only form in denominations as set forth herein. Principal of and interest on the Notes are payable as more fully described herein. The Notes are not subject to redemption prior to maturity.

The Notes 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 Sales Tax Bond Trust Agreement, dated as of July 1, 2000, between the Authority and U.S. Bank National Association, Boston, Massachusetts, as successor trustee (the "Trustee"), as amended and as supplemented by the Thirty-Sixth Supplemental Trust Agreement authorizing the issuance of the Notes, dated as of September 1, 2017, between the Authority and the Trustee. The Authority has no taxing power. Neither The Commonwealth of Massachusetts (the "Commonwealth") nor any political subdivision thereof shall be obligated to pay the Notes and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof (other than the Authority) is pledged to such payment, except as described herein.

The Notes were sold on a competitive basis on Tuesday, September 26, 2017, pursuant to the Official Notice of Sale dated September 12, 2017 and attached hereto as Appendix G.

The Notes are offered when, as and if issued and received by the original purchasers, subject to the unqualified approval of legality by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel to the Authority. PFM Financial Advisors LLC, Boston, Massachusetts, is acting as financial advisor to the Authority in connection with the issuance of the Notes. The Notes are expected to be available for delivery through DTC in New York, New York, or its custodial agent, on or about October 12, 2017.

September 26, 2017

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

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY

FISCAL AND MANAGEMENT CONTROL BOARD

JOSEPH AIELLO, CHAIR
BRIAN LANG
STEVE POFTAK
BRIAN SHORTSLEEVE
MONICA TIBBITS-NUTT

MassDOT BOARD OF DIRECTORS

STEPHANIE POLLACK, SECRETARY OF TRANSPORTATION, CHAIR
DOMINIC BLUE
RUTH BONSIGNORE
TIMOTHY KING
DEAN MAZZARELLA
ROBERT MOYLAN, JR.
STEVE POFTAK
BRIAN SHORTSLEEVE
JOSEPH SULLIVAN
ELIZABETH "BETSY" TAYLOR
MONICA TIBBITS-NUTT

SENIOR FINANCIAL MANAGEMENT

LUIS MANUEL RAMÍREZ
GENERAL MANAGER
MICHAEL ABRAMO
CHIEF ADMINISTRATOR AND CHIEF FINANCIAL OFFICER
PAUL BRANDLEY
TREASURER

The information set forth herein has been obtained from the Authority and other sources which are believed to be reliable, but, as to information from other than the Authority, it is not to be construed as a representation by the Authority or the original purchasers. 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.

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

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

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

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**OFFICIAL STATEMENT
OF THE
MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
PERTAINING TO ITS

\$271,095,000
SUBORDINATED SALES TAX BOND ANTICIPATION NOTES
SERIES 2017 (SUSTAINABILITY BONDS)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish information in connection with the issuance by the Massachusetts Bay Transportation Authority (the “Authority” or “MBTA”) of its \$271,095,000 Subordinated Sales Tax Bond Anticipation Notes, Series 2017 (Sustainability Bonds) (the “Notes”). Unless otherwise defined herein, certain capitalized terms used herein shall have the meanings set forth in APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT – Definitions” or, in the case of capitalized terms related to the Assessment Bond Trust Agreement (hereinafter defined), the meanings set forth in APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE ASSESSMENT BOND TRUST AGREEMENT.”

The Notes are authorized to be issued pursuant to the Enabling Act (hereinafter defined), and are to be issued under the Sales Tax Bond Trust Agreement, dated as of July 1, 2000, between the Authority and U.S. Bank National Association, Boston, Massachusetts, as successor trustee (the “Trustee”), as amended (the “Trust Agreement”) and as supplemented by the Thirty-Sixth Supplemental Trust Agreement authorizing the issuance of the Notes (the “Thirty-Sixth Supplemental Trust Agreement” and together with the Trust Agreement, the “Sales Tax Bond Trust Agreement”), dated as of September 1, 2017, between the Authority and the Trustee.

The Notes are being issued for the purpose of (i) paying costs of the Authority in accordance with the Enabling Act, including funding a portion of the Authority’s capital program and (ii) paying the costs of issuing the Notes. The projects financed with the Notes consist of projects that meet the Authority’s criteria for designation as sustainability projects. See “APPLICATION OF FUNDS.” The Authority expects to repay the Notes at maturity from the proceeds of long-term Subordinated Sales Tax Bonds, the issuance of which was preliminarily authorized by the Authority with the authorization of the Notes.

The Notes will be sold through a competitive, electronic bidding process on September 26, 2017 in accordance with the terms of the Official Notice of Sale attached hereto as Appendix G. As provided in the Official Notice of Sale, such bidding process may be modified by posting on Thomson Municipal Market Monitor News (www.tm3.com).

The Authority expects to issue, simultaneously with the issuance of the Notes, \$230,100,000 principal amount of Subordinated Sales Tax Bonds 2017 Series A (the “2017 Series A Bonds”). See “THE AUTHORITY – Indebtedness – *Sales Tax Bonds*.”

As used herein, the term “Subordinated Sales Tax Bonds” means all Subordinated Sales Tax Bonds issued under the Trust Agreement and payable from amounts on deposit in the Subordinated Debt Service Fund. Sales Tax Bonds outstanding and hereafter issued payable from the Senior Debt Service Fund, prior to the Subordinated Sales Tax Bonds are referred to herein as “Senior Sales Tax Bonds.” The Trust Agreement provides for the issuance of additional Senior Sales Tax Bonds and Subordinated Sales Tax Bonds (collectively, the “Sales Tax Bonds”), and the Authority expects to issue additional Sales Tax Bonds in the future. See “THE AUTHORITY – Capital Investment Program.”

The Notes constitute special obligations of the Authority, issued in anticipation of a Series of Subordinated Sales Tax Bonds the proceeds of which are pledged to the payment of the principal of, and interest on the Notes. Such pledge has a priority over any other pledge of such proceeds created by the Trust Agreement. In addition, interest on the Notes is secured by a pledge, on a parity with the pledge securing Subordinated Sales Tax Bonds, of certain revenues and other moneys received or derived under the Enabling Act for the purposes and on the terms and conditions provided therein, including without limitation, the greater of the base revenue amount or the dedicated sales tax revenue amount, both as defined in the Enabling Act (“Dedicated Sales Tax”). See “DEDICATED SALES TAX.” See “SECURITY FOR THE SALES TAX BONDS” and APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT.” The Authority may, however, pay principal of, and interest on the Notes from any other funds of the Authority.

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

Fiscal and Management Control Board

In response to widespread system failures experienced by the MBTA during the unusually severe 2015 winter weather in Massachusetts, the Governor appointed a special panel to review the management and financial condition of the MBTA, which resulted in the establishment of a Fiscal and Management Control Board (the “FMCB”) until at least June 30, 2018, but not later than June 30, 2020. The term of the FMCB has been extended to June 30, 2020. The FMCB is vested with certain powers of the MBTA during such period and is mandated to initiate and secure the implementation of appropriate measures to secure the fiscal, operational and managerial stability of the MBTA. See “THE AUTHORITY – FMCB and MassDOT Board.” The legislation establishing the FMCB (the “FMCB Act”) amends the Enabling Act and other applicable laws, including without limitation to exempt some MBTA contracts from certain Massachusetts laws related to privatization. The FMCB Act expressly provides that the rights of MBTA bondholders, including the holders of Sales Tax Bonds and the Notes, shall not be altered or impaired, that the MBTA shall maintain the covenants and agreements with respect to its outstanding debt obligations and that the trust established under Section 35T of Chapter 10 of the Massachusetts General Laws (“Section 35T”) and the Commonwealth’s obligations with respect thereto, as described under “SECURITY FOR THE SALES TAX BONDS,” shall not be altered or impaired.

Background

The Authority was created in 1964 pursuant to Chapter 161A of Massachusetts General Laws (“Chapter 161A” and, together with Section 35T, the “Enabling 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 consists of 175 communities.

Under the Enabling Act, the Authority receives a dedicated revenue stream consisting of the Assessments and the Dedicated Sales Tax (collectively, the “Dedicated Revenues”). The Dedicated Sales Tax is equal to the greater of the base revenue amount (as defined in the Enabling Act) and the amount raised by a 1% statewide sales tax to be funded from existing sales tax receipts, subject to adjustment under certain circumstances set forth in the Enabling Act, plus \$160,000,000 annually. See “DEDICATED SALES TAX.”

The cities and towns within the Authority’s territory are required to pay Assessments as described under “ASSESSMENT BOND TRUST AGREEMENT AND ASSESSMENTS.”

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, the rate of the sales tax shall not be reduced below the amount of the Dedicated Sales Tax and annual aggregate Assessments shall not be reduced below \$136,026,868. See “DEDICATED SALES TAX” and “ASSESSMENT BOND TRUST AGREEMENT AND ASSESSMENTS.”

The Dedicated Revenues are credited upon receipt, without appropriation, to the Commonwealth’s State and Local Contribution Fund (the “Fund” or the “State and Local Contribution Fund”). Such amounts shall be disbursed to the Authority upon the request of the General Manager so long as the Authority shall certify that it has provided in its budget each year for the payment of the Prior Obligations (hereinafter defined) due during such year. The Authority certified that it has provided in its annual budget for the payment of Prior Obligations during Fiscal Year 2018. See “SECURITY FOR THE SALES TAX BONDS – Provision for the Payment of Prior Obligations.”

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

Under the Enabling Act, the 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). Under the Enabling Act, the pledge and receipt of Dedicated Revenues is not contingent upon the Authority’s provision of transportation services. Subject to the limitations with respect to the Assessments described under “ASSESSMENT BOND TRUST AGREEMENT AND ASSESSMENTS” and with respect to the Dedicated Sales Tax described under “DEDICATED SALES TAX,” the Authority’s failure to provide transportation services at current levels would not affect the Commonwealth’s or the assessed cities’ and towns’ obligation or ability to provide the Dedicated Revenues. See “ASSESSMENT BOND TRUST AGREEMENT AND ASSESSMENTS – Legal Obligations of Assessed Cities and Towns” and “DEDICATED SALES TAX.”

Authority indebtedness may be a general obligation of the Authority or may be secured by a pledge or conveyance of all or a portion of revenues, receipts or other assets or funds of the Authority, including without limitation, the Assessments and Dedicated Sales Tax. Pursuant to the Sales Tax Bond Trust Agreement, interest on the Notes is secured by a pledge of the Dedicated Sales Tax and, after meeting the obligations under an Assessment Bond Trust Agreement, dated as of July 1, 2000, as amended and supplemented (the “Assessment Bond Trust Agreement”), by and between the Authority and U.S. Bank National Association, as successor trustee, the Assessments, along with other Authority revenues as described under “SECURITY FOR THE SALES TAX BONDS – Pledge Under the Sales Tax Bond Trust Agreement.” Interest on the Notes is secured, on a parity with the Subordinated Sales Tax Bonds, by a lien on Dedicated Sales Tax and other Pledged Revenues (hereinafter defined), after payment of Senior Sales Tax Bonds but prior to the payment of operating expenses. See “SECURITY FOR THE SALES TAX BONDS – Pledge Under the Sales Tax Bond Trust Agreement.” See also “SECURITY FOR THE SALES TAX BONDS – Additional Indebtedness” for information regarding debt service coverage on the Notes.

Official Statement

There follows in this Official Statement a description of the Authority, together with summaries of the terms of the Notes and certain provisions of the Enabling Act, the Sales Tax Bond Trust Agreement and the Assessment Bond Trust Agreement. All references herein to the Enabling Act, the Sales Tax Bond Trust Agreement and the Assessment 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 Notes are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Sales Tax Bond Trust Agreement.

Appendix A is a summary of certain provisions of the Sales Tax Bond Trust Agreement. Appendix B is a summary of certain provisions of the Assessment Bond Trust Agreement. Appendix C sets forth the proposed form of opinion of Bond Counsel. Appendix D describes the proposed Continuing Disclosure Undertaking to be executed by the Authority and U.S. Bank National Association, as dissemination agent. Appendix E sets forth certain information regarding Assessments and Local Aid. Appendix F contains a detailed history of receipts of the Dedicated Sales Tax by Fiscal Year. Appendix G contains the Official Notice of Sale with respect to the Notes.

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

THE AUTHORITY

The Authority was created in 1964 and is a body politic and corporate and a political subdivision of the Commonwealth. Under the Enabling Act, the territorial area of the Authority consists generally of 175 cities and towns directly or indirectly receiving Authority service with a population of approximately 4.8 million. The 175 cities and towns are grouped into three categories, based upon the weighting of each member's allocable percentage of Assessments: (i) the 14 cities and towns; (ii) the 51 cities and towns; and (iii) the other served communities. See APPENDIX E – "INFORMATION REGARDING ASSESSMENTS AND LOCAL AID" for a list of such cities and towns grouped by such categories. The Authority finances and operates mass transportation facilities within its territory and to a limited extent outside its territory and is authorized to enter into agreements for providing mass transportation service by private companies, including railroads.

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

FMCB and MassDOT Board

The Authority is governed and its corporate powers exercised by the board of directors (the "Board of Directors" or "MassDOT Board") of the Massachusetts Department of Transportation ("MassDOT").

The FMCB is within MassDOT and reports to the Secretary of Transportation (the "Secretary"). The FMCB is afforded all powers, responsibilities and obligations relative to the MBTA that are vested in the MassDOT Board, with certain limited exceptions.

In addition, the FMCB may (i) establish separate operating and capital budgets each with clearly designated revenue sources and uses and establish policies and procedures to ensure that no funds are commingled between operating and capital budgets; (ii) establish one-year and five-year operating budgets beginning with Fiscal Year 2017, which are balanced primarily through a combination of internal cost controls, increased own-source revenues and state assistance and which facilitate the transfer of all MBTA employees from the capital budget to the operating budget; (iii) establish five-year and 20-year capital plans that include a phased program for the complete restoration of the physical assets of the Authority including its vehicle fleet, a plan to address failings within the existing capital program and funding recommendations to meet the region's transit needs; (iv) establish a rigorous performance management system and performance metrics and targets that address, among other things, maximizing of own-source revenues, increasing ridership, reducing absenteeism, addressing vacancies and attrition, improving employee morale, achieving procurement and contracting improvements and improving customer focus and orientation; (v) review any contract for the

provision of services entered into by the Authority, including contracts entered into before the establishment of the FMCB, including, but not limited to, commuter rail and paratransit service contracts, and amend those contracts, as necessary, in accordance with their terms; and (vi) establish, increase, or decrease any fare, fee, rate, or charge for any service, license or activity within the scope of the MBTA. The FMCB may: (i) reorganize or consolidate MBTA departments, divisions or entities, in whole or in part, except the Metropolitan Boston Transit Parking Corporation; (ii) establish any new departments, divisions, or entities as it considers necessary; and (iii) transfer the duties, powers, functions and appropriations of a department, division or entity, except the duties, powers, functions and appropriations of the Metropolitan Boston Transit Parking Corporation, to another. Any reorganization or consolidation that affects MassDOT shall be approved by the MassDOT Board.

The FMCB consists of five members appointed by the Governor. Three members shall be members of the MassDOT Board, one shall have experience in transportation finance and one shall have experience in mass transit operation. The FMCB will continue until June 30, 2020.

The members of the FMCB are:

<u>Member</u>	<u>Representing</u>
Joseph Aiello, Chair	Experience in transportation finance
Brian Lang	Experience in mass transit operation
Steve Poftak	MassDOT Board Member
Brian Shortsleeve	MassDOT Board Member
Monica Tibbits-Nutt	MassDOT Board Member

Following the dissolution of the FMCB, the MassDOT Board will resume sole governance of the Authority. The MassDOT Board consists of 11 members. The Secretary of Transportation shall serve ex-officio as Chair and the ten other members are appointed by the Governor, one of whom shall be a rider, as defined in the Enabling Act; one of whom shall have experience in the field of public or private finance; one of whom shall have experience in transportation planning and policy; one of whom shall have experience in civil engineering; one of whom shall have experience in the field of public or private finance or transportation planning and policy; one of whom shall have municipal government experience in one of the fourteen cities and towns, as defined in the Enabling Act; one of whom shall have municipal government experience in one of the fifty-one cities and towns, as defined in the Enabling Act; one of whom shall have municipal government experience in one of the other served communities, as defined in the Enabling Act; one of whom shall have municipal government experience in a city or town not part of the area constituting the authority, as defined in the Enabling Act; and one of whom shall be a representative of a labor organization selected from a list of three nominees provided by the Massachusetts State Labor Council, AFL-CIO. Four of the members, other than the Chair, shall serve for terms that are coterminous with the Governor; provided, however, that at least three of the coterminous members shall have experience in transportation policy, public finance or civil engineering and at least one of the coterminous members shall be a rider. The six remaining members appointed by the Governor shall serve for terms of four years. No more than six of the eleven directors, except the ex-officio director, shall be members of the same political party.

The FMCB shall appear before and provide updates to the MassDOT Board not less than once per month.

The members of the MassDOT Board are:

<u>Director</u>	<u>Professional Affiliation</u>	<u>Term Expires</u>
Stephanie Pollack	Secretary of Transportation and Chair	<i>Ex Officio</i>
Dominic Blue	Vice President and Assistant General Counsel, Massachusetts Mutual Life Insurance Company	Coterminous with Governor
Ruth Bonsignore	Transportation Consultant	Coterminous with Governor
Timothy King	Detective Sargent, Waltham Police Department	July 1, 2021
Dean Mazzarella	Mayor of Leominster	July 1, 2021
Robert Moylan	Former Commissioner, Department of Public Works and Parks, City of Worcester	Coterminous with Governor
Steve Pofatak	Former Interim General Manager, MBTA; Executive Director of the Rappaport Institute for Greater Boston at Harvard University	July 1, 2020
Brian Shortsleeve	Former Chief Administrator, MBTA	July 1, 2020
Joseph Sullivan	Mayor of Braintree	July 1, 2021
Elizabeth “Betsy” Taylor	Former Director of Finance and Treasury, Massachusetts Port Authority	Coterminous with Governor
Monica Tibbits-Nutt	Executive Director, 128 Business Council	July 1, 2020

Administration

The Authority’s principal officers include as follows:

<u>Name</u>	<u>Title</u>
Luis Manuel Ramírez	General Manager
Michael Abramo	Chief Administrator and Chief Financial Officer
John Englander	General Counsel
Marie Breen	First Assistant General Counsel

General

The MBTA is the oldest and fifth largest transit system in the country, operating subway, trackless trolley, trolley, bus and commuter rail service throughout eastern Massachusetts. The Authority is responsible for an estimated 1.3 million passenger trips on average per business day, providing approximately 55% of all work trips to Boston, and operates over 38 miles of “heavy” rail routes. Service is also provided by streetcars and light rail vehicles on 26 miles of additional rail routes. The Authority owns more than 1,000 buses that cover routes totaling 763 miles. The MBTA’s commuter rail service operates over 512 units of passenger rail equipment providing service between Boston and 134 outlying rail stations. In addition, the MBTA provides a broad range of other passenger services, including commuter boats, “The Ride” paratransit service, and express buses.

As of September 1, 2017, the Authority employed approximately 5,600 full-time and approximately 500 part-time employees. Approximately 95.2% of employees are represented by one of 29 labor organizations. The largest, Local 589 Amalgamated Transit Union, represents approximately 3,200 Authority employees. The collective bargaining agreement between the Authority and Local 589 Amalgamated Transit Union expires on June 30, 2021. This most recent collective bargaining agreement, entered December 19, 2016, includes general wage increases of 0% as of July 1, 2017, 1.5% as of January 1, 2018, and 1.5% as of July 1, 2019, 2.5% as of Jun 30, 2020, and 1.5% as of December 1, 2020.

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 own-source revenues generated from operation of the Authority's transportation system. For information regarding capital expenditures and federal assistance therefor, see "THE AUTHORITY – Capital Investment Program."

For Fiscal Year 2018, the Authority's operating expenses (excluding debt service) are expected to be \$1,539 million and debt service is expected to be approximately \$451 million.

Dedicated Revenues for Fiscal Year 2018 are estimated to be approximately \$1,173 million, including approximately \$1,007 million of Dedicated Sales Tax and approximately \$166 million of Assessments. The Dedicated Sales Tax figure is the projected dedicated sales tax revenue amount for such Fiscal Year. See "DEDICATED SALES TAX" and "ASSESSMENT BOND TRUST AGREEMENT AND ASSESSMENTS."

The Authority generates significant revenues from operation of its transportation system, including both fare revenues and non-fare revenues such as those derived from parking and advertising. The Authority also generates other non-operating revenues. The aggregate of all fare revenues and non-fare revenues is expected to be \$806 million for Fiscal Year 2018.

The Authority's Fiscal Year 2018 operating budget is balanced, but relies on a \$127 million payment to the Commonwealth Transportation Fund that is earmarked for the MBTA.

Under the FMCB Act, the FMCB shall formulate and recommend a plan to the Secretary to stabilize and strengthen the finances, management, operations and asset condition of the MBTA and develop performance metrics and measure items in the plan. Such plan shall (i) provide a safe, reliable and sustainable transit system consistent with MassDOT's comprehensive state transportation plan; (ii) establish fiscal stability, including short-term and long-term planning to ensure that the MBTA's budgets are aligned with its operational and capital needs; (iii) reorient the MBTA to focus on providing better service to its current riders and on attracting future riders; (iv) facilitate sound management and a safe and effective workplace; and (v) develop a financially responsible, long-range approach to preserving and modernizing the MBTA's assets and meeting future needs for regional transit facilities and services consistent with the long-term program for mass transportation.

Not later than December 15 of each year of its existence, the FMCB will report on the MBTA's own-source revenue, operating budget, capital plan and progress toward meeting performance metrics and targets, including progress in: (i) maintaining a priority list of immediate capital needs and procurement and implementation plans; (ii) imposing a barrier between the commingling of operating and capital budgets; (iii) increasing own-source revenue; (iv) conducting thorough reviews and analyses of all proposals for system expansion, taking into account operating and capital costs, benefits to current and new riders and economic development impacts; (v) centralizing authority procurement and contracting, implementing best procurement and contracting practices and sharing or consolidating authority procurement and contracting with that of the department consistent with this act; (vi) planning and preparedness processes and adopting an incident command system; (vii) reorganizing internal structure along modal business lines; (viii) maintaining 1-year and 5-year operating plans and budgets; (ix) maintaining a 20-year capital plan for the restoration of physical assets; (x) improving customer relations and instituting a customer-oriented performance management

program; (xi) identifying and implementing best practices supporting workforce productivity and engagement; (xii) reducing employee absenteeism; (xiii) reducing barriers to public-private partnerships; and (xiv) utilizing the lease and sale of real estate assets to support the long-term health of the system and implementing value capture strategies. In December 2015, the FMCB delivered its first Annual Report to the Massachusetts General Court and outlined its strategic plan to enhance performance by investing in the system and eliminating structural deficits.

The FMCB has made substantial improvements to the general financial condition of the MBTA, including without limitation cutting operating expenses and otherwise addressing structural deficits, developing a robust five-year capital plan, adopting a fare increase of approximately 9.3% effective July 1, 2016 (projected to generate revenues of approximately \$43 million in Fiscal Year 2017) and securing continued capital assistance from the Commonwealth.

Interest on the Notes is secured by a lien on Dedicated Sales Tax and other Pledged Revenues, prior to the payment of operating expenses. See “SECURITY FOR THE SALES TAX BONDS – Additional Indebtedness” for information regarding debt service coverage on the Notes.

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

Indebtedness

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

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

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

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

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

The payment of Prior Obligations each year is provided for under the Sales Tax Bond Trust Agreement to be paid from the Dedicated Sales Tax. Under the Enabling Act, the Dedicated Sales Tax may not be less than the base revenue amount (as defined in the Enabling Act). The Dedicated Sales Tax is \$1.007 billion for Fiscal Year 2018 and is subject to adjustment in future years in accordance with the Enabling Act. See “DEDICATED SALES TAX.”

Outstanding Prior Obligations include without limitation the Authority’s General Transportation System Bonds and certain leases.

As of September 1, 2017, the Authority had outstanding \$196.8 million aggregate principal amount of General Transportation System Bonds issued under its General Transportation Bond Resolution. The General Transportation System Bonds include \$154.3 million principal amount bearing interest at variable rates. Under the supplemental resolutions authorizing such variable rate General Transportation System Bonds, the interest rate on such bonds may not exceed 12% per annum. Because under the Enabling Act the Authority is no longer authorized to issue bonds supported by the Commonwealth Guaranty or Section 28 Assistance, the Authority does not expect to issue any additional General Transportation System Bonds.

The Authority is a party to several fully defeased leases under which there are no regularly scheduled payments by the Authority. In addition to its regularly scheduled lease payments, the Authority, under certain circumstances, may be required to pay additional amounts to the lessor. All payments under such leases are subordinate to the payment of debt service on the Notes.

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.

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The following table sets forth the total annual regularly scheduled debt service requirements on outstanding Prior Obligations for each Fiscal Year as of September 1, 2017:

Prior Obligations Debt Service Requirements⁽¹⁾

<u>Year</u>	<u>Principal</u>	<u>Interest⁽²⁾</u>	<u>Total</u>	<u>Year</u>	<u>Principal</u>	<u>Interest⁽²⁾</u>	<u>Total</u>
2018	\$17,315,000	\$13,711,700	\$23,993,225	2025	\$12,300,000	\$6,158,250	\$18,458,250
2019	18,840,000	12,507,675	31,026,700	2026	13,160,000	5,297,250	18,457,250
2020	19,095,000	11,203,050	31,347,675	2027	14,080,000	4,376,050	18,456,050
2021	20,420,000	9,881,400	30,298,050	2028	15,065,000	3,390,450	18,455,450
2022	10,955,000	8,467,825	30,301,400	2029	16,120,000	2,335,900	18,455,900
2023	10,740,000	7,714,700	19,422,825	2030	17,250,000	1,207,500	18,457,500
2024	11,495,000	6,962,900	18,457,900				

Source: The MBTA

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

⁽²⁾ Assumes a 7% interest rate per annum for the General Transportation System Bonds, Variable Rate Demand Obligations, 2000 Series A-1 and A-2 (the “2000 Bonds”) outstanding in the aggregate principal amount of \$161.4 million, both of which bear interest at a variable rate reset weekly.

Hedge Agreements. The Authority has in place two swaps with JPMorgan Chase & Co. One swap, in the current notional amount of \$54,030,000, was entered into to hedge a portion of the Authority’s Senior Sales Tax Bonds, 2003 Series B-1 and 2003 Series B-2 (collectively, the “2003 Series B Bonds”). The other swap, in the current notional amount of \$79,645,000, hedges the Authority’s Senior Sales Tax Bonds, Variable Rate Demand Obligations, 2010 Series A. Pursuant to each swap agreement, the Authority receives a variable rate equal to the Securities Industry and Financial Markets Association Municipal Swap Index (the “SIFMA Index”) in exchange for fixed rate payments. On February 8, 2017, the Authority amended each swap agreement to reduce the fixed rate to 2.00% (from 5.20% and 5.61%, respectively). The swap agreements are Qualified Hedge Agreements under the Sales Tax Bond Trust Agreement. Therefore, regularly scheduled payments under such swap agreements are made under the Sales Tax Bond Trust Agreement from the Senior Debt Service Fund, and payments received by the Authority are deposited in the Senior Debt Service Fund. Termination payments are payable from the General Fund under the Sales Tax Bond Trust Agreement. Any payments made by the Authority in the event the counterparty is in default are general unsecured obligations of the Authority. See “SECURITY FOR THE SALES TAX BONDS” and APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT – Hedging Transactions.”

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

Assessment Bonds. The Authority has issued six series of Assessment Bonds, which, as of September 1, 2017 were outstanding in the aggregate principal amount of \$688.1 million. Under the Assessment Bond Trust Agreement, the Authority pledges to the payment of obligations thereunder pledged revenues, including

Assessments. The outstanding Assessment Bonds amortize through July 1, 2041. See “ASSESSMENT BOND TRUST AGREEMENT AND ASSESSMENTS.”

Sales Tax Bonds. As of September 1, 2017, \$3,670.7 million in aggregate principal amount of Sales Tax Bonds were outstanding, all of which constitute Senior Sales Tax Bonds.

The Authority expects to issue the 2017 Series A Bonds by competitive bidding pursuant to official notices of sale for each of two subseries thereof, each dated September 12, 2017. Proceeds of the 2017 Series A Bonds, if issued, are expected to (i) pay costs of the Authority in accordance with the Enabling Act, including funding a portion of the Authority’s capital program and refund certain outstanding commercial paper bond anticipation notes of the Authority and (ii) pay the costs of issuing the 2017 Series A Bonds. See the official statement with respect to the 2017 Series A Bonds, available on EMMA, for additional information.

In addition, the Authority maintains a commercial paper program under the Sales Tax Bond Trust Agreement in the aggregate principal amount not to exceed \$250 million. Such commercial paper notes are secured by the Sales Tax Bond Trust Agreement and repaid by the proceeds of other notes, Senior Sales Tax Bonds or the Dedicated Sales Tax. As of September 1, 2017, \$167.3 million in aggregate principal amount of such notes was outstanding, a portion of which constitutes the notes initially issued to redeem the 2003 Series B Bonds in 2008, \$100 million of which are expected to be repaid with a portion of the proceeds of the 2017 Series A Bonds and the balance to be repaid from available cash of the Authority.

Metropolitan Boston Transit Parking Corporation Bonds. In 2011, the Authority established the Metropolitan Boston Transit Parking Corporation (the “MBTPC”) solely for the purpose of issuing bonds on behalf of the Authority secured by the gross revenues generated by the Authority’s parking facilities. MBTPC is a Massachusetts nonprofit corporation and agency and instrumentality of the Authority. The Authority is the sole member of the MBTPC. The MBTPC’s Board of Directors consists of three ex officio management employees of the Authority. The MBTPC has issued one series of Bonds, which, as of September 1, 2017 were outstanding in the aggregate principal amount of \$304.6 million.

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

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

Approval of the FMCB and MassDOT Board. Under the FMCB Act, the MassDOT Board may amend any borrowing authorization to finance or refinance any debt of the Authority in accordance with the law and upon a recommendation of the FMCB.

Capital Investment Program

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

Under the Enabling Act, the Authority is required to develop a comprehensive, long-term (not greater than 25 years) Program for Mass Transit (the “Program”). In addition, the Authority is required to implement the Program through rolling five-year capital investment programs adopted each year (each, a “CIP”). 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.

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

Total anticipated expenditures under the Authority's Fiscal Year 2018-2022 Capital Investment Program equal approximately \$7.4 billion. Of such amount, approximately \$1.2 billion is expected to be financed from Commonwealth bonds, \$1.3 billion is expected to be funded from the proceeds of Authority bonds, approximately \$4.0 billion is expected to be funded from federal assistance, including the loans for positive train control described below, with the remainder funded from (i) pay-as-you-go capital funds, including amounts on deposit in the Capital Maintenance Fund and the Lockbox Capital Maintenance Fund and (ii) state and third-party reimbursements. The current capital program funds a variety of projects, including those necessary to comply with legal commitments, such as funding of the positive train control project and the extension of the Authority's light rail green line to Somerville and Medford, both described below. Federal aid for transit programs has historically been provided pursuant to multi-year authorizations, including most recently the Fixing America's Surface Transportation (FAST) Act which was enacted in December 2015 and funds federal fiscal years 2016 through 2020.

Federal law mandates that the Authority install positive train control on the commuter rail system to enhance safety. Positive train control will include enhancements to the communications and signal systems on the Authority's commuter rail system, as well as Amtrak and other commercial users of the Authority's right of way. The total cost to the Authority for the project is preliminarily estimated to be \$455.7 million and the project is currently expected to be completed by 2020. The Authority expects to fund approximately \$300 million of such project from the proceeds of the Notes on an interim basis with the Notes repaid in 2021 from loan programs provided by the United States Department of Transportation. The federal loans would be secured by amounts in the Subordinated Debt Service Fund following payment on the 2017 Series A Bonds and any other Subordinated Bonds thereafter issued.

The Authority's Fiscal Year 2018-2022 Capital Investment Program funds a portion of the light rail Green Line Extension ("GLX") from Cambridge into Somerville and Medford. After performing a comprehensive redesign following projected cost overruns ranging from \$700 million to \$1 billion, the Authority is currently procuring the services of a design-build entity to perform the design and construction of the \$2.3 billion project. In April 2017, the Federal Transit Administration ("FTA") found the updated schedule and cost estimate to be reasonable. The two primary funding sources for the GLX project are FTA (through a full funding grant agreement) and the Commonwealth. Approximately \$233 million is being provided by corridor municipalities and the metropolitan planning organization. Proposals are due from the three shortlisted design-build teams in late September with an anticipated notice-to-proceed to the selected design-build team in December 2017.

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

APPLICATION OF FUNDS

The proceeds from the sale of the Notes, including original issue premium in the amount of \$29,725,567.75, are expected to fund a portion of the capital program for Sustainability Projects and to pay costs of issuance of the Notes.

Designation of the Notes as Sustainability Bonds.

The Authority has made a commitment to promoting projects that maximize and equitably distribute social benefits across the communities it serves and that maximize the environmental benefits of the transportation system (“Sustainability Projects”). The Authority has adopted a framework (the “Sustainability Bond Framework”) that focuses on financing Sustainability Projects with revenue bonds and notes (“Sustainability Bonds”). The Notes and the 2017 Series A Bonds, Subseries A-1 (Sustainability Bonds) expected to be issued simultaneously with the Notes, are the Authority’s first issues of Sustainability Bonds. The Authority is issuing the Notes as Sustainability Bonds due to the nature of the projects being financed thereby. The purpose of identifying the Notes as Sustainability Bonds is to allow investors to invest directly in obligations that finance socially and environmentally beneficial and sustainable projects. The Notes are issued on a parity with any future issues of Subordinated Sales Tax Notes by the Authority pursuant to the Trust Agreement. Holders of Sustainability Bonds, including the Notes, do not assume any specific project risk related to any of the funded Sustainability Projects.

Use of Proceeds of Sustainability Bonds.

The Authority expects to use the proceeds of Sustainability Bonds, including the Notes, to finance eligible projects that provide environmental and/or social benefits. Environmental benefits center on the transition to a low-carbon, climate resilient and sustainable community. Social benefits may include, but are not limited to, access to essential services and affordable infrastructure, critical health and safety improvements, and socioeconomic advancement. In particular, the proceeds of the Notes are expected to target safety improvements by financing costs of the Authority’s positive train control project described above under THE AUTHORITY – Capital Investment Program.

Project Evaluation and Selection.

The Authority has established a committee (the “Sustainability Bond Committee”), made up of internal stakeholders, directors and managers with responsibility for maintaining the Sustainability Bond Framework and evaluating projects that may be candidates for Sustainability Bond funding. It is the responsibility of the Sustainability Bond Committee to review all proposed and existing Sustainability Projects to determine their compliance with the Sustainability Bond Framework. The Authority expects to allocate proceeds of Sustainability Bonds to eligible Sustainability Projects within twenty-four (24) months of issuance of the bond. Funds may be reallocated to other eligible projects at any time during the term of the bond.

Management of Proceeds.

The Authority will systematically manage and track the proceeds of each Sustainability Bond. The Authority will establish a distinct account for the proceeds of each Sustainability Bond and will track the use of such proceeds via its capital management and treasury information systems. The Authority expects to establish a register, recording each Sustainability Project ID financed by Sustainability Bond proceeds. Investment of Sustainability Bond proceeds prior to deployment will be in accord with the Trust Agreement and the Authority’s investment policy.

Post-Issuance Reporting on Sustainability Projects.

The Authority plans to report annually on its Sustainability Bonds and to post such reports (“Sustainability Progress Reports”) on its website. Such reports are expected to include:

- Aggregate amounts of funds allocated to each eligible project along with a description of the projects being financed;
- The remaining balance of unallocated net proceeds of Sustainability Bonds at the end of the reporting period;
- Qualitative performance indicators and, where feasible, quantitative performance measures of the environmental and social objectives of the eligible projects;
- Methods and key underlying assumptions used in the preparation of the performance indicators and metrics; and
- Confirmation that the use of net proceeds of each Sustainability Bond conforms to the Sustainability Bond Framework.

The Authority expects to publish each Sustainability Progress Report on the Authority’s website, in the section for financial reporting, found at <http://www.mbtta.com>. Once all net proceeds of a particular Sustainability Bond have been spent, no further updates will be provided with respect to that issue.

THE NOTES

The Notes will be issued in the aggregate principal amount of \$271,095,000. The Notes will be dated the date of delivery, will mature on December 1, 2021 and will bear interest from their date at the per annum rate set forth on the cover hereof. Interest on the Notes will be payable on July 1 and January 1, commencing January 1, 2018. The Notes are not subject to redemption prior to maturity.

The Notes are being issued only as fully registered notes 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 Notes. Purchases of beneficial interests in the Notes 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 Notes purchased. So long as DTC or its nominee, Cede & Co., is Holder, payments of the principal of and interest on the Notes will be made directly to such Holder. Disbursement of such payments to the DTC Participants (hereinafter defined) is the responsibility of DTC and disbursement of such payments to Beneficial Owners (hereinafter defined) is the responsibility of the DTC Participants and the Indirect Participants (hereinafter defined). See “BOOK-ENTRY ONLY SYSTEM.”

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

General. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users

of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has the S&P rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority or Trustee, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject

to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

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

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

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

Transfer and Exchange

In the event that the Book-Entry Only System is discontinued, the following provisions would apply: Notes of a series may be exchanged for an equal aggregate principal amount of Notes 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 Note 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 Notes 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 Notes in exchange for temporary bonds; (ii) in the case of a bond issued upon the first exchange or transfer of a Note surrendered for such purpose within sixty (60) days after the first authentication and delivery of the Notes; or (iii) as otherwise provided in the Sales Tax Bond Trust Agreement, the Trustee may charge a sum sufficient to pay the cost of preparing each new Note 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 to register, transfer or exchange Notes for a period of fifteen (15) days next preceding an interest payment on the Notes.

DEBT SERVICE REQUIREMENTS ON SALES TAX BONDS

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

Fiscal Year Ending June 30	Debt Service on Outstanding Senior Sales Tax Bonds*	Debt Service on the Notes**	Debt Service on the 2017 Series A Bonds***	Total Debt Service
2018	\$363,039,507	\$7,801,512	\$8,277,208	\$379,118,227
2019	369,186,606	10,843,800	11,505,000	391,535,406
2020	371,481,740	10,843,800	11,505,000	393,830,540
2021	358,601,890	10,843,800	11,505,000	380,950,690
2022	375,516,654	13,574,785	11,505,000	400,596,440
2023	302,814,828	15,527,094	11,505,000	329,846,922
2024	362,967,385	15,527,069	11,505,000	389,999,454
2025	313,817,209	15,524,424	17,480,000	346,821,633
2026	286,826,831	15,528,969	17,481,250	319,837,049
2027	280,110,309	15,525,131	17,482,500	313,117,940
2028	260,852,197	15,527,912	17,478,000	293,858,109
2029	267,639,666	15,526,739	17,482,250	300,648,654
2030	304,565,358	15,526,422	17,479,000	337,570,779
2031	239,105,664	15,526,580	17,477,750	272,109,993
2032	213,048,851	15,526,832	17,482,500	246,058,182
2033	213,337,800	15,526,797	17,482,000	246,346,597
2034	130,339,789	15,526,094	17,480,500	163,346,383
2035	160,227,314	15,529,342	17,482,000	193,238,656
2036	114,467,114	15,525,969	17,480,250	147,473,333
2037	65,877,998	15,525,786	17,479,250	98,883,033
2038	65,561,491	15,528,220	17,477,750	98,567,460
2039	65,252,924	15,527,700	17,479,500	98,260,123
2040	64,964,419	15,528,845	17,483,000	97,976,263
2041	49,854,929	15,526,083	17,476,750	82,857,762
2042	29,927,450	15,529,034	17,484,750	62,941,234
2043	29,906,875	15,526,936	17,484,750	62,918,561
2044	29,891,800	15,529,407	17,485,500	62,906,707
2045	29,869,325	15,525,685	17,480,250	62,875,260
2046	<u>12,267,325</u>	<u>15,525,390</u>	<u>17,482,500</u>	<u>45,275,215</u>
	\$5,731,321,247	\$426,556,150	\$461,889,208	\$6,619,766,605

* Excludes debt service on commercial paper. Assumes a \$80,255,000 portion of the Senior Sales Tax Bonds 2010 Series A, in the principal amount of \$79,645,000, bears interest at the fixed rate payable under the interest rate swap associated with such bonds and the remainder bears interest at 3.81%, the Revenue Bond Index rate as of September 28, 2017 ("RBI"). Excludes payments under the swap agreement associated with the 2003 Series B Bonds. Assumes the CPI Bonds, in the principal amount of \$25,005,000, bear interest at the fixed rate payable under the interest rate swap associated with such bonds. For a description of such swap agreements, see "THE AUTHORITY – Indebtedness – Hedge Agreements." Assumes the \$232,130,000 principal amount of Senior Sales Tax Bonds, Multi-Modal Obligations, 2017 Series A, bear interest at RBI.

** Includes interest only until maturity on December 1, 2021 on the Notes and thereafter pro forma principal and interest on the Subordinated Sale Tax Bonds with which the Notes are expected to be repaid at maturity, assuming \$271,095,000 of principal from 2022 to 2051 and interest thereon at RBI. See "THE AUTHORITY – Indebtedness – Sales Tax Bonds."

*** Includes debt service on the 2017 Series A Bonds expected to be issued simultaneously with the Notes.

SECURITY FOR THE SALES TAX BONDS

The principal of and premium, if any, and interest on the Sales Tax 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 SALES TAX BOND TRUST AGREEMENT – The Pledge Effected by the Sales Tax Bond Trust Agreement.” All of the Sales Tax Bonds are also secured by a lien and charge on all funds and accounts created under the Sales Tax Bond Trust Agreement (other than the Bond Proceeds Fund, while it is held 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, if any.

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

The Authority also provides for the payment of the Prior Obligations under the Sales Tax Bond Trust Agreement. See “THE AUTHORITY – Indebtedness.” In addition, the Authority maintains a commercial paper program under the Sales Tax Bond Trust Agreement in the aggregate principal amount not to exceed \$250 million. Such commercial paper notes are secured by the Sales Tax Bond Trust Agreement and repaid by the proceeds of other notes, Senior Sales Tax Bonds or the Dedicated Sales Tax. As of September 1, 2017, \$167.3 million in aggregate principal amount of such notes were outstanding, all of which is expected to be repaid with the proceeds of the 2017 Series A Bonds and other available funds of the Authority.

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, if any), 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 “Provision for 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 Pledged Revenue Fund; provided, however, that the Authority has certified to the Commonwealth that it has provided for the payment of its Prior Obligations in its annual budget. In connection with its Fiscal Year 2018 budget, the Authority has certified that it has provided for the payment of Prior Obligations during Fiscal Year 2018 in such annual 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 A – “SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT.”

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

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

* In connection with the PTC Project and the federal loans to fund a portion thereof, the Authority expects to create a new account within the Subordinated Debt Service Fund, funded after other amounts in the Subordinated Debt Service Fund, to repay the federal loans.

** The Subordinated Debt Service Reserve Fund is not funded in connection with the Notes. The Senior Sales Tax Bonds, but not the Notes or Subordinated Sales Tax Bonds, are secured by amounts on deposit in the Subordinated Debt Service Reserve Fund. See APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT” under the heading “Senior 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 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.

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

Provision for the Payment of Prior Obligations

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

Pledge of Amounts Payable Under the Assessment Bond Trust Agreement

Under the Assessment Bond Trust Agreement, the Authority pledges to the payment of Assessment Bonds pledged revenues, including the Assessments. The Authority has previously issued Assessment Bonds, which, as of September 1, 2017 were outstanding in the aggregate principal amount of \$688.1 million.

For Fiscal Year 2001, Assessments equaled \$144,578,734. Beginning in Fiscal Year 2002 and each Fiscal Year thereafter through Fiscal Year 2006, Assessments were reduced in five equal installments until the Assessments in Fiscal Year 2006 totaled \$136,026,868. Each year thereafter, Assessments were adjusted for inflation, provided that such amount could not increase by more than 2.5% annually. Total Assessments for each of the past five Fiscal Years and budgeted Assessments for the current Fiscal Year are as set forth below:

<u>Fiscal Year</u>	<u>Assessments</u>
2013	\$155,902,648
2014	157,149,865
2015	160,135,712
2016	162,858,019
2017	163,998,025
2018*	166,457,995

* Budgeted.

Under the Sales Tax Bond Trust Agreement, to the extent the amounts in the Senior Debt Service Fund or the Subordinated Debt Service Fund are insufficient to pay Net Debt Service on Sales Tax Bonds, including interest on the Notes, the Trustee shall deliver 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 from the Pledged Revenue Fund under the Assessment 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 Assessment Bonds issued under the Assessment Bond Trust Agreement. For further information relating to the Assessment Bond Trust Agreement and Assessments, see “ASSESSMENT BOND TRUST AGREEMENT AND ASSESSMENTS” and APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE ASSESSMENT BOND TRUST AGREEMENT.”

Pledge Under Sales Tax Bond Trust Agreement to Assessment Bonds

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

Deficiency Fund and Capital Maintenance Fund

Under a separate resolution, the Authority has created a Deficiency Fund and a Capital Maintenance Fund, each of which is pledged to the holders of Assessment Bonds under the Assessment Bond Trust Agreement and to the holders of Sales Tax Bonds under the Sales Tax Bond Trust Agreement. The resolution requires that the Authority shall hold on deposit in such funds the amounts determined from time to time by the Chief Financial Officer of the Authority in his sole discretion. As of September 1, 2017, the Deficiency Fund had a balance of \$6.4 million and the Capital Maintenance Fund Requirement equaled \$73.9 million. Each of the Deficiency Fund and the Capital Maintenance Fund is held by the Authority. See “THE AUTHORITY – Operations.”

Additional Indebtedness

One or more additional series of Sales Tax 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 Sales Tax 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 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 such series shall be authenticated only upon receipt by the Trustee (in addition to the other documents required under the Sales Tax Bond Trust Agreement for the issuance of Sales Tax Bonds) of 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; (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 equal to or greater than the sum of (i) the amount set forth in clause (i)(b) and (ii) the amount set forth in clause (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 (i)(c), divided by, for each such Fiscal Year, the amount set forth in clause (i)(a) and clause (i)(b), respectively, is equal to or greater than 2.00 and 1.50, respectively. See APPENDIX A – “SUMMARY OF CERTAIN PROVISIONS OF THE SALES TAX BOND TRUST AGREEMENT – Provisions For Issuance Of Sales Tax Bonds.”

For Fiscal Years 2018 – 2046, coverage for purposes of the additional bonds tests described in the preceding paragraph are projected to be approximately 10.26 to 124.78 for the purpose of the test set forth in clause (iii) above and approximately 2.43 to 27.72 for the test set forth in clause (iv)(a) above, in each case after giving effect to the issuance of the Bonds and the Series 2017 Notes.

Under the Sales Tax 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 Sales Tax 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. “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, and “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; (iii) Subordinated Net Debt Service; and (iv) debt service on indebtedness (other than Indebtedness) issued under the Sales Tax Bond Trust Agreement and secured by a pledge of or security interest in and payable from the Dedicated Sales Tax.

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

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

Statutory Covenant

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

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

In the opinion of Bond Counsel, this covenant is a valid contract between the Commonwealth and the holders of Sales Tax Bonds and Assessment 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 Sales Tax Bonds and Assessment Bonds issued prior to enactment of such law, including the holders of the Notes, would result in an unconstitutional impairment of

contract rights or taking of property rights unless such holders are provided reasonable and adequate compensation.

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

The FMCB Act confirms the foregoing covenants and provides further assurance with respect to outstanding indebtedness of the Authority, including the Sales Tax Bonds. The FMCB Act provides no existing rights of the holders of bonds, notes and other financing obligations issued by or on behalf of the Authority under the Enabling Act shall be impaired and nothing in the FMCB Act shall be construed to alter or grant the power to alter existing agreements securing the bonds or other obligations, hedge agreements or investment contracts pertaining thereto, other than in accordance with their terms. The FMCB Act requires the Authority to maintain the covenants and agreements of the trust agreements, bond resolutions and other instruments pertaining to such bonds and other obligations secured thereunder so long as such bonds and other obligations shall remain outstanding. The FMCB may not control or have the power to alter or otherwise impair the trust imposed by the Enabling Act and may not have the power to alter or otherwise impair the other Commonwealth covenants set forth in the Enabling Act.

DEDICATED SALES TAX

Under the Enabling Act, the Dedicated Sales Tax consists of the greater of the base revenue amount or the dedicated sales tax revenue amount. The dedicated sales tax revenue amount is equal to the amount raised by a one percent (1%) statewide sales tax (excluding meals tax) plus, commencing with Fiscal Year 2015, the amount of \$160,000,000 in each Fiscal Year. The base revenue amount of \$986,274,139 for Fiscal Year 2016, is adjusted by the percentage change in inflation, as measured by the Boston Consumer Price Index (the "Boston CPI") for the prior year, except as follows:

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

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

The following table sets forth, for Fiscal Year 2001 through Fiscal Year 2018, the base revenue amount as certified by the Comptroller in accordance with the Enabling Act:

<u>Fiscal Year</u>	<u>Base Revenue Amount</u>	<u>Percent Increase</u>
2001	\$645,000,000	---
2002	664,350,000	3.00%
2003	684,280,500	3.00
2004	684,280,500	0.00
2005	704,808,915	3.00
2006	712,585,739	1.10
2007	733,963,311	3.00
2008	755,982,210	3.00
2009	767,056,684	1.46
2010	767,056,684	0.00
2011	767,056,684	0.00
2012	779,091,803	1.57
2013	786,866,936	1.00
2014	799,295,175	1.58
2015	970,637,174*	21.42*
2016	986,274,139	1.61
2017	992,191,784	0.60
2018	1,006,806,769	1.47

*The Enabling Act was amended on October 31, 2014 to increase the annual Base Revenue Amount and the Dedicated Sales Tax Revenue Amount by \$160,000,000, intended to replace the \$160,000,000 annual appropriation the MBTA received from Fiscal Years 2010 to 2014. The percentage increase of the Base Revenue Amount for Fiscal Year 2015 over Fiscal Year 2014, excluding such increase, was 1.42%.

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

In accordance with the foregoing procedure, on March 1, 2017, the Comptroller certified, with respect to Fiscal Year 2018, that the base revenue amount was \$1,006,806,769, which exceeds the dedicated sales tax revenue for Fiscal Year 2018 of \$1,001 million as assumed in the Fiscal Year 2018 benchmarks. The difference is to be credited to the State and Local Contribution Fund.

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

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

The following table sets forth, for Fiscal Year 1978 through Fiscal Year 2017, the Commonwealth’s total sales tax receipts, less sales tax on meals and less sales tax receipts from the Convention Center Financing District in Boston, as described below. The sales tax figures in the table are sales tax receipts after reimbursements and abatements. The “regular” sales tax was first imposed in April 1966 at a rate of 3%. In July 1976, this rate was increased to 5%. Sales of tangible personal property including motor vehicles were first taxed in Massachusetts under Stat. 1966 c. 14, § 1 at a rate of 3%. Originally a temporary tax, this tax was made permanent by Stat. 1967, c. 757, which enacted the first 31 sections of the sales tax. The new tax was also at 3%, and was effective January 1, 1968. The rate of tax was changed to 5% by Stat. 1975, c. 684, § 59, effective November 12, 1975. In 1991, a new law added services to the regular sales tax base, but prior to receipt of any sales tax on services, the law was partially repealed. Only telecommunications services remain in the regular sales tax base. In January 1998, the payment schedule for businesses with tax liabilities greater than \$25,000 per year was changed to simplify the time period on which such payments are based. While the timing change did not affect the amount of tax owed by the affected businesses, the new payment schedule caused a one-time delay in receipt of tax revenues realized in Fiscal Year 1998. Commencing July 1, 1997, total sales tax receipts exclude all receipts from the excise imposed upon sales at retail by vendors located in the Convention Center Financing District in Boston and vendors located in hotels in Cambridge and in Boston, outside of the Convention Center Financing District, in each case only for vendors that opened after July 1, 1997. The total amount of such excluded receipts for Fiscal Years 2011 through 2017, were \$2,539,545, \$3,276,023, \$3,055,056, \$3,836,724, \$5,605,840 \$6,778,846 and \$3,516,765, respectively.

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Historical Commonwealth Sales Tax Receipts*

Fiscal Year	Sales Tax Receipts	MBTA Sales Tax Receipts**	% Increase/ (Decrease)	Fiscal Year	Sales Tax Receipts	MBTA Sales Tax Receipts**	% Increase/ (Decrease)
1978	\$520,701,180	\$104,140,236	17.8	1998	2,572,447,261	514,489,452	3.1
1979	577,811,734	115,562,347	11.0	1999	2,833,016,602	566,603,320	10.1
1980	608,428,226	121,685,645	5.3	2000	3,107,166,500	621,433,300	9.7
1981	704,188,866	140,837,773	15.7	2001	3,272,953,839	654,590,768	5.3
1982	753,147,231	150,629,446	7.0	2002	3,193,946,638	638,789,328	(2.4)
1983	865,291,925	173,058,385	14.9	2003	3,196,008,691	639,201,738	0.1
1984	1,041,797,387	208,359,477	20.4	2004	3,211,141,238	642,228,248	0.5
1985	1,209,522,818	241,904,564	16.1	2005	3,330,838,208	666,167,642	3.7
1986	1,452,092,246	290,418,449	20.1	2006	3,420,208,843	684,041,769	2.7
1987	1,600,004,046	320,000,809	10.2	2007	3,458,884,551	691,776,910	1.1
1988	1,733,312,576	346,662,515	8.3	2008	3,453,776,709	690,755,342	(0.1)
1989	1,787,062,915	357,412,583	3.1	2009	3,239,083,506	647,816,701	(6.2)
1990	1,660,519,469	332,103,894	(7.1)	2010	3,852,057,082	637,083,944	(1.7)
1991	1,617,727,175	323,545,435	(2.6)	2011	4,091,484,725	654,642,631	2.8
1992	1,682,319,431	336,463,886	4.0	2012	4,190,557,744	670,494,063	2.4
1993	1,820,971,551	364,194,310	8.2	2013	4,262,749,824	682,046,396	1.7
1994	1,978,773,555	395,754,711	8.7	2014	4,546,991,713	727,518,674	6.7
1995	2,136,971,274	427,394,255	8.0	2015***	4,775,641,191	924,102,590	27.0
1996	2,252,083,428	450,416,686	5.4	2016	4,990,760,343	958,521,655	3.7
1997	2,494,701,986	498,940,397	10.8	2017***	5,103,316,818	976,530,691	1.9

Source: Massachusetts Department of Revenue

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

** For fiscal years 1978 –2000, equal to 20% of a 5% sales tax, which approximates the dedicated sales tax revenue amount for each such fiscal year. The August 1, 2009 increase in the sales tax rate did not increase the dedicated sales tax revenue amount prior to Fiscal Year 2015. See also Appendix F – History of Dedicated Sales Tax Receipts.

*** Amendments to the Enabling Act on October 31, 2014 increased the dedicated sales tax receipts by \$160 million. The percentage increase in MBTA Sales Tax Receipts for Fiscal Year 2015 over Fiscal Year 2014, excluding such increase is 5.0%.

**** Preliminary; pending finalization and issuance by the Comptroller of the Commonwealth of the Statutory Basis Financial Report for Fiscal Year 2017.

Effective August 1, 2009, the sales and use tax rate was increased from 5% to 6.25%. Effective August 1, 2009, the exemption of taxes on alcohol sales was eliminated; this legislation, however, was repealed by the voters at the November 2010 statewide election, effective January 1, 2011. Based on information provided by the Department of Revenue, (i) the rate increase to 6.25% produced additional gross sales tax receipts of approximately \$739 million in Fiscal Year 2010, \$918 million in Fiscal Year 2011, \$963 million in Fiscal Year 2012, \$983 million in Fiscal Year 2013, \$1.046 billion in Fiscal Year 2014, \$1.1 billion in Fiscal Year 2015, \$1.153 billion in Fiscal Year 2016 and \$1.183 billion in Fiscal Year 2017 and (ii) the tax on alcohol sales was estimated to have generated approximately \$96.6 million and \$81.0 million in Fiscal Year 2010 and Fiscal Year 2011 (through the date of its repeal on January 1, 2011), respectively. Beginning in Fiscal Year 2011, a portion of the Commonwealth’s receipts from the sales tax (other than taxes required to be credited to the Convention Center Fund) has been dedicated to the Massachusetts Transportation Trust Fund. From Fiscal Year 2011 through Fiscal Year 2013, the amount dedicated was the amount raised by a portion of the sales tax equal to a 0.385% sales tax, with a floor of \$275 million per Fiscal Year. Pursuant to Section 2ZZZ of Chapter 29 of the Massachusetts General Laws such sales tax receipts are dedicated to the

Commonwealth Transportation Fund rather than directly to the Massachusetts Transportation Trust Fund. During Fiscal Year 2013, approximately \$318 million in sales tax revenue was transferred to the Commonwealth Transportation Fund. Chapter 46 of the Acts of 2013 eliminated the 0.385% allocation of sales and use taxes to the Commonwealth Transportation Fund and provided instead that beginning in Fiscal Year 2014, all sales and uses taxes relating to sales of motor vehicles (net of amounts dedicated to the MBTA and the Massachusetts School Building Authority) are credited to the Commonwealth Transportation Fund. During Fiscal Year 2017, approximately \$549.3 million in sales tax revenue was transferred to the Commonwealth Transportation Fund. The Commonwealth's Fiscal Year 2018 budget included a projected total of \$548.7 million of sales tax receipts to the Commonwealth Transportation Fund.

The Notes are not general obligations of the Commonwealth and are not secured by the full faith and credit of the Commonwealth. The Notes are secured, as to principal and interest, from the proceeds of the Subordinated Sales Tax Bonds in anticipation of which they are issued, and, as to interest only, from Pledged Revenues and other moneys, if any, available to the owners of the Notes under the Sales Tax Bond Trust Agreement. See "SECURITY FOR THE SALES TAX BONDS."

ASSESSMENT BOND TRUST AGREEMENT AND ASSESSMENTS

The Assessment Bond Trust Agreement provides that the Authority may incur particular obligations, including, without limitation, Assessment Bonds, and provides for, to the extent of available funds under the Assessment Bond Trust Agreement, the payment of Sales Tax Bonds to the extent there are insufficient funds available therefore under the Sales Tax Bond Trust Agreement. Obligations under the Assessment Bond Trust Agreement are payable from and secured by a pledge of the Assessment Pledged Revenues (hereinafter defined) and a lien and charge on all funds and accounts created under the Assessment Bond Trust Agreement (other than the Bond Proceeds Fund while it is held and administered by the Authority and the Rebate Fund and as otherwise described below).

Pledge Under the Assessment Bond Trust Agreement

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

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

Under the Enabling Act, the above amounts constituting Dedicated Revenues shall not be reduced or diverted as described under "SECURITY FOR THE SALES TAX BONDS – Statutory Covenant."

The above are pledged for the payment, first, of Assessment Bonds and, second, of 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.

Pursuant to Chapter 165, Section 116 of the Acts of 2012, Assessments are credited to the Fund on or before the last day of each month, and in accordance with the MOU are deposited on the day so credited. 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.

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 Assessment 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.

Under the Assessment Bond Trust Agreement, "Pledged Revenues" (referred to herein as the "Assessment 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) Sales Tax Dedicated Payments; or (ii) amounts received under a Qualified Hedge Agreement that 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.

Under the Assessment Bond Trust Agreement, "Dedicated Payments" (referred to herein as the "Assessment Dedicated Payments") means any revenues of the Authority that are not Sales Tax 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 Sales Tax Dedicated Payments by the Authority in accordance with the limitations of the Assessment Bond Trust Agreement and, accordingly, are to be deposited in the Debt Service Fund upon receipt. See APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE ASSESSMENT BOND TRUST AGREEMENT."

Flow of Funds

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

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

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

- (1) the Assessment 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.

For a description of the Funds and Accounts under the Assessment Bond Trust Agreement, see APPENDIX B – "SUMMARY OF CERTAIN PROVISIONS OF THE ASSESSMENT BOND TRUST AGREEMENT."

For an illustration of the flow of funds under the Assessment Bond Trust Agreement, see “SECURITY FOR THE SALES TAX BONDS – Flow of Funds.”

Indebtedness Under the Assessment Bond Trust Agreement

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

Statutory Covenant

The Enabling Act contains a statutory covenant that provides that the amount to be assessed on cities and towns shall not be reduced below \$136,026,868 per Fiscal Year. See “SECURITY FOR THE SALES TAX BONDS – Statutory Covenant.”

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 Assessment Bonds and Sales Tax Bonds issued prior to enactment of such law, 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.

The FMCB Act confirms the foregoing covenant and provides further assurance with respect to outstanding indebtedness of the Authority. The FMCB Act provides no existing rights of the holders of bonds, notes and other financing obligations issued by or on behalf of the Authority under the Enabling Act shall be impaired and nothing in the FMCB Act shall be construed to alter or grant the power to alter existing agreements securing the bonds or other obligations, hedge agreements or investment contracts pertaining thereto, other than in accordance with their terms. The FMCB Act requires the Authority to maintain the covenants and agreements of the trust agreements, bond resolutions and other instruments pertaining to such bonds and other obligations secured thereunder so long as such bonds and other obligations shall remain outstanding. The FMCB may not control or have the power to alter or otherwise impair the trust imposed by the Enabling Act and may not have the power to alter or otherwise impair the other Commonwealth covenants set forth in the Enabling Act.

Assessments

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

The Dedicated Revenues are credited upon receipt, without appropriation, to the Commonwealth’s State and Local Contribution Fund. Such amounts shall be disbursed to the Authority upon the request of the General Manager so long as the Authority shall certify each year that it has provided in its budget for the payment of the Prior Obligations due during such year. In connection with its Fiscal Year 2018 budget, the Authority has certified that it has provided for the payment of Prior Obligations during Fiscal Year 2018 in such annual budget.

Pursuant to the MOU, Assessments shall be deposited to the Fund on or before the last day of each month, which is the date not later than which the Commonwealth is required to pay Local Aid to cities and towns.

Under Chapter 161A of Massachusetts General Laws, as in effect prior to July 1, 2000 (the “Prior Act”), specified cities and towns were assessed to reimburse the Commonwealth for cash advances made to pay the Authority’s Net Cost of Service on account of prior fiscal periods. The amount of assessments for any particular period varied, depending on the amount of the Net Cost of Service for that period and offsetting state appropriations, among other things. The Enabling Act increased the number of assessed cities and towns from 78 to 175 commencing in Fiscal Year 2002. Assessments cannot be less than \$136,026,868 and are adjusted each year thereafter for inflation, provided that such amount shall not increase by more than 2.5% per year. In each case, individual Assessments are determined according to a weighted population formula. See “SECURITY FOR THE SALES TAX BONDS – Pledged of Amounts Payable Under the Assessment Trust Agreement” for a table of total Assessments for the last five Fiscal Year and the amount budgeted for the current Fiscal Year. Cities and towns that are also assessed for regional transit authority expenses received a dollar-for-dollar credit against the Assessments, but this has no effect on the total amount assessed for the Authority, because the credited amounts are re-assessed on the “14 cities and towns” and the “51 cities and towns,” but not on the “other served communities,” as each is defined in the Enabling Act. See APPENDIX E – “INFORMATION REGARDING ASSESSMENTS AND LOCAL AID” for historical information on the amounts of Local Aid, Authority Assessments and other assessments related to the cities and towns in the Authority’s territory.

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

Pursuant to the Enabling Act, the Dedicated Revenues are credited to the Fund and may be disbursed to the Authority without appropriation and outside the state budget process, provided that the Authority certifies each year that it has provided for payment of the Prior Obligations in such year in its annual budget. The Authority will provide for payment of Prior Obligations from the Dedicated Sales Tax. See “SECURITY FOR THE SALES TAX BONDS.” The Enabling Act contains a statutory covenant to the effect that the Dedicated Revenues may not be reduced or diverted. See “SECURITY FOR THE SALES TAX BONDS – Statutory Covenant.”

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

Although the Enabling Act contemplates a course of action in the event the amount of assessments and other charges due to the state by a particular city or town exceeds the amount payable by the Commonwealth, historically, all of the cities and towns required to pay the Assessments currently receive

substantially more Local Aid than they owe in state charges and assessments. See APPENDIX E – “INFORMATION REGARDING ASSESSMENTS AND LOCAL AID.”

Other Withholding of Local Aid

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

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’s 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 rarely utilized the intercept mechanism for cities and towns in the Authority’s territory.

Massachusetts Clean Water Trust. The Massachusetts Clean Water Trust, formerly known as the Massachusetts Water Pollution Abatement Trust (the “Trust”) makes loans to cities, towns and other units of regional and local government (including, for example, 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 month. 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.

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 2016, the aggregate property tax levy grew from \$3.347 billion to \$15.2 billion, a compound annual growth rate of 4.51%.

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

Local Aid

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

As a result of comprehensive education reform legislation enacted in June 1993, a large portion of general revenue sharing funds is earmarked for public education and is distributed through a formula designed to provide more aid to the Commonwealth’s poorer communities. The legislation requires the Commonwealth to distribute aid to ensure that each district reaches at least a minimum level of spending per public education pupil. Since Fiscal Year 2004, the Commonwealth has fully funded the requirements imposed by this legislation in each of the annual budgets. Beginning in Fiscal Year 2007, the Legislature implemented a new model for the program which was adjusted to resolve aspects of the formulas that were perceived to be creating inequalities in the aid distribution. The Commonwealth’s Fiscal Year 2017 budget included state funding for education aid of \$4.63 billion.

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

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

During Fiscal Year 2003, the Governor of the Commonwealth reduced Local Aid in response to declining revenues of the Commonwealth, pursuant to authority under Chapter 29, Section 9C of the Massachusetts General Laws. In the Fiscal Year 2004 General Appropriations Act, direct Local Aid was reduced by an additional \$288.7 million, or 5.7%. The Fiscal Year 2004 final supplemental appropriations act signed into law on September 17, 2004 appropriated \$75 million in one-time local aid payments to be distributed in Fiscal Year 2005. In Fiscal Year 2009, the Governor again sought authority to expand his powers under Chapter 29, Section 9C and reduced the combined additional assistance and lottery programs by \$128.0 million and later reduced education aid under Chapter 70 of Massachusetts General Laws by \$412 million which was replaced by federal State Fiscal Stabilization Funds.

The Commonwealth's Fiscal Year 2017 budget provided \$5.986 billion in state-funded local aid to municipalities. The budget included state funding for Chapter 70 education aid of \$4.628 billion to municipalities, an aggregate increase of \$116 million over the Fiscal Year 2016 aggregate amount. The budget also included \$1.022 billion for unrestricted general government aid, with funding allocated to ensure a 4.3% increase in funding over the Fiscal Year 2016 levels to all municipalities. The Local Aid still exceeds the amount of state charges and assessments owed by each city or town required to pay Assessments. See APPENDIX E – "INFORMATION REGARDING ASSESSMENTS AND LOCAL AID."

LEGAL INVESTMENTS AND SECURITY FOR DEPOSITS

Under the Enabling Act, the Notes 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 Notes are thereby made securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or other obligations of the Commonwealth now or may hereafter be authorized by law.

LITIGATION

The Authority is engaged in numerous matters of routine litigation. These matters include tort and other claims where the Authority's liability is in whole or in part self-insured. In the opinion of the Authority, these matters are not reasonably expected to require amounts to be paid by the Authority which in the aggregate would be material to the financial information contained herein. Other cases and claims include disputes with contractors and others, arising out of the Authority's capital investment program. In the opinion of the Authority, 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 relating to the Authority is periodically filed in the state legislature. Such bills are subject to the legislative process and no prediction can be made as to whether or not such bills will be enacted into law. In addition, any such legislation enacted subsequent to the issuance of the Notes would with respect to the Notes 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 Note owners.

TAX EXEMPTION

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel to the Authority, is of the opinion that, under existing law, interest on the Notes will not be included in the gross income of the Note owners for federal income tax purposes. This opinion is expressly conditioned upon compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), which requirements must be satisfied subsequent to the date of issuance of the Notes in order to ensure that interest on the Notes is and continues to be excludable from the gross income of the holders thereof. Failure to so comply could cause the interest on the Notes to be included in the gross income of the holders thereof retroactive to the date of issuance of the Notes. In particular, and without limitation, those requirements include restrictions on the use, expenditure and investment of proceeds and payment of rebate, or penalties in lieu of rebate, to the United States, subject to certain exceptions. The Authority has provided covenants and certificates as to continued compliance with such requirements.

In the opinion of Bond Counsel, under existing law, because the Notes are not "private activity bonds" under the Code, interest on the Notes 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 Notes will be included in "adjusted current earnings" of corporate Note owners 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 any other matters of federal tax law relating to the Notes. However, prospective purchasers should be aware of certain collateral consequences which may result under federal tax law to certain holders of the Notes: (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Notes or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on such Notes, (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(i) reduces the deduction for losses incurred by 15% of the sum of certain items, including interest on the Notes, (iii) interest on the Notes 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 Notes, 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 Notes and (vi) receipt of investment income, including interest on the Notes, may, pursuant to section 32(i) of the Code, disqualify the recipient from obtaining the earned income credit otherwise provided by section 32(a) of the Code.

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

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

For federal and Massachusetts income tax purposes, interest on the Notes includes any original issue discount, which with respect to a Note is equal to the excess, if any, of the stated redemption price at maturity of such Note over the initial offering price at which a substantial amount of all Notes with the same maturity was sold. Original issue discount accrues based on a constant yield method over the term of a Note. Note holders should consult their own tax advisors with respect to the computations of original issue discount during the period in which any such Note is held.

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

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes, including legislation, court decisions, or administrative actions, whether at the federal or state level, may affect the tax exempt status of interest on the Notes or the tax consequences of ownership of the Notes. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly reduce the benefit of the exclusion of the interest on the Notes from gross income for federal income tax purposes or any state tax benefit. Tax reform proposals and deficit reduction measures, including the limitation of federal tax expenditures, are expected to be under ongoing consideration by the United States Congress. These efforts to date have included provisions to reduce the benefit of the interest exclusion from income for certain holders of tax-exempt bonds, including bonds issued prior to the proposed effective date of the applicable legislation. Future proposed changes could affect the market value or marketability of the Notes, and, if enacted, could also affect the tax treatment of all or a portion of the interest on the Notes for some or all holders. Note owners should consult their own tax advisors with respect to any of the foregoing tax consequences.

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

RATINGS

The Notes have been assigned long-term ratings of "AA" with a stable outlook, and "Aa3" with a stable outlook, by S&P and Moody's, respectively.

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

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approval of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel. The approving opinion of Bond Counsel, in substantially the form attached hereto in Appendix C, will be delivered with the Notes.

COMPETITIVE SALE OF NOTES

After competitive bidding on September 26, 2017, the Notes were awarded to a syndicated managed by J.P. Morgan Securities LLC (the “Representative”). The Representative has supplied the information as to the public offering yield of the Notes set forth on the cover hereof. The Representative has informed the Authority that if all Notes are sold to the public at that yield, it anticipates the total underwriters’ compensation to be \$268,748.55. The underwriters may change the public offering yield from time to time

CONTINUING DISCLOSURE

In order to assist the original purchasers in complying with Rule 15c2-12(b)(5), the Authority will enter into a Continuing Disclosure Agreement with U.S. Bank National Association, as dissemination agent, for the benefit of owners of the Notes setting forth the undertaking of the Authority regarding continuing disclosure with respect to the Notes. The proposed Continuing Disclosure Undertaking is set forth in Appendix D.

FINANCIAL ADVISOR

PFM Financial Advisors LLC (“PFM”) serves as financial advisor to the Authority for debt management and other financial matters. PFM has acted as independent financial advisor to the Authority with respect to the Notes. PFM is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices hereto. PFM is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing securities.

MISCELLANEOUS

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

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

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

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

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY

By: /s/ Paul Brandley

Paul Brandley
Treasurer

September 26, 2017

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

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

Commonwealth shall mean The Commonwealth of Massachusetts.

Counsel's Opinion or Opinion of Counsel shall mean an opinion signed by Bond Counsel or an attorney or firm of attorneys of recognized standing (who may be counsel to the Authority) selected by the Authority.

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

Debt Service for any period shall mean, as of any date of calculation and with respect to the Outstanding Sales Tax Bonds of any Series, an amount equal to the sum of (i) interest accruing during such period on Outstanding Sales Tax Bonds of such Series and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series or, if (a) there shall be no such preceding Principal Installment due date or (b) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Sales Tax Bonds of such Series, whichever date is later. Such interest and Principal Installments for such Series shall be calculated on the assumption that (1) no Sales Tax Bonds (except for Put Bonds actually tendered for payment and not purchased in lieu of redemption prior to the redemption date thereof) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof and (2) the principal amount of Put Bonds tendered for payment and not purchased in lieu of redemption prior to the redemption date thereof shall be deemed to accrue on the date required to be paid pursuant to such tender. For purposes of this definition, the principal and interest portions of the Accreted Value of a Capital Appreciation Bond and the Appreciated Value of a Deferred Income Bond becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments only during the year such amounts become due for payment unless otherwise provided in the applicable Supplemental Trust Agreement. Debt Service on Senior Sales Tax Bonds and Subordinated Sales Tax Bonds with respect to which there is a Qualified Hedge Agreement shall be calculated consistent with the Sales Tax Bond Trust Agreement. Debt Service shall include costs of Credit Facilities and Liquidity Facilities and reimbursement to Providers of Credit Enhancement, in each

case if and to the extent payable from the applicable Debt Service Fund. Debt Service on Bond Anticipation Notes shall not include any Principal Installments thereon.

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

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

Deferred Income Bond shall mean any Sales Tax Bond (i) as to which interest accruing thereon prior to the Interest Commencement Date of such Sales Tax Bond is (a) compounded on each Valuation Date for such Deferred Income Bond and (b) payable only at the maturity or prior redemption of such Sales Tax Bonds and (ii) as to which interest accruing after the Interest Commencement Date is payable on the first interest payment date immediately succeeding the Interest Commencement Date and periodically thereafter on the dates set forth in the Supplemental Trust Agreement authorizing such Deferred Income Bond. For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity or (ii) computing the principal amount of Sales Tax Bonds held by the registered owner of a Deferred Income Bond in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Sales Tax Bond Trust Agreement for any purposes whatsoever, unless otherwise provided in the Supplemental Trust Agreement authorizing such Deferred Income Bond, the principal amount of a Deferred Income Bond shall be deemed to be its Appreciated Value.

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

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

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

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

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

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

General Fund Indebtedness shall mean any bond, note or other evidence of indebtedness issued by the Authority in accordance with Section 206 of the Trust Agreement which is secured by or payable from the Revenues and other amounts on deposit from time to time in the General Fund, provided that any such pledge shall not be prior or equal to the pledge thereof made hereby for the benefit of the provider of any surety bond, insurance policy, letter of credit or other similar obligation held on the Senior Debt Service Reserve Fund.

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.

Notwithstanding the foregoing paragraph, the Thirty-Third Supplemental Trust Agreement contains an amended definition of *Minimum Senior Debt Service Reserve Requirement* to which the Owners of the 2016 Series A Bonds are deemed to have consented and which will take effect upon the obtaining of the consent of at least a majority in principal amount of the Senior Sales Tax Bonds Outstanding at the time such consent is given. From and after such occurrence, *Minimum Senior Debt Service Reserve Requirement* will mean as of any date of calculation, an amount equal to one-half of the least of (i) 10% of the original net proceeds from the sale of all Senior Sales Tax Bonds Outstanding, (ii) 125% of average annual Debt Service for all Senior Sales Tax Bonds Outstanding and (iii) the maximum amount of Debt Service due on all Senior Sales Tax Bonds Outstanding in any future Fiscal Year; 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.

Notwithstanding the foregoing two paragraphs, pursuant to the Twenty-Third Supplemental Trust Agreement dated as of September 1, 2009, the Minimum Senior Debt Service Reserve Fund Requirement applicable to the Senior Sales Tax Bonds, 2009 Series C (Federally Taxable - Direct Pay to Issuer - Build America Bonds) (the "2009 Series C Bonds") shall be determined net of the Dedicated Payments designated in Section 401 thereof and shall be equal to the Minimum Senior Debt Service Reserve Requirement calculated using Senior Net Debt Service with respect to the 2009 Series C Bonds.

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

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

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

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

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

Paying Agent shall mean any paying agent for the Sales Tax Bonds of any Series, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Sales Tax Bond Trust Agreement.

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

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

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

Principal Installment shall mean, as of any date of calculation and with respect to the Sales Tax Bonds of any Series, so long as any Sales Tax Bonds thereof are Outstanding, (i) the principal amount of

Sales Tax Bonds (including the principal amount of any Put Bonds tendered for payment and not purchased in lieu of redemption prior to the redemption date thereof) of such Series due on a future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a future date for Sales Tax Bonds of such Series, plus the amount of the premium, if any, which would be applicable upon redemption of such Sales Tax Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Sales Tax Bonds of such Series, the sum of such principal amount of Sales Tax Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date, plus such applicable redemption premium, if any.

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

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

Qualified Hedge Agreement shall have the meaning set forth under the heading “Hedging Transactions.”

Qualified Institution shall mean (i) a bank, a trust company, a national banking association, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, or an insurance company or association chartered or organized under the laws of any state of the United States of America, a corporation, a trust, a partnership, an unincorporated organization, or a government or an agency, instrumentality, program, account, fund, political subdivision or corporation thereof, in each case the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time an Investment Agreement, Qualified Hedge Agreement, Credit Facility or Liquidity Facility is entered into by the Authority are rated in a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax Bonds by each Rating Agency which rates such obligations or (ii) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality. Pursuant to an amendment of the Trust Agreement by the Nineteenth Supplemental Trust Agreement, dated as of March 1, 2008, that certain Standby Bond Purchase Agreement provided by JPMorgan Chase Bank, National Association, or such Alternate Liquidity Facility assigned by the Rating Agencies ratings of “AA” from Standard & Poor’s Rating Group or “Aa” from Moody’s Investors Service, Inc. (without regard to gradation) is deemed to be a Liquidity Facility provided by a Qualified Institution solely for the purposes of the Authority’s Senior Sales Tax Bonds, Variable Rate Demand Obligations, 2008 Series A, consisting of 2008 Series A-1 and 2008 Series A-2.

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

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

Rebate Fund Requirement shall mean, as of any date of calculation, an amount equal to the aggregate of the amounts, if any, specified in a certificate from an Authorized Officer of the Authority or the applicable

Supplemental Trust Agreement as the amount required to be maintained in the Rebate Fund with respect to such Sales Tax Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Pledge Effected by the Sales Tax Bond Trust Agreement

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

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

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

Provisions for Issuance of Sales Tax Bonds

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

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

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

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

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

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

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

Sales Tax Bonds, Variable Rate Demand Obligations, 2008 Series A, consisting of 2008 Series A-1 and 2008 Series A-2.

- (5) A certificate of an Authorized Officer:
- (i) setting forth (a) the Senior Net Debt Service for all Series of Sales Tax Bonds Outstanding immediately after such authentication and delivery for the then current and each future Fiscal Year during which such Series of Sales Tax Bonds will be Outstanding, (b) the Combined Net Debt Service for all Series of Sales Tax Bonds Outstanding immediately after such authentication and delivery for the then current and each future Fiscal Year during which such Series of Sales Tax Bonds will be Outstanding, and (c) the aggregate estimated payments due and payable on Prior Obligations for the then current and each such future Fiscal Year;
 - (ii) stating that the amount on deposit in the Senior Debt Service Reserve Fund and the Subordinated Debt Service Reserve Fund (after taking into account any surety bond, insurance policy, letter of credit or other similar obligation on deposit therein) immediately after the authentication and delivery of the Sales Tax Bonds of such Series (and in the event that any Outstanding Sales Tax Bonds are then being redeemed, after such redemption) will be at least equal to the Senior Debt Service Reserve Requirement and the Subordinated Debt Service Reserve Fund Requirement, respectively, and stating that there is no overdue payment obligations to the provider of any surety bond, insurance policy, letter of credit or other obligation on deposit in the Senior Debt Service Reserve Fund;
 - (iii) demonstrating, for the then current and each future Fiscal Year, that the sum of the Assessment Floor Amount plus the Residual Sales Tax divided by Net Debt Service (as defined in the Assessment Bond Trust Agreement) on outstanding Assessment Bonds is equal to or greater than 1.50; and
 - (iv) demonstrating that:
 - (a) the Base Revenue Floor Amount for each Fiscal Year during which such Series of Sales Tax Bonds will be Outstanding is equal to or 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;

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

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

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

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

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

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

Redemption of Sales Tax Bonds

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

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

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

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

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

Establishment of Funds and Accounts

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

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

(6) General Fund.

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

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

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

(2) Rebate Fund.

Amounts held at any time by the Authority in any of the Funds and Accounts established pursuant to the provisions under this heading shall be held in trust separate and apart from all other funds of the Authority for the benefit of the Owners of Sales Tax Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes provided in the Sales Tax Bond Trust Agreement. Additional funds, accounts or subaccounts may be created for other purposes by any Supplemental Trust Agreement. Notwithstanding the foregoing, the Authority by Supplemental Trust Agreement authorizing a Series of Sales Tax Bonds may designate that one or more Accounts in the Bond Proceeds Fund created by such Supplemental Trust Agreement be held and administered by the Trustee and pledged to the Owners of the Sales Tax Bonds. (*Section 502 and Section 302 of the Fourth Supplemental Trust Agreement*).

Bond Proceeds Fund

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

Pledged Revenue Fund and Application Thereof

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

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

(2) Into the Senior Debt Service Reserve Fund, the amount, if any, required for such Fund, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation

deposited in such Fund pursuant to the Sales Tax Bond Trust Agreement and subject to the provisions of the Sales Tax Bond Trust Agreement, to equal the Senior Debt Service Reserve Requirement as of the last day of the then current month; provided, however, that the provisions of the sixth paragraph under the heading "Senior Debt Service Reserve Fund" shall govern any replenishment required after a withdrawal from such Fund;

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

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

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

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

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

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

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

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

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

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

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

Rebate Fund

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

Senior Debt Service Fund

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

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

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

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

Senior Debt Service Reserve Fund

If on the last Business Day of any month the amount in the Senior Debt Service Fund shall be less than the amount required to be in such Fund pursuant to paragraph (1) under the heading “Pledged Revenue Fund and Application thereof”, after deposit of any funds received from the Assessment Bond Trust Agreement in accordance with the Sales Tax Bond Trust Agreement, the Trustee shall transfer to the Senior Debt Service Fund amounts from the Senior Debt Service Reserve Fund equal to the deficiency.

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

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

In lieu of the required deposits and transfers to the Senior Debt Service Reserve Fund or as a replacement or substitution for any moneys or Investment Obligations then on deposit in the Senior Debt Service Reserve Fund, the Authority may at any time cause to be deposited into the Senior Debt Service Reserve Fund for the benefit of the Owners of the Senior Sales Tax Bonds a surety bond, an insurance policy, a letter of credit or other similar obligation (and may replace such surety bond, insurance policy, letter of credit or similar obligation from time to time) providing for payments in an amount equal to the difference between the Senior Debt Service Reserve Requirement and the sums, if any, then on deposit in the Senior Debt Service Reserve Fund or being deposited in the Senior Debt Service Reserve Fund concurrently with such surety bond, insurance policy, letter of credit or other similar obligation. The surety bond, insurance policy, letter of credit or other similar obligation shall be payable (upon the giving

of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the Senior Debt Service Reserve Fund and applied to the payment of a Principal Installment of or interest on any Senior Sales Tax Bonds and such withdrawal cannot be met by moneys and Investment Obligations on deposit in the Senior Debt Service Reserve Fund. To the extent there is on deposit in the Senior Debt Service Reserve Fund more than one surety bond, insurance policy, letter of credit or other similar obligation, the Trustee shall draw upon such obligations pro rata following the withdrawal of moneys and Investment Obligations on deposit therein. The insurer providing such surety bond or insurance policy shall be an insurer (i) whose municipal bond insurance policies, at the time of issue of such surety bond or insurance policy, insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax Bonds by any Rating Agency or (ii) who holds the highest policy-holder rating accorded insurers by any Rating Agency. The letter of credit issuer shall be a bank or trust company which at the time of issuance of the letter of credit has an outstanding, unsecured, uninsured and unguaranteed debt issue rated in a category equal to or higher than its unenhanced, published rating on Outstanding Sales Tax Bonds by any Rating Agency. If a disbursement is made pursuant to a surety bond, an insurance policy, a letter of credit or other similar obligation provided pursuant to this paragraph, the Authority shall be obligated, but only from the sources of payment specified in the Sales Tax Bond Trust Agreement, either (i) to reinstate the maximum limits of such surety bond, insurance policy, letter of credit or other similar obligation, (ii) to deposit into the Senior Debt Service Reserve Fund, funds in the amount of the disbursement made under such surety bond, insurance policy, letter of credit or other similar obligation, (iii) to promptly deposit into the Senior Debt Service Reserve Fund a different surety bond, insurance policy, letter of credit or other similar obligations having a maximum limit equal to the amount of the disbursement made under the existing surety bond, insurance policy, letter of credit or other similar obligation, or (iv) to utilize any combination of the alternatives set forth in clauses (i), (ii) or (iii) above as shall provide that the amount in the Senior Debt Service Reserve Fund equals the Senior Debt Service Reserve Requirement. Subject to the provisions of the sixth paragraph under this heading, moneys and Investment Obligations on deposit in the Senior Debt Service Reserve Fund may, if required by the terms of any surety bond, letter of credit or other similar obligation, be utilized by the Authority to repay any drawings on such surety bond, letter of credit or other similar obligation, but only if such repayment will result in a reinstatement of the amount available to be drawn under such surety bond, letter of credit or other similar obligation in an amount at least equal to the amount of such repayment. Notwithstanding the foregoing and anything in the Sales Tax Bond Trust Agreement to the contrary, any funds deposited to restore the Senior Debt Service Reserve Fund shall be applied to reinstate any surety bond, insurance policy, letter of credit or other similar obligation prior to depositing additional moneys and Investment Obligations therein.

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

Agreement; provided, however, that such withdrawal shall not be made unless items (a) and (b) referred to hereinabove have been satisfied.

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

Subordinated Debt Service Fund

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

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

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

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

Subordinated Debt Service Reserve Fund

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

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

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

In lieu of the required deposits and transfers to the Subordinated Debt Service Reserve Fund or as a replacement or substitution for any moneys or Investment Obligations then on deposit in the Subordinated Debt Service Reserve Fund, the Authority may at any time cause to be deposited into the Subordinated Debt Service Reserve Fund for the benefit of the Owners of the Subordinated Sales Tax Bonds a surety bond, an insurance policy, a letter of credit or other similar obligation (and may replace such surety bond, insurance policy, letter of credit or similar obligation from time to time) providing for payments in an amount equal to the difference between the Subordinated Debt Service Reserve Requirement and the sums, if any, then on deposit in the Subordinated Debt Service Reserve Fund or being deposited in the Subordinated Debt Service Reserve Fund concurrently with such surety bond, insurance policy, letter of credit or other similar obligation. The surety bond, insurance policy, letter of

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

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

Regardless of the provisions of the Sales Tax Bond Trust Agreement, in the event that at any time the amount on deposit in the Subordinated Debt Service Reserve Fund, after giving effect to any surety bond, insurance policy, letter of credit or other similar obligation deposited in such Fund pursuant to the

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

General Fund

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

To the extent not required to make up any such deficiency, amounts in the General Fund may, upon the direction of an Authorized Officer of the Authority, be transferred to any Fund or Account, transferred to the Authority free and clear of the lien of this Trust Agreement for any of its corporate purposes consistent with the Act, or applied to the payment of debt service on General Fund Indebtedness or the payment of any General Fund Expenses. (*Section 302 of the Fourth Supplemental Trust Agreement*).

Investment of Funds

Amounts in the Funds and Accounts established by the Sales Tax Bond Trust Agreement may be invested by the Trustee at the written direction of the Authority or by the Authority, as the case may be, only in Investment Obligations. To the extent not used to meet the requirement of such Funds and Accounts, income from such Investment Obligations held in the Pledged Revenue Fund, the Senior Debt Service Fund, the Senior Debt Service Reserve Fund and in any Account of the Bond Proceeds Fund established by Supplemental Trust Agreement and held by the Trustee shall be credited to the Senior Debt Service Fund and income from such Investment Obligations held in the Subordinated Debt Service Fund and the Subordinated Debt Service Reserve Fund shall be credited to the Subordinated Debt Service Fund; provided, however, that in order to comply with the provisions under the heading "Tax Covenant" herein the Authority may provide in the Supplemental Trust Agreement authorizing a series of Sales Tax Bonds that earnings on the Senior Debt Service Fund, Senior Debt Service Reserve Fund, Subordinated Debt Service Fund and Subordinated Debt Service Reserve Fund, as applicable, shall be transferred to the Capital Account of the Bond Proceeds Fund, to the extent such earnings exceed the amount needed to meet the obligations under paragraphs (1) and (3) under the heading "Pledged Revenue Fund and Application Thereof," as applicable. The income from any Investment Obligations in the Rebate Fund and in the Bond Proceeds Fund or in a separate account or sub-account therein shall be held in such Fund, Account or sub-account for the purposes thereof. The Trustee and the Authority shall sell any Investment Obligations held in any Fund or Account to the extent required for payments from such Fund or Account. The proceeds of such sales, and of all payments at maturity or upon redemption of such investments, shall be held in the applicable Fund or Account to the extent required to meet the requirements of such Fund or Account. In computing the amount of such Funds and Accounts, investments shall be valued at par, or if

purchased at other than par, shall be valued at Amortized Value. Accrued interest received upon the sale of any Investment Obligation shall be treated as income from such Investment Obligation for purposes of the provisions under this heading.

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

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

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

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Trust Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person dealing as principal for its own account. (*Section 510*).

Satisfaction of Sinking Fund Installments

Any amount accumulated in the Senior Debt Service Fund or Subordinated Debt Service Fund up to the unsatisfied balance of each respective Sinking Fund Installment may be applied (together with amounts accumulated in such Debt Service Funds with respect to interest on the Sales Tax Bonds for which such Sinking Fund Installment was established) by the Trustee at the direction of the Authority prior to the forty-fifth day preceding the due date of such Sinking Fund Installment as follows:

(1) to the purchase of Sales Tax Bonds of the maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the principal amount of such Sales Tax Bonds plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Authority shall determine; or

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

All Sales Tax Bonds so purchased or redeemed shall be delivered to the Trustee for cancellation prior to the forty-fifth day preceding the due date of such Sinking Fund Installment. The principal amount of any Sales Tax Bonds so purchased or redeemed shall be deemed to constitute part of the Senior Debt Service Fund or Subordinated Debt Service Funds, as applicable, until such Sinking Fund Installment date, for the purpose of calculating the amount of such Fund.

Upon the purchase or redemption of any Sales Tax Bond pursuant to clause 1 under this heading, an amount equal to the principal amount of the Sales Tax Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due with respect to the Sales Tax Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited by the Trustee against future Sinking Fund Installments as specified in the applicable Supplemental Trust Agreement. Concurrently with the delivery of such Sales

Tax Bonds the Authority shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Officer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Sales Tax Bonds so delivered, (ii) the date of the Sinking Fund Installment in satisfaction of which such Sales Tax Bonds are so delivered, (iii) the aggregate principal amount of the Sales Tax Bonds so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Sales Tax Bonds.

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

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

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

Except as may be otherwise provided with respect to Put Bonds in the Supplemental Trust Agreement providing for the issuance thereof, all Sales Tax Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Sales Tax Bonds, together with all Sales Tax Bonds purchased or redeemed which have been delivered to the Trustee for application as a credit against Sinking Fund Installments, and all Sales Tax Bonds purchased by the Trustee, shall thereupon be promptly canceled. (*Section 511*).

Particular Covenants of the Authority:

Payment of Sales Tax Bonds

The Authority shall duly and punctually pay or cause to be paid the principal or Redemption Price of every Sales Tax Bond and the interest thereon, at the dates and places and in the manner mentioned in

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

Power to Issue Sales Tax Bonds and Pledge Pledged Revenues and Other Funds

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

Dedicated Payments

In the Authority's discretion, revenues of the Authority which are not Pledged Revenues as defined in the Sales Tax Bond Trust Agreement as initially adopted may be pledged and designated as Dedicated Payments by resolution of the Authority, provided the conditions in one of the three following sentences of this paragraph are satisfied. If such Dedicated Payments are to be received from the United States of America, (a) they must automatically recur without appropriation, approval or other similar action by the United States of America or any agency or instrumentality thereof for so long as the Authority is relying thereon for the purpose of issuing Sales Tax Bonds and (b) the manner of determining the amounts to be derived therefrom must not be subject to change or revision during such period. If such Dedicated Payments are to be received from the Commonwealth, they must consist of a payment obligation payable to the Authority pursuant to a statutory or contractual arrangement with the Commonwealth which, in the opinion of Bond Counsel, constitutes a general obligation of the Commonwealth; provided that at the time of entering into such arrangement (a) such arrangement, by its terms, will not terminate so long as the Authority is relying thereon for the purpose of issuing Sales Tax Bonds and (b) the manner of determining the amounts to be derived from such arrangement is not subject to change or revision during such period. Notwithstanding the source of funding, if the Authority has received a written confirmation from each Rating Agency that its published, unenhanced rating of Outstanding Sales Tax Bonds will not be adversely affected, the Authority may, in its sole discretion, designate any revenues which are not Pledged Revenues as Dedicated Payments.

All Dedicated Payments shall be deposited upon receipt in the Senior Debt Service Fund or the Subordinated Debt Service Fund, as determined by such Certificate of an Authorized Officer. The Authority may in its discretion reverse or modify any pledge and designation of Dedicated Revenues by a further

resolution and any determination to deposit Dedicated Payments in the Senior Debt Service Fund or the Subordinated Debt Service Fund may be reversed or modified by Certificate of an Authorized Officer, provided that a Certificate of an Authorized Officer shall establish that following any such reversal or modification the Authority will meet the test for incurring \$1 (one dollar) of additional Senior Sales Tax Bonds set forth in the Sales Tax Bond Trust Agreement. (*Section 605*).

Accounts and Reports

The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of the Funds established by this 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 audit report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions hereof and of each Supplemental Trust Agreement; a statement of the Pledged Revenues collected in connection herewith and with each Supplemental Trust Agreement; a statement of the balances in the Senior Debt Service Reserve Fund and in the Subordinated Debt Service Reserve Fund.

The reports, statements and other documents required to be furnished by the Authority to the Trustee pursuant to any provisions of this Trust Agreement shall be available for the inspection of Bondowners at the office of the Trustee. The Trustee shall have no obligation to review any such reports, statements or documents or otherwise determine if the Authority has complied with its obligations under Section 606(1). Delivery of such reports, statements or documents shall not constitute constructive notice of any information contained therein or determinable from information contained therein. (*Section 606*).

Tax Covenant

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

Funding of Deficiency Fund and Capital Maintenance Fund

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

General

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

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

For the purpose of performing and carrying out the duties imposed on the Authority by the Sales Tax Bond Trust Agreement, the Authority may employ any individual, firm or corporation it deems necessary to fulfill its responsibilities under the Act and the Sales Tax Bond Trust Agreement. (*Section 609*).

Trustee and Paying Agent

State Street Bank and Trust Company is appointed Trustee under the Sales Tax Bond Trust Agreement. The Authority may appoint one or more Paying Agents for Sales Tax Bonds of any Series in the Supplemental Trust Agreement authorizing such Sales Tax Bonds, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in the Sales Tax Bond Trust Agreement for a successor Paying Agent. The Trustee may be appointed as Paying Agent. The Trustee may at any time resign and be discharged of the duties and obligations created by the Sales Tax Bond Trust Agreement by giving not less than 30 days' written notice to the Authority and the registered owners of the Sales Tax Bonds. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in principal amount of the Senior Sales Tax Bonds and the Subordinated Sales Tax Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Sales Tax Bonds held by or for the account of the Authority. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Sales Tax Bond Trust Agreement with respect to the duties and obligations of the Trustee, by any court of competent jurisdiction upon the application of the Authority or the holders of not less than 25% in aggregate principal amount of Senior Sales Tax Bonds Outstanding and not less than 25% in aggregate principal amount of Subordinated Sales Tax Bonds Outstanding. Notwithstanding the foregoing provisions, at the end of the fifth Fiscal Year following the Fiscal Year in which the first series of Sales Tax Bonds is issued under the Sales Tax Bond Trust Agreement, and at the end of every fifth Fiscal Year thereafter, the Authority may remove the Trustee, except during the existence of an Event of Default, upon 120 days' written notice to the trustee by filing with the Trustee an instrument signed by an Authorized Representative of the Authority. Any Successor Trustee shall be a bank or trust company organized under the laws of any state of the United States or a national banking association having a capital and surplus aggregating at least \$100,000,000. (*Sections 701, 702, 707, 708 and 709*).

Supplemental Trust Agreements Not Requiring Consent of Bondowners

The Authority and the Trustee to the Sales Tax Bond Trust Agreement may without the consent of, or notice to, any of the holders of the Sales Tax Bonds enter into agreements supplemental to the Sales Tax Bond Trust Agreement as shall not, in their opinion, be inconsistent with the terms and provisions of

the Sales Tax Bond Trust Agreement for any one or more of the following purposes and at any time or from time to time:

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

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

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

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

(5) to subject to the lien of the Sales Tax Bond Trust Agreement additional revenues, security or collateral;

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

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

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

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

Supplemental Trust Agreements Effective with Consent of Bondowners

At any time or from time to time, a Supplemental Trust Agreement may be adopted subject to consent by Bondowners in accordance with and subject to the provisions of the Sales Tax Bond Trust Agreement, which Supplemental Trust Agreement, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority and upon compliance with the provisions of said the Sales Tax Bond Trust Agreement, shall become fully effective in accordance with its terms as provided in said the Sales Tax Bond Trust Agreement. (*Section 802*).

Amendments

Any modification or amendment of the Sales Tax Bond Trust Agreement and of the rights and obligations of the Authority and of the Owners of the Sales Tax Bonds and coupons thereunder may be made by a Supplemental Trust Agreement, with the written consent given as provided in the Sales Tax Bond Trust Agreement, (i) of the Owners of at least a majority in principal amount of the Senior Sales Tax Bonds Outstanding or, if no Senior Sales Tax Bonds are Outstanding, at least a majority in principal amount of the Subordinated Sales Tax Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the Senior Sales Tax Bonds, or if no Senior Sales Tax Bonds are Outstanding, less than all of the Subordinated Sales Tax Bonds, then Outstanding are affected by the modification or amendment, of the Owners of at least a majority in principal amount of the Senior Sales Tax Bonds, or if no Senior Sales Tax Bonds are Outstanding, Subordinated Sales Tax Bonds, of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Sales Tax Bonds remain Outstanding, the consent of the Owners of such Sales Tax Bonds shall not be required and such Sales Tax Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Sales Tax Bonds under this heading. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Senior Sales Tax Bond or any Outstanding Subordinated Sales Tax Bond or of any installment of interest thereon or a reduction in the principal amount, Accreted Value or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Sales Tax Bond, or shall reduce the percentages or otherwise affect the classes of Sales Tax Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Sales Tax Bond Trust Agreement if the same adversely affects or diminishes the rights of the Owners of Sales Tax Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment, Sales Tax Bonds of any particular Series or maturity would be affected by any modification or amendment of the Sales Tax Bond Trust Agreement. Any such determination may be based upon the written advice of Bond Counsel, if so requested by the Trustee, and shall be binding and conclusive on the Authority and all Owners of Sales Tax Bonds. For purposes of the provisions under this heading, the Owners of the Sales Tax Bonds may include the initial holders thereof, regardless of whether such Sales Tax Bonds are being held for immediate resale. (*Section 902*).

Events of Default

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

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

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

(3) The Authority shall default in the observance or performance of any other covenants or agreements on the part of the Authority contained in the Sales Tax Bond Trust Agreement, and such default shall continue for ninety (90) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Sales Tax Bonds then Outstanding. (*Section 1001*).

Remedies

Upon the occurrence and during the continuation of any Event of Default, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Senior Sales Tax Bonds or Subordinated Sales Tax Bonds then Outstanding under the Sales Tax Bond Trust Agreement shall proceed to protect and enforce its rights and the rights of the Bondowners under the laws of the Commonwealth or under the Sales Tax Bond Trust Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board of officer having jurisdiction, either for the specific performance of any covenant or agreement contained in Sales Tax Bond Trust Agreement or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights. The Trustee shall not be required to take any remedial action (other than the giving of notice) unless indemnity satisfactory to the Trustee is furnished for any liability to be incurred thereby. (*Section 1002*).

Trustee for Subordinated Bondowners

During any period in which an Event of Default shall have occurred and be continuing if there shall be Outstanding under the Sales Tax Bond Trust Agreement Subordinated Sales Tax Bonds and Senior Sales Tax Bonds, the registered owners of the Subordinated Sales Tax Bonds shall be entitled to the appointment of a trustee to act on their behalf in any suit, action or proceeding under the Sales Tax Bond Trust Agreement and to otherwise exercise on their behalf any of their rights thereunder; provided, however, that such trustee shall not be entitled to hold any Funds or Accounts under the Sales Tax Bond Trust Agreement which shall continue to be held thereunder by the Trustee. During such period the Trustee under the Sales Tax Bond Trust Agreement shall then act exclusively on behalf of the registered owners of Senior Sales Tax Bonds Outstanding; provided, however, the Trustee shall continue to bear its fiduciary obligation to all Bondholders as provided in the Sales Tax Bond Trust Agreement with respect to any Funds or Accounts or any other amounts held in trust under the Sales Tax Bond Trust Agreement. Any such trustee may be appointed with the consent of a majority in principal amount Outstanding of Subordinated Sales Tax Bonds. Notice of the appointment of any such trustee shall be given to the Trustee and the Authority promptly upon such appointment and to all registered owners of Subordinated Sales Tax Bonds. (*Section 1003*).

Application of Pledged Revenues and Other Moneys After Default

The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, any moneys, securities and funds then held by the Authority or a Depository in any Fund, Account or Subaccount under the Sales Tax Bond Trust Agreement (excluding the Rebate Fund) and (ii) as promptly as practicable after receipt thereof, the Pledged Revenues. To the extent that the allocation of such moneys, securities, funds and Pledged Revenues is not otherwise provided for in the

Sales Tax Bond Trust Agreement, the Trustee shall establish and deposit the same into a separate Account in the Senior Debt Service Fund.

During the continuation of an Event of Default, all Pledged Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Sales Tax Bond Trust Agreement shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the registered holders of the Sales Tax Bonds (including without limitation deposits to the Rebate Fund sufficient to fund any unfunded anticipated liability of the Authority under section 148 of the Code relating to the Sales Tax Bonds) and payment of reasonable fees and charges and expenses of the Trustee (including without limitation reasonable fees and disbursements of its counsel) incurred in and in connection with the performance of its powers and duties under the Sales Tax Bond Trust Agreement.

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

First: To the payment to the persons entitled thereto of all installments of interest then due on Senior Sales Tax Bonds in the order of the maturity of such installments, ratably, according to the amounts of interest due thereon, to the persons entitled thereto, without any discrimination or preference;

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

Third: To the payment to the persons entitled thereto of all installments of interest then due on Subordinated Sales Tax Bonds in the order of the maturity of such installments, ratably, according to the amounts of interest due thereon, to the persons entitled thereto, without any discrimination or preference; and

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

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

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

(e) To the payment of General Fund Expenses and General Fund Indebtedness.

Notwithstanding the foregoing, in the event that by April 1 of any year, commencing April 1, 2001, the Authority is otherwise unable to make the certification required under Section 35T that it has made provision in its annual budget under the Act for sufficient amounts to be available in the next Fiscal Year to meet the Prior Obligations without changing the priority of payment of the Prior Obligations in accordance with this sentence, the deposit required pursuant to paragraph (d) above shall be made prior to the deposit required pursuant to clause (a) during the following Fiscal Year; provided, however, that if during such Fiscal Year the Authority shall adopt a supplemental budget which would permit the Authority to be able to make such certification without changing such priority as aforesaid, the deposit required pursuant to clause (d) shall not be required to be paid prior to the deposit under clause (b) for the remainder of such Fiscal Year. (*Section 1004*).

Defeasance

(1) If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Sales Tax Bonds then Outstanding, the principal and interest and Redemption Price to become due thereon, at the times and in the manner stipulated therein and in the Sales Tax Bond Trust Agreement, then, at the option of the Authority, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Authority to the Bondowners shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all money, securities and funds held by them pursuant to the Sales Tax Bond Trust Agreement which are not required for the payment or redemption of Sales Tax Bonds not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, to the Owners of any Outstanding Sales Tax Bonds the principal or Redemption Price and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Sales Tax Bond Trust Agreement, such Sales Tax Bonds shall cease to be entitled to any lien, benefit or security under the Sales Tax Bond Trust Agreement, and all covenants, agreements and obligations of the Authority to the Owners of such Sales Tax Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Notwithstanding any other provision of the Sales Tax Bond Trust Agreement, certain provisions, including those related to redemption of Sales Tax Bonds, execution and authentication of Sales Tax Bonds, satisfaction of Sinking Fund Installments, appointment of Trustee and Paying Agents, and compensation of Fiduciaries, (in the case of each of the foregoing, such survival shall continue only until such Sales Tax Bonds are in fact paid), and shall, within limits survive the defeasance of the Sales Tax Bonds.

(2) Sales Tax Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be defeased. Subject to the provisions of paragraphs (3) through (7) under this heading, any Outstanding Sales Tax Bond shall prior to the maturity or redemption date thereof be defeased if (a) in case any of said Sales Tax Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee instructions accepted in writing by the Trustee to mail as provided in the Sales Tax Bond Trust Agreement notice of redemption of such Sales Tax Bonds (other than Sales Tax Bonds which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Investment Obligations (as hereinafter defined) including any Investment Obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Sales Tax Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said

Sales Tax Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such Sales Tax Bonds at their last addresses appearing upon the registry books at the close of business on the last Business Day on the month preceding the month for which notice is mailed that the deposit required by (b) above has been made with the Trustee and that said Sales Tax Bonds are deemed to have been defeased and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of paragraphs (7) and (8) under this heading, to be available for the payment of the principal or Redemption Price, if applicable, on said Sales Tax Bonds (other than Sales Tax Bonds which have been purchased by the Trustee at the direction of the Authority or purchased or otherwise acquired by the Authority and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of redemption referred to in clause (a) hereof). The Trustee shall, as and to the extent necessary, apply moneys held by it under this heading to the retirement of said Sales Tax Bonds in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Sales Tax Bonds, all in the manner provided in the Sales Tax Bond Trust Agreement. The Trustee shall, if so directed by the Authority (i) prior to the maturity date of defeased Sales Tax Bonds which are not to be redeemed prior to their maturity date or (ii) prior to the time of the mailing of the notice referred to in clause (a) above with respect to any defeased Sales Tax Bonds which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect to such Sales Tax Bonds and redeem or sell Investment Obligations so deposited with the Trustee and apply the proceeds thereof to the purchase of such Sales Tax Bonds as arranged and directed by the Authority and the Trustee shall immediately thereafter cancel all such Sales Tax Bonds so purchased; provided, however, that the moneys and Investment Obligations remaining on deposit with the Trustee after the purchase and cancellation of such Sales Tax Bonds shall be sufficient to pay when due the Principal Installment or Redemption Price, if applicable, and interest due or to become due on all remaining Sales Tax Bonds, in respect of which such moneys and Investment Obligations are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be.

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

(11) Anything in the Sales Tax Bond Trust Agreement to the contrary notwithstanding, agreements and obligations of the Authority under the Sales Tax Bond Trust Agreement shall not be discharged and satisfied until all outstanding payment obligations to the provider of any surety bond, insurance policy, letter of credit or other similar obligation held in the Senior Debt Service Reserve Fund shall have been satisfied. (*Section 1005*).

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

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

Definitions

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

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

Accreted Value shall mean with respect to any Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth in a Supplemental Agreement authorizing the issuance of such Assessment Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Accreted Values for such Valuation Dates. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months.

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

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

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

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

Amortized Value, when used with respect to Investment Obligations purchased at a premium above or a discount below par, shall mean the value as of any given time obtained by dividing the total premium or discount at which such Investment Obligation was purchased by the number of days remaining to maturity on such Investment Obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase, and (1) in the case of an Investment Obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (2) in the case of an Investment Obligation purchased at a discount by adding the product thus obtained to the purchased price.

Appreciated Value shall mean with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the applicable Supplemental Trust Agreement, (ii) as of any date prior to the Interest Commencement Date, other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date shall be calculated on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months.

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

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

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

Authority shall mean the Massachusetts Bay Transportation Authority.

Authorized Newspaper shall mean The Bond Buyer or a newspaper customarily published at least once a day for at least five days (other than legal holidays) in each week, printed in the English language and of general circulation in the City or in the Borough of Manhattan, City and State of New York.

Authorized Officer shall mean the General Manager, the Chief Financial Officer, the Director of Financial Planning, the Treasurer-Controller or the General Counsel of the Authority, and when used with reference to an act or document of the Authority also means any other person authorized by resolution of the Authority to perform the act or sign the document in question.

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

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

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

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

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

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

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

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

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

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

City shall mean the City of Boston in the Commonwealth.

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

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

Commonwealth shall mean The Commonwealth of Massachusetts.

Counsel's Opinion or Opinion of Counsel shall mean an opinion signed by Bond Counsel or an attorney or firm of attorneys of recognized standing (who may be counsel to the Authority) selected by the Authority.

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

Debt Service for any period shall mean, as of any date of calculation and with respect to the Outstanding Assessment Bonds of any Series, an amount equal to the sum of (i) interest accruing during such period on Outstanding Assessment Bonds of such Series and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series or, if (a) there shall be no such preceding Principal Installment due date or (b) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Assessment Bonds of such Series, whichever date is later. Such interest and Principal Installments for such Series shall be calculated on the assumption that (1) no Assessment Bonds (except for Put Bonds actually tendered for payment and not purchased in lieu of redemption prior to the redemption date thereof) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof and (2) the principal amount of Put Bonds tendered for payment and not purchased in lieu of redemption prior to the redemption date thereof shall be deemed to accrue on the date required to be paid pursuant to such tender. For purposes of this definition, the principal and interest portions of the Accreted Value of a Capital Appreciation Bond and the Appreciated Value of a Deferred Income Bond becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments only during the year such amounts become due for payment unless otherwise provided in the applicable Supplemental Agreement. Debt Service on Assessment Bonds with respect to which there is a Qualified Hedge Agreement shall be calculated consistent with the Assessment Bond Trust Agreement. Debt Service shall include costs of Credit Facilities and Liquidity Facilities and reimbursement to Providers of Credit Enhancement, in each case if and to the extent payable from the Debt Service Fund. Debt Service on Bond Anticipation Notes shall not include any Principal Installments thereon.

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

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

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

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

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

Deferred Income Bond shall mean any Assessment Bond (i) as to which interest accruing thereon prior to the Interest Commencement Date of such Assessment Bond is (a) compounded on each Valuation Date for such Deferred Income Bond and (b) payable only at the maturity or prior redemption of such Assessment Bonds and (ii) as to which interest accruing after the Interest Commencement Date is payable on the first interest payment date immediately succeeding the Interest Commencement Date and periodically thereafter on the dates set forth in the applicable Supplemental Agreement. For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity or (ii) computing the principal amount of Assessment Bonds held by the registered owner of a Deferred Income Bond in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Assessment Bond Trust Agreement for any purposes whatsoever, unless otherwise provided in the applicable Supplemental Agreement, the principal amount of a Deferred Income Bond shall be deemed to be its Appreciated Value.

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

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

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

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

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

General Fund Expenses shall mean, to the extent such expenses shall not have been otherwise provided for, (i) the net costs (including, in certain circumstances, termination payments or fees) of any Hedge Agreements payable from the General Fund pursuant to and in accordance with Section 104 of the

Assessment Bond Trust Agreement and (ii) and any other costs approved by the Board of Directors of the Authority.

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

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

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

Indebtedness shall mean Assessment Bonds or Bond Anticipation Notes.

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

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

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

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

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

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

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

(iii) a bond, debenture, or other evidence of indebtedness issued or guaranteed at the time of the investment by the Student Loan Marketing Association, Federal National Mortgage Association, Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, the Tennessee Valley Authority, the United States Postal Service, Federal Farm Credit System Obligations, the Export Import Bank, the World Bank, the International Bank for Reconstruction and Developments, the Federal Home Loan Mortgage Corporation, the Resolution Funding Corporation, the U.S. Agency for International Development and the Inter-American Development Bank or any other agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;

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

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

(vi) time deposits, certificates of deposit or any other deposit with a bank, trust company, national banking association, savings bank, federal mutual savings bank, savings and loan association, federal savings and loan association or any other institution chartered or licensed by any state or the U.S. Comptroller of the Currency to accept deposits in such state (as used herein, "deposits" shall mean obligations evidencing deposit liability which rank at least on a parity with the claims of general creditors in liquidation), which are (a) fully secured, to the extent not insured by the Federal Deposit Insurance Corporation, by any of the obligations described in clauses (i) or (iii) above having a market value (exclusive of accrued interest) of not less than the uninsured amount of such deposit or (b) (1) unsecured or (2) secured to the extent, if any, required by the Authority and in either case made with a Qualified Institution;

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

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

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

(x) an Investment Agreement;

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

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

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

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

Net Debt Service shall mean Debt Service payable on Assessment Bonds less (i) the sum of (a) interest accrued or to accrue on such Assessment Bonds which is to be paid from deposits in the Debt Service Fund from the proceeds of Assessment Bonds in accordance with a certificate of an Authorized Officer to the Trustee, (b) additional amounts transferred to the Debt Service Fund at the Authority's direction, (c) Investment Income from the Pledged Revenue Fund and any Account of the Bond Proceeds Fund established by Supplemental Agreement and held by the Trustee transferred or to be transferred in the current Fiscal Year

to or retained in the Debt Service Fund and (d) Dedicated Payments deposited in the Debt Service Fund pursuant to the Assessment Bond Trust Agreement plus (ii) Debt Service payable on Bond Anticipation Notes issued in anticipation of Assessment Bonds net of any amounts deposited from the proceeds of such notes available in the Debt Service Fund or in another account established in connection with the issuance of such notes for the payment of such Debt Service.

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

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

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

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

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

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

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

Principal Installment shall mean, as of any date of calculation and with respect to the Assessment Bonds of any Series, so long as any Assessment Bonds thereof are Outstanding, (i) the principal amount of Assessment Bonds (including the principal amount of any Put Bonds tendered for payment and not

purchased in lieu of redemption prior to the redemption date thereof) of such Series due on a future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a future date for Assessment Bonds of such Series, plus the amount of the premium, if any, which would be applicable upon redemption of such Assessment Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Assessment Bonds of such Series, the sum of such principal amount of Assessment Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date, plus such applicable redemption premium, if any.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Pledge Effected by the Assessment Bond Trust Agreement

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

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

Provisions for Issuance of Assessment Bonds

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

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

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

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

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

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

(5) A certificate of an Authorized Officer:

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

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

(iii) demonstrating that:

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

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

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

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

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

Special Provisions for Refunding Bonds

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

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

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

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

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

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

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

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

Bond Anticipation Notes

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

Additional Obligations

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

Hedging Transactions

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

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

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

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

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

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

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

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

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

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

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

Redemption Of Assessment Bonds

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

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

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

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

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

Establishment of Funds and Accounts

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

- (1) Pledged Revenue Fund;

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

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

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

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

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

Bond Proceeds Fund

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

Pledged Revenue Fund and Application Thereof

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

- (1) Into the Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Net Debt Service (less Investment Income from the Debt Service Fund and the Debt Service Reserve Fund transferred or to be transferred in the current Fiscal Year or retained in the Debt Service Fund) and the fees and charges related to Credit Facilities, Liquidity Facilities, and Qualified Hedge Agreements accrued or accruing through the next succeeding quarter, provided that if amounts in

the Pledged Revenue Fund are insufficient to meet such required balance, the Trustee shall draw amounts from the Sales Tax Bond Trust Agreement in accordance with the Assessment Bond Trust Agreement;

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

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

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

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

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

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

Rebate Fund

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

Debt Service Fund

The Trustee shall pay out of the Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Assessment Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment for Assessment Bonds payable on such due date; and (iii) on or before any redemption date for the Assessment Bonds, the amount required for the payment of the Redemption Price of and interest on the Assessment Bonds then to be redeemed; provided, however, that if with respect to any Series of Assessment Bonds or portions thereof the amounts due on any such interest payment date and/or Principal Installment due date and/or redemption date are intended to be paid from a source other than amounts in the Debt Service Fund prior to any application of amounts in the Debt Service Fund to such payments, the Trustee shall not pay any such amounts to the Paying Agent until such amounts have failed to be provided from such other source at the time required and, if any such amounts due are paid from such other source, the Trustee shall apply the amounts in the Debt Service Fund to provide reimbursement for such payment from such other source, as provided in the agreement governing

reimbursement of such amounts to such other source. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the Debt Service Fund (i) the accrued interest included in the purchase price of Assessment Bonds purchased for retirement and (ii) upon written instructions of the Authority, any fees and charges related to Credit Facilities, Liquidity Facilities and Qualified Hedge Agreements.

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

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

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

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

Debt Service Reserve Fund

If on the last Business Day of each quarter the amount in the Debt Service Fund shall be less than the amount required to be in such Fund pursuant to the Assessment Bond Trust Agreement, after deposit of any Funds received from the Sales Tax Bond Trust Agreement in accordance with the Assessment Bond Trust Agreement, the Trustee shall transfer to the Debt Service Fund (in such order) amounts from the Debt Service Reserve Fund equal to the deficiency.

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

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

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

In the event of the refunding of any Assessment Bonds, the Authority may direct the Trustee to withdraw from the Debt Service Reserve Fund all, or any portion of, the amounts accumulated therein with respect to the Assessment Bonds being refunded and deposit such amounts with the Trustee in a separate account to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Assessment Bonds being refunded; provided that such withdrawal shall not be made unless

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

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

General Fund

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

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

Investment of Funds

Amounts in the Funds and Accounts established by the Assessment Bond Trust Agreement may be invested by the Trustee at the written direction of the Authority or by the Authority, as the case may be, only in Investment Obligations. To the extent not used to meet the requirement of such Funds and Accounts, income from such Investment Obligations held in the Pledged Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund and in any Account of the Bond Proceeds Fund established by Supplemental Agreement and held by the Trustee shall be credited to the Debt Service Fund; provided, however, that in order to comply with the provisions under the heading “Tax Covenant” herein the Authority may provide in the Supplemental Agreement authorizing a series of Assessment Bonds that earnings on the Debt Service Fund and Debt Service Reserve Fund, as applicable, shall be transferred to the Capital Account of the Bond Proceeds Fund, to the extent such earnings exceed the amount needed to meet the obligations under paragraph (1) under the heading “Pledged Revenue Fund and Application Thereof.” The income from any Investment Obligations in the Rebate Fund and in the Bond Proceeds

Fund or in a separate account or sub-account therein shall be held in such Fund, Account or sub-account for the purposes thereof. The Trustee and the Authority shall sell any Investment Obligations held in any Fund or Account to the extent required for payments from such Fund or Account. The proceeds of such sales, and of all payments at maturity or upon redemption of such investments, shall be held in the applicable Fund or Account to the extent required to meet the requirements of such Fund or Account. In computing the amount of such Funds and Accounts, investments shall be valued at par, or if purchased at other than par, shall be valued at Amortized Value. Accrued interest received upon the sale of any Investment Obligation shall be treated as income from such Investment Obligation for purposes of the provisions under this heading.

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

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

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

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

Satisfaction of Sinking Fund Installments

Any amount accumulated in the Debt Service Fund up to the unsatisfied balance of each respective Sinking Fund Installment may be applied (together with amounts accumulated in such Debt Service Fund with respect to interest on the Assessment Bonds for which such Sinking Fund Installment was established) by the Trustee at the direction of the Authority prior to the forty-fifth day preceding the due date of such Sinking Fund Installment as follows:

(1) to the purchase of Assessment Bonds of the maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the principal amount of such Assessment Bonds plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Authority shall determine; or

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

All Assessment Bonds so purchased or redeemed shall be delivered to the Trustee for cancellation prior to the forty-fifth day preceding the due date of such Sinking Fund Installment. The principal amount of any Assessment Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Fund until such Sinking Fund Installment date, for the purpose of calculating the amount of such Fund.

Upon the purchase or redemption of any Assessment Bond pursuant to clause (1) under this heading, an amount equal to the principal amount of the Assessment Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due with respect to the Assessment Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Installment shall be credited by the Trustee against future Sinking Fund Installments as specified in a Supplemental Agreement. Concurrently with the delivery of such Assessment Bonds the Authority shall deliver to the Paying Agent and to the Trustee a certificate of an Authorized Officer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Assessment Bonds so delivered, (ii) the date of the Sinking Fund Installment in satisfaction of which such Assessment Bonds are so delivered, (iii) the aggregate principal amount of the Assessment Bonds so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Assessment Bonds.

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

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

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

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

Particular Covenants of the Authority:***Payment of Assessment Bonds***

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

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

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

Dedicated Payments

In the Authority's discretion, revenues of the Authority which are not Pledged Revenues as defined in the Assessment Bond Trust Agreement as initially adopted may be pledged and designated as Dedicated Payments by resolution of the Authority, provided the conditions in one of the three following sentences of this paragraph are satisfied. If such Dedicated Payments are to be received from the United States of America, (a) they must automatically recur without appropriation, approval or other similar action by the United States of America or any agency or instrumentality thereof for so long as the Authority is relying thereon for the purpose of issuing Assessment Bonds and (b) the manner of determining the amounts to be derived therefrom must not be subject to change or revision during such period. If such Dedicated Payments are to be received from the Commonwealth, they must consist of a payment obligation payable to the Authority pursuant to a statutory or contractual arrangement with the Commonwealth which, in the opinion of Bond Counsel, constitutes a general obligation of the Commonwealth; provided that at the time of entering into such arrangement (a) such arrangement, by its terms, will not terminate so long as the Authority is relying thereon for the purpose of issuing Assessment Bonds and (b) the manner of determining the amounts to be derived from such arrangement is not subject to change or revision during such period. Notwithstanding the source of funding, if the Authority has received a written confirmation from each Rating

Agency that its published unenhanced rating of Outstanding Assessment Bonds will not be adversely affected, the Authority may, in its sole discretion, designate any revenues which are not Pledged Revenues as Dedicated Payments.

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

Accounts and Reports

The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of the Funds established by this 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 to the Trustee a copy of the report of such audit. Such audit report shall include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions hereof and of each Supplemental Trust Agreement; a statement of the Pledged Revenues collected in connection herewith and with each Supplemental Trust Agreement; a statement of the balance in the Debt Service Reserve.

The reports, statements and other documents required to be furnished by the Authority to the Trustee pursuant to any provisions of this Trust Agreement shall be available for the inspection of Bondowners at the office of the Trustee. The Trustee shall have no obligation to review any such reports, statements or documents or otherwise determine if the Authority has complied with its obligations under Section 606(1). Delivery of such reports, statements or documents shall not constitute constructive notice of any information contained therein or determinable from information contained therein. (*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. (*Section 1004*).

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APPENDIX C

Upon the delivery of the Notes, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel to the Authority, propose to deliver their opinions in substantially the following form:

MINTZ LEVIN

One Financial Center
Boston, MA 02111
617-542-6000
617-542-2241 fax
www.mintz.com

[Date of Delivery]

Massachusetts Bay Transportation Authority
10 Park Plaza
Boston, Massachusetts 02116

Re: Massachusetts Bay Transportation Authority Subordinated Sales Tax Bond Anticipation Notes, Series 2017 (Sustainability Bonds)

We have acted as bond counsel to the Massachusetts Bay Transportation Authority (the “Authority”) in connection with the issuance by the Authority of Subordinated Sales Tax Bond Anticipation Notes, Series 2017, dated the date of initial delivery thereof (the “Notes”). The Notes are being issued pursuant to Chapter 161A of the Massachusetts General Laws, as amended (the “Act”), and the Sales Tax Bond Trust Agreement dated as of July 1, 2000 by and between the Authority and State Street Bank and Trust Company, predecessor to U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented, including by the Thirty-Sixth Supplemental Trust Agreement dated as of September 1, 2017, by and between the Authority and the Trustee (collectively the “Trust Agreement”). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. Unless otherwise defined herein, certain capitalized terms used herein shall have the meanings set forth in the Trust Agreement.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Authority is duly created and validly existing as a body politic and corporate and a political subdivision of The Commonwealth of Massachusetts (the “Commonwealth”) with the corporate power to enter into the Trust Agreement, perform the agreements on its part contained therein and issue the Notes.

2. The Notes 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 Notes are secured by the proceeds of the Subordinated Sales Tax Bonds in anticipation of which they are issued and, as to interest only, by a pledge of the Pledged Revenues (as defined in the Trust Agreement) 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 Notes, subject to the application of such Pledged Revenues and amounts to the purposes and on the conditions permitted by the Trust Agreement.

C-1

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

BOSTON | WASHINGTON | NEW YORK | STAMFORD | LOS ANGELES | PALO ALTO | SAN DIEGO | LONDON

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

Massachusetts Bay Transportation Authority

[Date of Delivery]

Page 2

3. The Trust Agreement and the Assessment 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.

4. Interest on the Notes, including any accrued original issue discount, will not be included in the gross income of the holders of the Notes for federal income tax purposes. This opinion is expressly conditioned upon the Authority's compliance with certain requirements of the Internal Revenue Code of 1986, as amended, which must be satisfied subsequent to the date of issuance of the Notes 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 Notes to be included in the gross income of holders of the Notes retroactive to the date of issuance of the Notes. Interest on the Notes will not constitute a preference item for purposes of computation of the alternative minimum tax imposed on certain individuals and corporations. However, interest on the Notes will be included in "adjusted current earnings" when calculating corporate alternative minimum taxable income under section 56(g) of the Code in the computation of the alternative minimum tax applicable to certain corporations. We express no opinion as to any other federal tax consequences resulting from holding the Notes.

5. Interest on the Notes, and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. We express no opinion as to any other Massachusetts tax consequences resulting from holding the Notes nor as to the taxability of the Notes, their transfer and the income therefrom, including any profit made on the sale thereof, under the laws of any state other than Massachusetts.

It should be understood that the rights of the holders of the Notes, and the enforceability of the Notes, the Trust Agreement and the Assessment 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.

MINTZ, LEVIN, COHN, FERRIS, GLOVSKY AND POPEO, P.C.

Massachusetts Bay Transportation Authority
Subordinated Sales Tax Bond Anticipation Notes
Series 2017 (Sustainability Bonds)
(the “Notes”)

Continuing Disclosure Undertaking

Prior to the issuance of the Notes, the Authority and U.S. Bank National Association, as dissemination agent (the “Dissemination Agent”) 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 Notes. In the Authority Disclosure Agreement, the Authority will undertake for the benefit of the registered owners and beneficial owners (the “owners”) of the Notes to provide to the Dissemination Agent, no later than 335 days after the end of each fiscal year, (i) the quantitative information for the preceding fiscal year of the type presented in the Official Statement for the Notes regarding (a) the Dedicated Sales Tax, (b) Assessments, (c) outstanding indebtedness, (d) capital plan, (e) total revenues and operating expenses and (ii) audited financial statements of the Authority for such fiscal year (or unaudited financial statements if such audited financial statements are not then available), or (iii) notice of the Authority’s failure, if any, to provide such information. The Dissemination Agent agrees to forward the information set forth above, no later than 350 days after the end of each fiscal year, to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) system pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). If audited financial statements are not available from the Authority within the 335-day period described above, the Authority agrees to deliver to the Dissemination Agent such audited financial statements as soon as practicable after the audited financial statements become available and the Dissemination Agent undertakes to forward the audited financial statements to EMMA as soon as practicable after the audited financial statements become available under the Authority Disclosure Agreement.

Any or all of the items listed above may be included by reference to other documents, including official statements pertaining to debt issued by the Authority, which have been submitted to EMMA. If the document incorporated by reference is a Final Official Statement within the meaning of the Rule, it will also be available from the MSRB. The Authority’s annual financial statements for each fiscal year shall consist of the balance sheet of the Authority and the related statements of revenue 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 Notes to provide to EMMA in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Notes:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Authority;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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 Note, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Dissemination Agent). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of the Notes, 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 Notes 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 Dissemination Agent, without the consent of, or notice to, any owners of the Notes, (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 Notes, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Notes, 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 Notes, 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 Notes affected thereby at or prior to the time of such amendment.

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The table beginning on the following page contains a listing of the 175 assessed cities and towns and historical information about Local Aid and assessments (including Assessments) in Fiscal Years 1985, 1990 and 1998 through 2016. Beginning in Fiscal Year 2006, Local Aid, as shown in the table, does not include school building assistance grants and payments relating to school building projects maintained on a waiting list, both of which are now payable by the Massachusetts School Building Authority rather than the Commonwealth. The amount of such grants and waiting list payments in Fiscal Years 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 were approximately \$413.64 million, \$424.51 million, \$481.84 million, \$403.09 million, \$467.64 million, \$398.25 million, \$431.82 million, \$341.22 million, \$226.51, \$214.24 million, \$201.23 million and 218.48 million, respectively.

Under the Prior Act, specified cities and towns were assessed to reimburse the Commonwealth for cash advances made to pay the Authority's Net Cost of Service on account of prior fiscal periods. The amount of assessments for any particular period varied, depending on the amount of the Net Cost of Service for that period and offsetting state appropriations, among other things. The Enabling Act increased the number of assessed cities and towns from 78 to 175 commencing in Fiscal Year 2002. Beginning in Fiscal Year 2006, Assessments cannot be less than \$136,026,868 and are adjusted each year thereafter for inflation, provided that such amount shall not increase by more than 2.5% per year. Under a transition provision, the Assessments paid by the previously assessed 78 cities or towns for Fiscal Year 2001 were frozen at the Fiscal Year 2000 level (\$144,578,734). Beginning in Fiscal Year 2002 and each Fiscal Year thereafter through Fiscal Year 2006, Assessments were reduced in five equal installments, while, commencing with Fiscal Year 2002, the additional cities and towns (labeled "Other Served Communities" in the following table) were assessed and their portion of the Assessments were increased through Fiscal Year 2006 in five equal installments. In each case, individual Assessments are determined according to a weighted population formula. Beginning in Fiscal Year 2002, cities and towns that are also assessed for regional transit authority expenses received a dollar-for-dollar credit against the Assessments, but this has had no effect on the total amount assessed for the Authority because the credited amounts have been re-assessed on the 14 cities and towns and the 51 cities and towns. See "ASSESSMENT BOND TRUST AGREEMENT AND ASSESSMENTS."

Table with columns for Municipality, FY2017, FY2016, and FY2015. Each fiscal year has sub-columns for Total Local Aid, All Other Assessments, Assessment, and Net Local Aid. The table lists 38 municipalities and their respective financial data for each year.

Municipality	FY2011			FY2010			FY2009				
	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid
EASTON	497	147	10,723	11,941	589	146	11,205	12,785	571	146	12,068
ESSEX	7	19	225	239	7	19	212	316	31	20	265
FITCHBURG	4,918	0	44,181	50,373	4,531	0	45,842	53,221	4,093	0	49,128
FOXBOROUGH	1,682	15	8,264	10,196	1,816	27	8,353	10,815	1,748	97	8,970
FRANKLIN	4,396	54	25,685	31,775	4,118	54	27,603	33,197	3,896	192	29,108
FREETOWN	174	37	2,366	2,690	158	35	2,497	3,011	180	24	2,807
GEORGETOWN	270	45	5,832	5,545	261	45	5,240	5,858	332	46	5,480
GLOUCESTER	4,519	0	6,115	10,168	3,698	0	6,470	11,418	3,673	0	7,745
GRAFTON	480	108	9,534	9,639	385	107	9,147	10,140	211	105	9,823
GROTON	55	21	690	802	29	48	725	1,050	27	48	975
GROVELAND	124	39	669	880	122	38	720	1,027	132	38	856
HALIFAX	79	49	3,397	3,546	115	49	3,382	3,826	113	49	3,664
HANOVER	434	89	7,400	7,993	453	89	7,451	8,678	389	90	8,199
HANSON	65	63	1,100	1,245	66	63	1,116	1,500	65	63	1,372
HARVARD	616	29	2,784	3,523	625	27	2,872	3,937	612	29	3,295
HAVERHILL	5,087	0	39,832	46,009	4,696	0	41,313	49,290	4,515	3	44,773
HOLDEN	33	86	1,689	1,917	61	68	1,787	2,201	70	72	2,059
HOLLISTON	374	54	8,201	8,849	297	61	8,491	9,542	459	88	8,995
HOPKINTON	538	82	6,016	6,874	483	83	6,308	7,258	372	90	6,796
IPSWICH	235	79	4,981	5,252	224	80	4,949	5,701	233	80	5,388
KINGSTON	182	15	4,735	4,940	180	24	4,736	5,259	161	42	5,056
LAKEVILLE	121	41	2,880	3,213	97	53	3,063	3,517	98	53	3,366
LANCASTER	83	24	887	1,009	86	26	897	1,106	87	28	992
LAWRENCE	17,371	0	137,168	153,568	17,776	0	135,793	161,939	17,016	0	144,922
LEICESTER	401	0	10,781	11,741	356	0	11,385	12,330	366	18	11,946
LEOMINSTER	2,922	0	43,274	46,328	2,840	0	43,488	48,760	2,601	0	46,158
LITTLETON	938	29	3,544	4,080	1,039	30	3,011	4,190	919	34	3,237
LOWELL	12,800	0	126,006	143,802	13,672	0	130,130	153,761	13,109	0	140,651
LUNENBURG	709	30	5,243	6,016	669	35	5,313	6,510	764	37	5,709
MANSFIELD	1,897	55	18,201	19,383	1,825	53	17,506	20,378	1,817	69	18,491
MARLBOROUGH	4,003	107	15,472	17,743	3,045	182	14,516	19,241	2,446	175	16,620
MARSHFIELD	549	79	15,253	16,763	495	148	16,120	17,675	441	157	17,077
MAYNARD	560	0	4,557	4,915	477	0	4,439	5,404	392	65	4,948
MEDWAY	604	3	10,583	10,411	562	5	9,844	10,949	410	64	10,474
MERRIMAC	153	6	582	809	116	5	688	889	132	0	757
METHUEN	1,484	0	42,460	42,159	1,366	0	40,793	44,583	1,232	0	43,351
MIDDLEBOROUGH	477	0	18,726	19,624	484	4	19,136	20,653	441	35	20,177
MILLBURY	306	43	7,942	8,625	318	52	8,255	9,252	306	52	8,895
MILLIS	314	43	4,868	4,709	367	44	4,298	5,082	381	45	4,656
NEWBURY	182	44	472	723	181	44	498	809	121	44	644
NEWBURYPORT	2,472	31	4,293	7,243	2,318	21	4,904	8,272	2,432	0	5,840
NORTH ANDOVER	2,007	62	6,277	7,747	2,268	68	5,410	8,561	2,231	76	6,254
NORTH ATTLEBOROUGH	2,946	0	19,378	23,578	2,951	6	20,621	24,942	2,993	9	21,939
NORTH READING	97	109	7,896	7,832	106	89	7,637	8,500	78	88	8,333
NORTHBOROUGH	404	76	4,092	4,603	368	74	4,161	4,947	255	72	4,620
NORTHBRIDGE	735	91	15,058	16,426	758	92	15,577	17,209	646	91	16,472
NORTON	2,641	20	11,975	15,457	2,431	28	12,998	16,451	2,415	39	13,997
NORWELL	961	65	2,939	3,750	944	65	2,740	4,145	964	66	3,115
PAXTON	27	29	518	588	30	29	529	667	37	29	601
PEMBROKE	361	51	13,961	13,857	223	118	13,516	14,546	287	117	14,142
PLYMOUTH	4,644	68	22,376	27,011	4,488	74	22,449	28,555	4,260	152	24,143
PLYMPTON	55	18	739	818	53	18	748	896	53	18	825
PRINCETON	4	19	394	404	8	18	377	505	12	18	475
RAYNHAM	297	8	911	1,434	258	45	1,131	1,951	259	46	1,646
REHOBOTH	245	56	834	1,164	235	57	872	1,363	242	57	1,064
ROCHESTER	63	2	2,070	2,051	62	6	1,982	2,191	61	14	2,116
ROCKLAND	2,135	113	10,401	12,936	2,127	113	10,695	13,908	2,124	113	11,670
ROCKPORT	596	0	1,793	2,424	648	0	1,776	2,663	616	0	2,047
ROWLEY	130	36	387	606	118	37	450	750	118	37	596
SALISBURY	157	26	795	920	155	27	738	1,127	137	31	959
SCITUATE	455	113	6,121	7,088	410	114	6,564	7,796	386	115	7,295
SEEKONK	324	0	5,116	5,760	328	2	5,430	6,207	297	28	5,881
SHERBORN	40	25	641	748	39	26	682	842	38	27	777
SHIRLEY	1,341	30	4,434	6,213	1,406	29	4,778	6,635	1,255	33	5,347
SHREWSBURY	1,641	116	19,918	21,954	1,677	139	20,137	23,023	1,361	142	21,521
SOUTHBOROUGH	345	16	2,796	3,334	242	57	3,035	3,575	233	57	3,285
STERLING	22	35	599	673	25	38	610	876	30	38	808
STOUGHTON	2,726	37	12,628	15,802	2,824	50	12,929	16,859	2,588	65	14,206
STOW	81	3	302	401	84	1	316	507	44	39	423
SUDBURY	145	89	5,304	5,681	112	104	5,465	6,267	190	108	5,970
SUTTON	104	51	6,036	6,643	159	52	6,432	6,962	160	49	6,754
TAUNTON	1,303	25	51,199	53,293	1,324	36	51,932	56,666	1,350	44	55,272
TEWKSBURY	1,155	0	14,242	16,053	887	0	15,166	17,091	743	0	16,348
TOWNSEND	23	47	1,287	1,517	21	48	1,448	1,751	21	47	1,683
TYNGSBOROUGH	643	51	7,787	8,868	457	51	8,360	9,027	243	49	8,734
UPTON	6	42	561	628	12	42	574	727	17	41	669
WAREHAM	2,151	0	12,346	14,638	2,336	0	12,302	15,376	2,092	0	13,284
WAYLAND	197	66	3,853	4,297	123	77	4,097	4,650	108	82	4,460
WEST BOYLSTON	351	4	3,727	4,346	277	27	4,041	4,611	263	8	4,340
WEST BRIDGEWATER	741	35	3,028	3,769	740	36	2,993	4,063	761	34	3,268
WEST NEWBURY	105	25	195	347	104	25	218	438	66	26	345
WESTBOROUGH	291	115	5,141	5,865	321	111	5,434	6,268	190	110	5,968
WESTFORD	379	76	17,452	17,521	386	77	17,058	18,441	292	76	18,073
WESTMINSTER	33	21	759	779	42	19	719	980	43	22	915
WHITMAN	95	73	2,144	2,410	98	74	2,237	2,625	91	78	2,456
WORCESTER	28,433	0	204,036	223,777	26,780	0	196,997	239,970	25,632	0	214,338
WRENTHAM	323	11	4,087	4,717	324	13	4,381	5,086	323	65	4,699

Municipality	FY2005				FY2004				FY2003			
	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid
EASTON	11,036	555	106	10,374	10,804	476	79	10,250	10,930	316	52	10,562
ESSEX	281	7	14	260	273	7	10	256	310	4	6	301
FITCHBURG	49,599	3,653	0	45,946	49,059	3,095	0	45,964	50,471	551	0	49,921
FOXBOROUGH	7,907	1,381	77	6,448	7,668	1,344	57	6,267	8,977	151	38	8,787
FRANKLIN	26,817	3,954	141	22,723	25,322	3,219	104	21,998	24,953	855	70	24,028
FREETOWN	1,931	164	41	1,726	1,883	144	30	1,710	2,327	124	20	2,183
GEORGETOWN	5,616	208	24	5,384	5,571	199	26	5,346	5,399	43	17	5,339
GLOUCESTER	11,714	2,557	0	9,157	11,729	2,356	0	9,373	13,539	1,267	0	12,273
GRAFTON	7,483	203	70	7,210	7,381	197	49	7,136	7,229	31	28	7,170
GROTON	765	24	29	712	693	23	16	653	817	20	5	792
GROVELAND	866	56	29	781	842	54	21	766	1,040	26	14	1,000
HALIFAX	3,459	64	36	3,359	3,409	48	26	3,334	3,817	38	18	3,761
HANOVER	6,789	216	121	6,452	6,541	108	161	6,272	6,958	78	203	6,676
HANSON	1,314	58	46	1,209	1,306	54	34	1,219	1,446	47	22	1,377
HARVARD	3,286	443	22	2,821	3,242	360	9	2,873	4,495	182	5	4,308
HAVERHILL	46,321	2,615	0	43,705	45,798	1,549	0	44,249	50,042	421	0	49,621
HOLDEN	1,981	101	10	1,870	2,060	98	0	1,963	2,354	92	0	2,262
HOLLISTON	10,069	147	66	9,857	9,964	100	49	9,816	11,125	52	32	11,040
HOPKINTON	8,813	170	65	8,577	8,287	172	47	8,068	8,474	51	31	8,391
IPSWICH	6,442	210	58	6,175	6,225	283	42	5,900	6,876	97	27	6,752
KINGSTON	5,842	140	38	5,664	5,777	114	27	5,636	5,894	84	13	5,797
LAKEVILLE	3,361	90	41	3,230	2,964	118	27	2,819	3,302	74	16	3,212
LANCASTER	894	32	17	845	861	33	15	813	1,030	21	9	1,000
LAWRENCE	142,251	12,085	0	130,166	138,303	11,086	0	127,217	141,930	1,717	0	140,213
LEICESTER	11,216	307	0	10,909	11,002	198	0	10,804	11,957	69	0	11,888
LEOMINSTER	39,005	2,321	0	36,684	37,318	2,357	0	34,961	37,572	545	0	37,027
LITTLETON	3,929	768	28	3,134	3,728	522	14	3,192	2,896	43	6	2,848
LOWELL	153,068	8,476	0	144,592	146,530	6,680	0	139,849	156,088	828	0	155,261
LUNENBURG	5,233	751	24	4,458	5,069	682	13	4,374	4,957	61	3	4,893
MANSFIELD	15,147	1,564	68	13,516	14,410	1,345	49	13,015	15,163	356	32	14,775
MARLBOROUGH	13,572	397	133	13,042	13,512	450	82	12,980	15,506	88	44	15,373
MARSHFIELD	15,726	547	219	14,960	15,546	408	291	14,847	16,256	137	364	15,755
MAYNARD	5,550	112	49	5,389	5,451	64	37	5,350	5,066	13	25	5,029
MEDWAY	8,065	426	60	7,579	8,050	365	44	7,641	8,118	102	29	7,986
MERRIMAC	1,151	76	0	1,075	1,114	56	0	1,058	1,234	29	0	1,205
METHUEN	39,377	897	0	38,481	36,367	905	0	35,463	36,924	332	0	36,592
MIDDLEBOROUGH	19,117	202	65	18,851	19,074	287	42	18,744	18,472	145	24	18,303
MILLBURY	7,555	319	21	7,216	7,316	338	5	6,973	7,427	94	0	7,333
MILLIS	3,809	668	68	3,074	3,759	594	99	3,065	4,223	320	139	3,765
NEWBURY	1,388	123	32	1,232	1,349	111	24	1,214	1,442	101	16	1,326
NEWBURYPORT	7,702	2,061	0	5,641	7,483	1,666	0	5,817	7,093	124	0	6,968
NORTH ANDOVER	8,354	1,282	67	7,004	8,203	1,013	34	7,156	9,773	741	4	9,029
NORTH ATTLEBOROUGH	22,337	2,330	49	19,958	21,818	1,910	17	19,891	21,657	961	0	20,696
NORTH READING	5,891	14	127	5,750	5,727	30	171	5,526	6,095	8	216	5,869
NORTHBOROUGH	4,361	133	45	4,184	4,310	120	30	4,160	5,200	99	12	5,100
NORTHBRIDGE	16,683	574	63	16,045	15,974	530	47	15,398	16,105	43	31	16,031
NORTON	15,289	1,304	50	13,935	14,639	899	32	13,708	14,696	244	21	14,431
NORWELL	4,119	685	93	3,341	4,108	679	126	3,303	3,814	560	160	3,094
PAXTON	574	31	21	521	551	34	15	501	583	38	10	536
PEMBROKE	9,882	200	149	9,533	9,718	125	196	9,397	12,081	90	257	11,734
PLYMOUTH	24,548	2,565	179	21,804	23,815	1,866	117	21,832	29,047	382	65	28,600
PLYMPTON	704	36	13	655	700	39	9	651	885	24	6	856
PRINCETON	808	9	16	783	754	9	11	734	851	8	7	836
RAYNHAM	1,785	204	53	1,527	1,769	209	37	1,523	1,763	178	24	1,561
REHOBOTH	1,005	258	39	708	930	259	25	646	1,104	239	14	851
ROCHESTER	2,199	52	23	2,123	2,086	50	16	2,019	2,102	48	11	2,043
ROCKLAND	11,730	983	157	10,590	11,555	645	208	10,702	13,296	525	260	12,512
ROCKPORT	3,056	512	0	2,544	3,020	448	0	2,573	3,142	200	0	2,942
ROWLEY	930	72	26	832	892	59	19	814	1,055	49	13	993
SALISBURY	651	184	0	467	643	150	28	465	756	62	18	676
SCITUATE	5,715	361	161	5,193	5,600	299	216	5,085	6,916	116	271	6,529
SEEKONK	5,200	250	31	4,919	5,199	256	27	4,917	6,282	237	11	6,034
SHERBORN	831	35	40	756	819	35	54	730	954	30	69	854
SHIRLEY	5,778	768	15	4,994	5,685	777	7	4,901	5,905	17	0	5,888
SHREWSBURY	18,622	603	91	17,928	16,746	392	42	16,312	12,680	184	0	12,496
SOUTHBOROUGH	3,962	65	40	3,857	3,952	73	29	3,850	3,882	57	19	3,806
STERLING	651	30	23	599	645	29	11	605	752	28	4	721
STOUGHTON	12,243	1,524	43	10,675	12,089	1,225	17	10,847	13,656	961	0	12,695
STOW	395	36	29	331	392	35	21	335	457	30	14	413
SUDBURY	8,081	25	150	7,907	8,340	20	198	8,122	8,529	11	247	8,270
SUTTON	6,933	171	26	6,736	6,643	132	8	6,504	6,946	38	0	6,908
TAUNTON	51,540	904	39	50,596	51,154	896	0	50,258	49,911	792	0	49,119
TEWKSBURY	15,760	432	0	15,328	15,188	399	0	14,789	16,154	254	0	15,900
TOWNSEND	1,197	17	33	1,146	1,142	18	22	1,102	1,326	13	11	1,302
TYNGSBOROUGH	8,125	128	43	7,954	7,723	82	29	7,611	8,452	14	17	8,422
UPTON	566	15	28	523	523	15	20	488	612	13	13	586
WAREHAM	14,405	942	35	13,427	14,283	769	18	13,496	15,524	622	2	14,900
WAYLAND	4,252	32	120	4,100	4,170	12	162	3,996	5,022	13	205	4,804
WEST BOYLSTON	4,464	104	9	4,352	4,426	114	0	4,312	4,310	28	0	4,282
WEST BRIDGEWATER	2,684	445	25	2,215	2,666	366	19	2,281	3,220	302	11	2,907
WEST NEWBURY	312	40	20	252	307	30	15	263	350	1	10	339
WESTBOROUGH	4,517	127	79	4,310	4,477	153	55	4,269	5,446	103	34	5,308
WESTFORD	16,407	207	86	16,115	14,537	178	60	14,298	16,274	72	36	16,167
WESTMINSTER	724	39	12	674	680	39	2	639	795	35	0	760
WHITMAN	2,194	71	59	2,063	2,151	63	41	2,047	2,442	52	27	2,363
WORCESTER	219,416	16,235	0	203,181	213,862	14,618	0	199,244	220,841	2,042	0	218,339
WRENTHAM	5,135	327	51	4,756	4,978	288	37	4,653	5,044	111	25	4,908

Municipality	FY2002				FY2001				FY2000			
	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid
EASTON	10,974	309	27	10,638	10,533	284	0	10,249	9,705	285	0	9,420
ESSEX	350	4	3	344	362	13	0	349	1,031	4	0	1,027
FITCHBURG	50,447	539	0	49,909	45,578	533	0	45,045	43,325	523	0	42,803
FOXBOROUGH	8,995	131	20	8,844	8,778	139	0	8,639	8,066	137	0	7,929
FRANKLIN	23,959	728	36	23,195	22,121	663	0	21,458	20,620	555	0	20,065
FREETOWN	2,382	120	11	2,251	2,309	115	0	2,194	2,102	113	0	1,989
GEORGETOWN	5,445	39	10	5,396	5,270	52	0	5,217	4,990	29	0	4,961
GLOUCESTER	13,729	1,076	0	12,653	13,518	1,063	0	12,456	12,540	1,032	0	11,508
GRAFTON	7,243	31	10	7,202	7,201	34	0	7,167	6,749	28	0	6,721
GROTON	859	20	0	839	851	19	0	832	784	34	0	750
GROVELAND	1,068	23	7	1,037	1,056	33	0	1,024	1,003	21	0	982
HALIFAX	3,857	36	9	3,811	3,828	33	0	3,795	3,643	32	0	3,611
HANOVER	7,040	75	246	6,719	6,663	73	287	6,303	6,106	70	290	5,746
HANSON	1,477	44	12	1,421	1,503	42	0	1,461	1,384	40	0	1,344
HARVARD	4,506	148	15	4,344	4,291	105	0	4,186	3,960	84	0	3,876
HAVERHILL	50,389	418	0	49,972	49,409	476	0	48,933	47,100	392	0	46,708
HOLDEN	2,428	90	0	2,337	2,388	90	0	2,298	2,258	88	0	2,170
HOLLISTON	11,170	47	17	11,106	10,783	37	0	10,746	8,358	63	0	8,295
HOPKINTON	8,382	7	14	8,361	5,361	6	0	5,355	4,803	32	0	4,771
IPSWICH	6,925	86	12	6,827	6,948	116	0	6,832	4,493	78	0	4,415
KINGSTON	5,792	80	5	5,707	5,454	72	0	5,382	3,629	68	0	3,560
LAKEVILLE	3,323	70	5	3,248	3,364	65	0	3,298	3,172	63	0	3,109
LANCASTER	1,096	19	0	1,078	1,065	19	0	1,046	987	18	0	969
LAWRENCE	137,168	1,383	0	135,785	126,220	1,387	0	124,834	121,079	1,296	0	119,783
LEICESTER	12,010	68	0	11,942	10,859	72	0	10,786	10,443	68	0	10,374
LEOMINSTER	37,627	530	0	37,097	37,077	521	0	36,556	35,283	513	0	34,770
LITTLETON	2,848	39	0	2,808	2,614	42	0	2,572	2,021	62	0	1,959
LOWELL	156,853	804	0	156,049	141,966	709	0	141,257	135,484	802	0	134,682
LUNENBURG	5,009	57	0	4,952	4,529	69	0	4,460	4,182	69	0	4,113
MANSFIELD	14,288	347	13	13,928	13,115	304	0	12,811	12,211	298	0	11,913
MARLBOROUGH	15,745	84	0	15,661	14,433	114	0	14,319	13,339	175	0	13,164
MARSHFIELD	16,300	130	439	15,730	14,488	123	512	13,852	13,568	125	518	12,925
MAYNARD	5,138	13	13	5,113	4,805	13	0	4,792	4,424	30	0	4,394
MEDWAY	7,983	89	15	7,879	7,459	92	0	7,366	6,902	90	0	6,812
MERRIMAC	1,290	29	0	1,221	1,244	36	0	1,208	1,186	27	0	1,159
METHUEN	36,867	258	0	36,609	33,786	316	0	33,470	31,655	251	0	31,404
MIDDLEBOROUGH	18,599	137	5	18,457	18,116	128	0	17,988	16,372	125	0	16,246
MILLBURY	7,426	90	0	7,336	7,180	85	0	7,095	6,748	60	0	6,688
MILLIS	4,265	294	170	3,801	3,710	257	200	3,253	3,457	205	203	3,049
NEWBURY	1,488	88	8	1,392	1,496	96	0	1,400	1,444	78	0	1,365
NEWBURYPORT	7,258	118	0	7,140	7,076	156	0	6,921	6,574	108	0	6,466
NORTH ANDOVER	9,658	552	0	9,106	8,922	515	0	8,407	7,627	388	0	7,239
NORTH ATTLEBOROUGH	20,473	885	0	19,588	18,996	826	0	18,170	17,956	799	0	17,157
NORTH READING	6,121	9	261	5,851	5,998	7	306	5,685	5,331	34	310	4,988
NORTHBOROUGH	5,078	83	0	4,996	5,112	79	0	5,033	4,254	81	0	4,173
NORTHBRIDGE	14,111	40	18	14,053	14,502	18	0	14,484	13,328	17	0	13,311
NORTON	13,962	238	8	13,716	13,213	197	0	13,017	12,202	195	0	12,008
NORWELL	3,872	436	195	3,241	3,691	408	228	3,056	3,293	326	230	2,736
PAXTON	627	38	5	584	599	34	0	565	546	40	0	505
PEMBROKE	7,325	86	310	6,928	6,730	82	362	6,286	6,259	79	365	5,815
PLYMOUTH	29,350	365	3	28,982	28,455	355	0	28,100	25,040	360	0	24,680
PLYMPTON	884	22	3	859	828	20	0	808	761	19	0	742
PRINCETON	920	8	3	909	861	9	0	852	849	8	0	841
RAYNHAM	1,703	173	10	1,520	1,712	159	0	1,552	1,652	157	0	1,495
REHOBOTH	1,148	230	2	917	1,150	222	0	928	1,066	216	0	849
ROCHESTER	2,130	45	6	2,079	2,078	41	0	2,037	1,829	39	0	1,790
ROCKLAND	13,383	451	313	12,619	13,364	376	363	12,624	12,613	354	367	11,891
ROCKPORT	3,145	190	0	2,954	3,056	199	0	2,856	2,852	171	0	2,681
ROWLEY	1,093	43	7	1,043	1,079	53	0	1,026	1,033	38	0	994
SALISBURY	784	54	9	722	940	71	0	869	842	54	0	788
SCITUATE	6,811	111	327	6,373	6,636	103	381	6,151	5,856	100	386	5,369
SEEKONK	6,330	231	5	6,094	6,111	222	0	5,888	5,688	220	0	5,469
SHERBORN	970	27	84	858	952	28	99	826	590	44	100	446
SHIRLEY	5,368	18	0	5,350	4,845	21	0	4,824	4,625	27	0	4,597
SHREWSBURY	11,649	177	0	11,472	10,596	180	0	10,416	9,596	178	0	9,418
SOUTHBOROUGH	3,766	53	5	3,708	3,380	66	0	3,315	2,560	67	0	2,493
STERLING	773	27	0	747	809	33	0	775	749	33	0	716
STOUGHTON	13,780	793	0	12,987	13,173	749	0	12,424	12,157	713	0	11,444
STOW	474	27	7	440	482	25	0	457	447	38	0	409
SUDBURY	8,431	11	296	8,123	5,776	13	346	5,417	5,169	56	350	4,763
SUTTON	6,903	37	0	6,865	6,245	34	0	6,211	4,466	34	0	4,432
TAUNTON	48,677	767	0	47,910	47,634	742	0	46,892	45,231	733	0	44,498
TEWKSBURY	16,294	247	0	16,047	16,038	203	0	15,835	14,121	246	0	13,874
TOWNSEND	1,393	12	2	1,379	1,419	12	0	1,408	1,291	23	0	1,268
TYNGSBOROUGH	8,459	13	4	8,442	7,627	14	0	7,613	7,080	26	0	7,054
UPTON	677	12	7	657	643	12	0	631	595	12	0	583
WAREHAM	15,623	601	0	15,022	15,518	551	0	14,968	14,666	517	0	14,149
WAYLAND	5,071	13	248	4,810	4,778	10	290	4,477	4,188	47	294	3,847
WEST BOYLSTON	4,281	50	0	4,231	4,225	38	0	4,187	3,704	36	0	3,668
WEST BRIDGEWATER	3,268	260	4	3,004	3,182	229	0	2,953	2,945	210	0	2,735
WEST NEWBURY	361	1	5	354	378	11	0	367	354	1	0	353
WESTBOROUGH	5,499	101	11	5,386	5,236	101	0	5,135	4,571	89	0	4,481
WESTFORD	16,071	65	12	15,994	13,164	58	0	13,106	10,127	105	0	10,023
WESTMINSTER	868	34	0	835	832	34	0	798	790	33	0	757
WHITMAN	2,504	48	11	2,444	2,427	47	0	2,380	2,240	43	0	2,197
WORCESTER	211,862	1,989	0	209,874	200,086	1,834	0	198,252	189,197	1,786	0	187,411
WRENTHAM	5,157	94	13	5,050	5,123	96	0	5,027	4,776	95	0	4,682

Municipality	FY1999			FY1998				FY1990				
	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid	Total Local Aid	All Other Assessments	Assessment	Net Local Aid
EASTON	9,011	264	0	8,747	7,161	255	0	6,906	5,282	230	0	5,052
ESSEX	953	16	0	938	772	32	0	740	532	39	0	493
FITCHBURG	37,701	493	0	37,208	33,968	482	0	33,487	21,060	448	0	20,612
FOXBOROUGH	7,318	132	0	7,185	6,714	126	0	6,588	4,251	73	0	4,178
FRANKLIN	17,360	458	0	16,901	14,465	434	0	14,031	6,806	277	0	6,529
FREETOWN	1,844	110	0	1,734	1,870	112	0	1,758	1,557	70	0	1,486
GEORGETOWN	3,272	43	0	3,229	2,811	64	0	2,748	1,965	62	0	1,903
GLOUCESTER	11,513	991	0	10,522	10,033	1,009	0	9,025	7,779	897	0	6,883
GRAFTON	5,852	27	0	5,825	5,196	26	0	5,169	3,452	31	0	3,421
GROTON	709	34	0	675	641	27	0	615	782	22	0	760
GROVELAND	940	29	0	912	890	44	0	846	1,187	39	0	1,148
HALIFAX	3,447	30	0	3,417	3,146	28	0	3,118	1,798	10	0	1,787
HANOVER	5,741	67	282	5,392	5,130	176	157	4,977	4,371	27	213	4,130
HANSON	1,522	38	0	1,484	1,436	36	0	1,400	3,261	28	0	3,233
HARVARD	3,657	88	0	3,570	3,435	91	0	3,344	3,014	27	0	2,987
HAVERHILL	43,776	483	0	43,293	40,617	561	0	40,055	21,882	663	0	21,219
HOLDEN	1,954	83	0	1,872	1,789	92	0	1,697	3,168	60	0	3,108
HOLLISTON	6,738	64	0	6,674	6,148	58	0	6,090	4,071	31	0	4,039
HOPKINTON	3,411	32	0	3,379	3,182	34	0	3,149	1,584	16	0	1,568
IPSWICH	4,052	102	0	3,950	3,782	150	0	3,632	3,041	132	0	2,909
KINGSTON	3,252	59	0	3,193	2,881	65	0	2,816	1,461	25	0	1,437
LAKEVILLE	3,062	58	0	3,004	2,434	67	0	2,368	1,647	27	0	1,620
LANCASTER	892	18	0	874	816	18	0	797	1,961	12	0	1,949
LAWRENCE	110,464	1,177	0	109,287	100,507	1,251	0	99,256	52,902	960	0	51,941
LEICESTER	9,415	60	0	9,355	8,003	67	0	7,936	4,989	63	0	4,927
LEOMINSTER	30,958	479	0	30,479	27,397	460	0	26,938	14,670	308	0	14,362
LITTLETON	1,760	51	0	1,709	1,593	59	0	1,533	1,270	53	0	1,217
LOWELL	130,287	811	0	129,476	119,936	804	0	119,132	57,298	688	0	56,610
LUNENBURG	3,839	68	0	3,771	3,701	66	0	3,635	2,795	9	0	2,787
MANSFIELD	10,521	290	0	10,231	8,553	278	0	8,275	3,743	200	0	3,543
MARLBOROUGH	10,735	166	0	10,569	9,628	166	0	9,462	9,328	113	0	9,215
MARSHFIELD	12,580	113	508	11,960	10,584	356	236	9,992	6,744	57	421	6,266
MAYNARD	4,203	28	0	4,175	3,745	-107	142	3,709	3,520	19	0	3,501
MEDWAY	6,248	86	0	6,162	5,221	83	0	5,138	2,938	47	0	2,891
MERRIMAC	1,122	31	0	1,091	1,070	26	0	1,045	1,456	28	0	1,428
METHUEN	29,197	316	0	28,880	27,019	481	0	26,537	12,463	475	0	11,988
MIDDLEBOROUGH	16,162	111	0	16,052	15,207	107	0	15,100	8,187	40	0	8,148
MILLBURY	6,268	52	0	6,217	5,840	55	0	5,785	4,879	45	0	4,834
MILLIS	3,063	159	197	2,706	2,854	271	87	2,496	2,014	95	159	1,760
NEWBURY	1,386	87	0	1,299	1,340	106	0	1,235	769	60	0	709
NEWBURYPORT	6,163	169	0	5,994	5,840	182	0	5,658	5,607	220	0	5,387
NORTH ANDOVER	6,842	401	0	6,441	5,241	490	0	4,751	3,820	368	0	3,452
NORTH ATTLEBOROUGH	15,707	714	0	14,993	13,953	653	0	13,300	8,327	380	0	7,946
NORTH READING	4,912	34	303	4,576	4,348	125	198	4,025	3,196	44	251	2,901
NORTHBOROUGH	3,251	73	0	3,178	2,955	62	0	2,893	2,222	42	0	2,180
NORTHBRIDGE	12,066	18	0	12,048	11,208	19	0	11,189	6,517	15	0	6,502
NORTON	10,143	183	0	9,960	8,851	179	0	8,672	5,718	130	0	5,588
NORWELL	2,982	253	226	2,504	2,762	336	135	2,291	2,352	139	209	2,004
PAXTON	482	34	0	448	434	34	0	399	685	30	0	655
PEMBROKE	5,873	74	360	5,440	5,422	228	188	5,005	3,186	45	296	2,845
PLYMOUTH	23,445	295	0	23,150	21,231	274	0	20,957	4,555	161	0	4,394
PLYMPTON	744	18	0	725	710	17	0	693	416	8	0	408
PRINCETON	798	8	0	790	765	8	0	757	529	1	0	527
RAYNHAM	1,545	148	0	1,397	1,418	144	0	1,274	2,993	93	0	2,900
REHOBOTH	970	206	0	764	897	203	0	694	575	130	0	445
ROCHESTER	1,519	36	0	1,483	1,444	33	0	1,411	1,124	8	0	1,116
ROCKLAND	11,594	345	360	10,889	10,616	453	226	9,937	7,983	191	290	7,502
ROCKPORT	2,533	170	0	2,363	2,321	202	0	2,119	1,721	210	0	1,510
ROWLEY	980	14	0	966	936	31	0	906	1,249	36	0	1,213
SALISBURY	749	60	0	690	672	85	0	587	1,411	94	0	1,317
SCITUATE	5,285	94	381	4,810	4,944	211	242	4,492	4,154	56	332	3,766
SEEKONK	4,338	216	0	4,122	3,997	210	0	3,788	3,268	142	0	3,126
SHERBORN	509	41	99	370	460	99	55	307	409	25	92	292
SHIRLEY	4,286	23	0	4,263	3,865	22	0	3,844	2,465	8	0	2,458
SHREWSBURY	8,694	154	0	8,539	7,851	164	0	7,686	5,463	94	0	5,370
SOUTHBOROUGH	1,154	54	0	1,100	1,008	52	0	957	762	15	0	747
STERLING	678	31	0	647	621	30	0	591	1,088	15	0	1,073
STOUGHTON	11,290	663	0	10,627	10,285	686	0	9,599	8,707	341	0	8,366
STOW	403	38	0	365	369	37	0	332	738	14	0	724
SUDBURY	4,420	56	346	4,019	3,519	180	205	3,134	2,837	28	288	2,520
SUTTON	4,144	33	0	4,111	3,414	36	0	3,378	3,060	9	0	3,051
TAUNTON	40,283	702	0	39,580	36,346	699	0	35,647	25,635	715	0	24,920
TEWKSBURY	12,296	242	0	12,054	11,386	230	0	11,156	8,653	134	0	8,519
TOWNSEND	1,139	23	0	1,116	1,032	23	0	1,009	799	19	0	780
TYNGSBOROUGH	6,307	25	0	6,281	5,702	25	0	5,677	2,135	25	0	2,110
UPTON	541	12	0	529	500	13	0	487	492	2	0	490
WAREHAM	13,393	429	0	12,964	12,472	400	0	12,072	6,098	220	0	5,878
WAYLAND	3,667	50	289	3,327	3,366	113	209	3,043	2,600	26	284	2,290
WEST BOYLSTON	2,770	36	0	2,734	2,447	21	0	2,426	1,464	15	0	1,449
WEST BRIDGEWATER	2,737	191	0	2,546	2,578	182	0	2,396	2,019	96	0	1,923
WEST NEWBURY	324	14	0	311	502	30	0	472	731	32	0	699
WESTBOROUGH	3,983	84	0	3,899	2,925	77	0	2,848	2,091	32	0	2,059
WESTFORD	7,597	105	0	7,491	6,121	96	0	6,025	3,924	56	0	3,867
WESTMINSTER	700	29	0	671	640	27	0	613	479	9	0	470
WHITMAN	2,030	40	0	1,989	1,875	46	0	1,830	4,975	32	0	4,943
WORCESTER	172,805	1,821	0	170,983	162,771	1,653	0	161,118	101,080	1,270	0	99,810
WRENTHAM	4,205	84	0	4,120	3,983	81	0	3,902	1,951	41	0	1,910

Municipality	FY1985			Net Local Aid
	Total Local Aid	All Other Assessments	Assessment	
<u>FOURTEEN CITIES AND TOWNS</u>				
ARLINGTON	11,791	2,247	2,273	7,271
BELMONT	3,962	1,555	1,134	1,274
BOSTON	354,242	7,544	42,103	304,595
BROOKLINE	10,627	3,013	3,883	3,730
CAMBRIDGE	35,358	3,759	5,270	26,328
CHELSEA	13,661	837	1,059	11,765
EVERETT	8,080	2,622	1,671	3,787
MALDEN	20,059	1,970	2,285	15,804
MEDFORD	16,301	2,870	2,851	10,581
MILTON	3,898	1,371	1,080	1,447
NEWTON	13,708	5,447	3,391	4,870
REVERE	17,525	1,445	2,090	13,990
SOMERVILLE	36,906	2,817	3,583	30,506
WATERTOWN	8,897	1,826	1,437	5,633
<u>FIFTY-ONE CITIES AND TOWNS</u>				
BEDFORD	2,383	525	222	1,636
BEVERLY	7,947	858	606	6,484
BRAINTREE	8,460	1,644	768	6,049
BURLINGTON	6,171	904	493	4,774
CANTON	4,085	896	285	2,903
COHASSET	1,513	212	101	1,200
CONCORD	2,895	484	230	2,181
DANVERS	4,914	615	427	3,872
DEDHAM	5,175	1,064	537	3,574
DOVER	531	287	77	167
FRAMINGHAM	12,747	1,972	887	9,888
HAMILTON	683	203	119	361
HINGHAM	3,866	957	356	2,554
HOLBROOK	3,791	246	262	3,282
HULL	4,274	225	154	3,896
LEXINGTON	5,316	1,700	610	3,005
LINCOLN	1,231	206	146	879
LYNN	36,841	1,573	1,477	33,791
LYNNFIELD	2,177	389	187	1,601
MANCHESTER	786	229	75	481
MARBLEHEAD	2,739	843	393	1,502
MEDFIELD	2,835	180	141	2,514
MELROSE	8,670	1,347	690	6,633
MIDDLETON	683	120	65	499
NAHANT	533	183	113	236
NATICK	6,655	904	468	5,283
NEEDHAM	4,407	1,487	483	2,437
NORFOLK	1,171	102	77	991
NORWOOD	6,288	1,218	573	4,497
PEABODY	13,595	1,101	762	11,732
QUINCY	29,549	3,605	2,560	23,384
RANDOLPH	8,775	723	593	7,458
READING	4,952	682	425	3,846
SALEM	10,633	933	649	9,051
SAUGUS	5,718	1,156	587	3,975
SHARON	3,626	255	248	3,123
STONEHAM	5,106	1,144	370	3,592
SWAMPSCOTT	2,539	554	314	1,671
TOPSFIELD	977	185	85	707
WAKEFIELD	5,038	1,186	500	3,352
WALPOLE	4,655	498	302	3,855
WALTHAM	12,419	3,306	949	8,165
WELLESLEY	4,780	1,498	417	2,864
WENHAM	459	82	62	315
WESTON	2,377	776	176	1,425
WESTWOOD	2,447	671	258	1,518
WEYMOUTH	17,019	1,823	1,127	14,069
WILMINGTON	4,324	530	262	3,532
WINCHESTER	3,984	1,177	439	2,369
WINTHROP	6,261	725	440	5,096
WOBURN	8,303	1,458	736	6,109
<u>OTHER SERVED COMMUNITIES</u>				
ABINGTON	4,089	173	0	3,916
ACTON	2,330	437	0	1,893
AMESBURY	4,836	289	0	4,547
ANDOVER	5,345	999	0	4,346
ASHBURNHAM	789	91	0	698
ASHBY	171	29	0	142
ASHLAND	2,016	263	154	1,599
ATTLEBORO	10,382	703	0	9,679
AUBURN	3,404	412	0	2,992
AYER	3,235	127	0	3,108
BELLINGHAM	5,012	170	0	4,842
BERKLEY	785	60	0	725
BILLERICA	10,709	730	0	9,979
BOXBOROUGH	360	81	0	278
BOXFORD	747	196	0	551
BRIDGEWATER	4,362	267	0	4,094
BROCKTON	42,261	2,248	0	40,014
CARLISLE	596	115	0	481
CARVER	1,689	122	0	1,567
CHELMSFORD	8,122	631	0	7,491
DRACUT	6,376	315	0	6,061
DUXBURY	2,937	336	114	2,487
EAST BRIDGEWATER	3,147	154	0	2,993

Municipality	FY1985			Net Local Aid
	Total Local Aid	All Other Assessments	Assessment	
EASTON	4,349	364	0	3,985
ESSEX	535	74	0	461
FITCHBURG	13,598	730	0	12,868
FOXBOROUGH	3,892	259	0	3,632
FRANKLIN	5,492	309	0	5,183
FREETOWN	1,006	179	0	827
GEORGETOWN	1,661	126	0	1,535
GLOUCESTER	6,554	934	0	5,620
GRAFTON	2,996	249	0	2,747
GROTON	662	161	0	500
GROVELAND	927	92	0	835
HALIFAX	1,146	73	0	1,073
HANOVER	3,589	217	164	3,209
HANSON	2,320	132	0	2,188
HARVARD	2,403	196	0	2,207
HAVERTHILL	16,410	918	0	15,492
HOLDEN	2,294	385	0	1,909
HOLLISTON	3,664	241	0	3,423
HOPKINTON	1,519	110	0	1,409
IPSWICH	2,716	280	0	2,436
KINGSTON	1,064	128	0	935
LAKEVILLE	780	125	0	655
LANCASTER	1,466	147	0	1,320
LAWRENCE	31,464	1,200	0	30,264
LEICESTER	3,500	202	0	3,298
LEOMINSTER	9,932	791	0	9,141
LITTLETON	1,277	161	0	1,116
LOWELL	38,701	1,481	0	37,220
LUNENBURG	2,313	214	0	2,099
MANSFIELD	2,934	433	0	2,502
MARLBOROUGH	7,860	524	0	7,336
MARSHFIELD	5,321	408	246	4,668
MAYNARD	2,456	174	0	2,282
MEDWAY	2,668	157	0	2,511
MERRIMAC	1,042	61	0	981
METHUEN	8,333	763	0	7,570
MIDDLEBOROUGH	5,095	262	0	4,833
MILLBURY	4,148	247	0	3,901
MILLIS	1,750	120	91	1,539
NEWBURY	717	140	0	577
NEWBURYPORT	3,961	335	0	3,626
NORTH ANDOVER	3,489	577	0	2,912
NORTH ATTLEBOROUGH	5,638	477	0	5,161
NORTH READING	3,025	230	207	2,588
NORTHBOROUGH	2,040	325	0	1,715
NORTHBRIDGE	4,166	225	0	3,941
NORTON	4,642	233	0	4,408
NORWELL	2,557	252	141	2,164
PAXTON	621	97	0	524
PEMBROKE	2,681	243	197	2,241
PLYMOUTH	4,989	931	0	4,059
PLYMPTON	276	41	0	234
PRINCETON	501	68	0	433
RAYNHAM	2,071	200	0	1,872
REHOBOTH	1,477	228	0	1,249
ROCHESTER	470	70	0	401
ROCKLAND	6,387	274	236	5,876
ROCKPORT	764	294	0	470
ROWLEY	640	96	0	544
SALISBURY	1,092	162	0	930
SCITUATE	4,450	399	253	3,799
SEEKONK	2,390	358	0	2,032
SHERBORN	547	152	57	338
SHIRLEY	2,130	69	0	2,061
SHREWSBURY	4,463	679	0	3,784
SOUTHBOROUGH	1,064	249	0	815
STERLING	1,050	138	0	911
STOUGHTON	6,264	664	0	5,600
STOW	798	124	0	673
SUDBURY	3,003	357	214	2,431
SUTTON	1,546	152	0	1,394
TAUNTON	17,312	776	0	16,536
TEWKSBURY	7,177	380	0	6,798
TOWNSEND	534	119	0	416
TYNGSBOROUGH	1,491	102	0	1,388
UPTON	426	91	0	336
WAREHAM	3,517	390	0	3,127
WAYLAND	2,930	346	220	2,364
WEST BOYLSTON	1,315	186	0	1,129
WEST BRIDGEWATER	1,725	154	0	1,571
WEST NEWBURY	507	65	0	441
WESTBOROUGH	2,594	468	0	2,125
WESTFORD	3,671	269	0	3,402
WESTMINSTER	759	142	0	617
WHITMAN	3,590	178	0	3,412
WORCESTER	76,577	3,166	0	73,411
WRENTHAM	1,355	112	0	1,243

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History of Dedicated Sales Tax Receipts**APPENDIX F**

(Fiscal Year Basis)

		Sales Tax			Sales Tax
FY 2001	July 2000	\$58,864,609.93	FY 2005	July 2004	\$59,152,487.60
	August 2000	51,598,902.68		August 2004	56,531,955.68
	September 2000	53,047,132.99		September 2004	52,686,964.50
	October 2000	58,257,056.21		First Quarter MOU Payment	10/29/2004 7,830,820.97
	November 2000	47,241,054.05		October 2004	56,320,495.47
	December 2000	50,746,166.04		November 2004	52,385,319.17
	January 2001	68,281,720.03		December 2004	53,600,426.11
	February 2001	47,862,483.14		Second Quarter MOU Payment	1/28/2005 13,895,988.00
	March 2001	52,638,613.24		January 2005	66,116,787.81
	April 2001	48,626,223.33		February 2005	47,835,510.40
	April 2002	53,608,485.11		March 2005	48,509,458.04
	April 2003	63,818,320.89		Third Quarter MOU Payment	4/29/2005 13,740,473.53
					April 2005
			May 2005	57,276,986.25	
			June 2005	60,350,753.74	
			Fourth Quarter MOU Payment	7/29/2005 3,146,085.27	
FY 2002	July 2001	56,740,477.12	FY 2006	July 2005	63,706,766.98
	August 2001	56,793,427.86		August 2005	60,021,625.04
	September 2001	45,910,181.24		September 2005	54,730,482.84
	First Quarter MOU Payment	10/31/2001 6,643,413.78		First Quarter MOU Payment	n/a -
	October 2001	60,159,739.28		October 2005	56,219,658.23
	November 2001	51,718,117.35		November 2005	54,655,984.67
	December 2001	46,540,029.65		December 2005	54,750,007.59
	Second Quarter MOU Payment	1/30/2002 7,669,613.72		Second Quarter MOU Payment	1/30/2006 12,208,342.50
	January 2002	69,042,536.25		January 2006	67,603,286.89
	February 2002	40,598,823.38		February 2006	50,440,625.43
	March 2002	50,570,181.60		March 2006	50,357,687.98
	Third Quarter MOU Payment	4/30/2002 5,875,958.77		Third Quarter MOU Payment	4/28/2006 9,744,835.75
	April 2002	54,293,860.57		April 2006	57,501,884.78
May 2002	53,588,358.95	May 2006	55,647,976.97		
June 2002	52,833,594.53	June 2006	58,411,033.26		
Fourth Quarter MOU Payment	7/30/2002 5,371,685.95	Fourth Quarter MOU Payment	7/28/2006 6,585,540.09		
FY 2003	July 2002	57,498,881.00	FY 2007	July 2006	61,508,085.83
	August 2002	54,046,526.32		August 2006	58,230,191.82
	September 2002	51,382,636.91		September 2006	55,383,595.47
	First Quarter MOU Payment	10/30/2002 8,142,080.77		First Quarter MOU Payment	10/30/2006 8,368,954.63
	October 2002	55,105,094.19		October 2006	60,725,874.12
	November 2002	48,652,365.92		November 2006	54,496,233.19
	December 2002	53,939,508.59		December 2006	55,357,389.61
	Second Quarter MOU Payment	1/30/2003 13,373,156.30		Second Quarter MOU Payment	1/30/2007 12,911,330.83
	January 2003	65,812,935.67		January 2007	69,881,393.62
	February 2003	43,426,930.49		February 2007	54,255,592.49
	March 2003	47,566,254.55		March 2007	49,488,669.55
	Third Quarter MOU Payment	4/30/2003 14,264,004.29		Third Quarter MOU Payment	4/30/2007 9,865,172.09
	April 2003	52,185,573.20		April 2007	55,805,024.25
May 2003	52,880,284.27	May 2007	57,150,132.76		
June 2003	56,704,746.56	June 2007	59,494,727.83		
Fourth Quarter MOU Payment	7/30/2009 9,299,520.97	Fourth Quarter MOU Payment	7/31/2007 11,040,944.00		
FY 2004	July 2003	58,091,671.15	FY 2008	July 2007	64,677,209.96
	August 2003	53,364,460.09		August 2007	57,068,427.82
	September 2003	52,904,470.37		September 2007	56,892,519.45
	First Quarter MOU Payment	10/30/2003 6,709,523.00		First Quarter MOU Payment	10/30/2007 10,357,395.27
	October 2003	56,942,704.65		October 2007	59,835,957.10
	November 2003	48,731,253.66		November 2007	55,645,342.69
	December 2003	53,499,963.33		December 2007	55,496,053.53
	Second Quarter MOU Payment	1/30/2004 11,896,214.00		Second Quarter MOU Payment	1/31/2008 18,018,199.18
	January 2004	58,026,446.59		January 2008	68,571,803.70
	February 2004	46,167,642.97		February 2008	51,321,517.46
	March 2004	48,664,540.82		March 2008	50,425,467.85
	Third Quarter MOU Payment	4/30/2004 18,211,494.00		Third Quarter MOU Payment	4/30/2008 18,676,763.49
	April 2004	53,191,662.52		April 2008	57,170,276.41
May 2004	54,570,000.42	May 2008	55,370,711.29		
June 2004	58,073,409.76	June 2008	58,279,393.53		
Fourth Quarter MOU Payment	7/30/2004 5,235,042.67	Fourth Quarter MOU Payment	7/31/2008 18,175,171.27		

History of Dedicated Sales Tax Receipts**APPENDIX F**

(Fiscal Year Basis)

		Sales Tax			Sales Tax	
FY 2009	July 2008	\$60,706,166.06	FY 2013	July 2012	\$60,514,085.00	
	August 2008	56,907,139.70		August 2012	56,214,127.91	
	September 2008	54,758,493.55		September 2012	53,253,415.25	
	First Quarter MOU Payment	10/31/2008	19,392,371.69	First Quarter MOU Payment	11/8/2012	26,735,105.84
	October 2008	57,608,174.31		October 2012	57,666,683.85	
	November 2008	52,010,512.62		November 2012	54,030,702.27	
	December 2008	51,176,551.03		December 2012	55,053,529.62	
	Second Quarter MOU Payment	1/30/2009	30,968,933.04	Second Quarter MOU Payment	2/1/2013	29,965,818.26
	January 2009	62,448,994.93		January 2013	67,562,094.01	
	February 2009	46,790,898.05		February 2013	51,348,027.58	
	March 2009	46,084,047.46		March 2013	49,311,690.96	
	Third Quarter MOU Payment	4/30/2009	36,440,230.56	Third Quarter MOU Payment	5/3/2013	28,494,921.45
	April 2009	51,850,889.02		April 2013	59,361,697.15	
	May 2009	52,232,931.03		May 2013	57,963,739.49	
	June 2009	55,238,472.87		June 2013	59,767,439.93	
	Fourth Quarter MOU Payment	7/31/2009	32,441,878.08	Fourth Quarter MOU Payment	8/12/2013	19,623,857.43
FY 2010	July 2009	57,556,839.54	FY 2014	July 2013	64,231,512.49	
	August 2009	54,385,484.65		August 2013	60,261,267.69	
	September 2009	49,646,769.86		September 2013	56,758,561.83	
	First Quarter MOU Payment	11/13/2009	30,178,767.63	First Quarter MOU Payment	11/8/2013	18,572,451.75
	October 2009	53,810,216.23		October 2013	61,475,798.67	
	November 2009	50,510,524.03		November 2013	57,319,546.82	
	December 2009	50,719,673.02		December 2013	59,134,641.96	
	Second Quarter MOU Payment	1/29/2010	36,720,067.04	Second Quarter MOU Payment	1/30/2014	21,893,806.29
	January 2010	61,894,172.30		January 2014	71,526,493.00	
	February 2010	46,001,614.90		February 2014	53,143,778.13	
	March 2010	47,656,945.22		March 2014	54,186,252.54	
	Third Quarter MOU Payment	4/30/2010	36,211,438.58	Third Quarter MOU Payment	5/1/2014	20,967,269.72
	April 2010	56,005,251.54		April 2014	62,608,966.17	
	May 2010	52,957,311.16		May 2014	62,875,347.85	
	June 2010	55,939,141.58		June 2014	64,005,125.45	
	Fourth Quarter MOU Payment	8/6/2010	26,862,466.72	Fourth Quarter MOU Payment	9/5/2014	3,933,841.57
				Fourth Quarter MOU Payment	9/26/2014	6,400,512.55
FY 2011	July 2010	60,334,040.24	FY 2015	July 2014	68,214,194.94	
	August 2010	55,279,892.76		August 2014	62,366,083.75	
	September 2010	51,855,845.04		September 2014	59,552,808.80	
	First Quarter MOU Payment	11/2/2010	24,294,392.96	First Quarter MOU Payment	11/3/2014	12,526,206.21
	October 2010	55,324,371.10		October 2014	64,651,586.42	
	November 2010	52,918,333.82		November 2014	126,739,253.62	
	December 2010	54,536,590.64		December 2014	74,036,630.01	
	Second Quarter MOU Payment	2/7/2011	28,984,875.44	Second Quarter MOU Payment	2/5/2015	17,231,823.00
	January 2011	66,112,553.97		January 2015	89,024,882.02	
	February 2011	45,897,703.95		February 2015	68,767,752.48	
	March 2011	48,764,668.38		March 2015	68,994,173.66	
	Third Quarter MOU Payment	5/9/2011	30,989,244.70	Third Quarter MOU Payment	4/28/2015	15,872,485.00
	April 2011	54,653,746.10		April 2015	79,871,076.90	
	May 2011	53,043,325.34		May 2015	78,396,158.00	
	June 2011	55,923,298.65		June 2015	83,496,269.00	
	Fourth Quarter MOU Payment	8/17/2011	28,143,800.91	Fourth Quarter MOU Payment	9/22/2015	895,790.00
FY 2012	July 2011	59,646,374.97	FY 2016	July 2015	85,806,546.06	
	August 2011	54,110,947.96		August 2015	79,165,068.51	
	September 2011	52,414,328.89		September 2015	76,785,947.28	
	First Quarter MOU Payment	11/16/2011	28,601,298.98	First Quarter MOU Payment	11/10/2015	4,810,972.89
	October 2011	56,434,332.77		October 2015	63,655,572.44	
	November 2011	52,892,465.91		November 2015	95,046,135.41	
	December 2011	57,303,339.30		December 2015	77,951,661.06	
	Second Quarter MOU Payment	1/31/2012	28,142,812.78	Second Quarter MOU Payment	3/11/2016	9,915,165.84
	January 2012	67,440,335.75		January 2016	92,060,937.75	
	February 2012	49,632,002.94		February 2016	71,434,911.65	
	March 2012	49,645,001.96		March 2016	72,872,424.16	
	Third Quarter MOU Payment	5/1/2012	28,055,610.14	Third Quarter MOU Payment	5/6/2016	10,200,261.19
	April 2012	57,959,022.11		April 2016	80,479,112.45	
	May 2012	54,727,891.41		May 2016	81,683,126.08	
	June 2012	58,289,404.18		June 2016	81,622,091.19	
	Fourth Quarter MOU Payment	8/6/2012	23,796,633.06	Fourth Quarter MOU Payment		2,784,205.03

History of Dedicated Sales Tax Receipts
(Fiscal Year Basis)

APPENDIX F

	<u>Sales Tax</u>
FY 2017* July 2016	\$84,846,092.10
August 2016	79,887,958.17
September 2016	80,992,993.76
First Quarter MOU Payment	2,320,898.00
October 2016	83,374,478.93
November 2016	75,868,943.62
December 2016	79,273,239.52
Second Quarter MOU Payment	9,531,284.00
January 2017	96,380,606.41
February 2017	71,909,437.48
March 2017	73,278,081.72
Third Quarter MOU Payment	6,479,779.00
April 2017	78,891,068.82
May 2017	82,943,752.12
June 2017	89,147,122.87
Fourth Quarter MOU Payment	(2,934,335.00)

* Preliminary, pending finalization and issuance by the Comptroller of the Commonwealth of the Statutory Basis Financial Report for Fiscal Year 2017.

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OFFICIAL NOTICE OF SALE
MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
\$281,700,000*
Subordinated Sales Tax Bond Anticipation Notes
Series 2017 (Sustainability Bonds)

September 15, 2017

NOTICE IS HEREBY GIVEN that electronic bids will be received by the Massachusetts Bay Transportation Authority (the “Authority”), for the purchase of all, but not less than all, of its \$281,700,000* Subordinated Sales Tax Bond Anticipation Notes, Series 2017 (Sustainability Bonds) (the “Notes”). Bids for the purchase of the Notes will be submitted via Ipreo LLC’s PARITY® system. No other method of submitting bids will be accepted. Bids will be received via Parity up to the time described below under the captions “Bid Date and Time” and “Procedures for Electronic Bidding.”

The Notes will be special obligations of the Authority issued, pursuant to the Sales Tax Bond Trust Agreement dated as of July 1, 2000, as amended (the “Trust Agreement”), in anticipation of the issuance of Subordinated Sales Tax Bonds. The principal of and interest on the Notes are payable solely from the proceeds of the sale of such Subordinated Sales Tax Bonds (or subsequent issues of Subordinated Sales Tax Bond Anticipation Notes issued in anticipation thereof) and other available funds of the Authority and, with respect to interest on the Notes, Pledged Revenues (as defined in the Trust Agreement). Pursuant to the Trust Agreement, the pledge of the proceeds of such Subordinated Sales Tax Bonds has a priority over any other pledge of such proceeds created by the Trust Agreement. The Notes do not constitute a pledge, charge, lien or encumbrance on any of the Authority’s property, or upon its income, receipts or revenue, except to the extent of the pledge of Pledged Revenues securing the interest on the Notes and the proceeds of the Subordinated Sales Tax Bonds in anticipation of which the Notes are issued. The pledge of Pledged Revenues to pay interest on the Notes is on a parity with the pledge of Pledged Revenues securing the Authority’s Subordinated Sales Tax Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF MASSACHUSETTS OR OF ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE AUTHORITY) IS PLEDGED TO SUCH PAYMENT, EXCEPT AS DESCRIBED IN THE PRELIMINARY OFFICIAL STATEMENT REFERRED TO BELOW.

The Notes are more particularly described in the Preliminary Official Statement dated September 15, 2017 relating to the Notes (the “Preliminary Official Statement”), available at www.munios.com, to which bidders are directed.

Bid Date and Time. Bids will be received by the Authority via Ipreo LLC’s PARITY® system at 10:00 a.m. (Boston time) on September 26, 2017 (subject to the provisions described below under the caption “Procedures for Electronic Bidding”) or at such later date and/or other time as shall be established by the Authority and communicated on Thomson Municipal Market Monitor News (www.tm3.com) (“TM3”), as described herein under the caption “Cancellation or Postponement.” If no legal bid or bids are received for the Notes on September 26, 2017, an alternative date and time may be designated by the Authority and communicated on TM3.

Adjustments Following Receipt of Bids. After the receipt of the bids and prior to award, the Authority may cancel the sale of the Notes. The Authority reserves the right, after the determination of the winning bidder, to increase or decrease the principal amount of the Notes by such amount as the Authority may determine. In such event, the change in aggregate principal amount of the Notes will not exceed 20%.

* Preliminary; subject to change.

A successful bidder may not withdraw its bid or change the interest rate bid as a result of any changes made to the aggregate principal amount of the Notes within this limit. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Notes. Such adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of principal amount of Notes. The interest rate and the initial public offering price specified by the successful bidder for the Notes will not change. The Authority shall notify the successful bidder of the final principal amount and the resulting adjusted purchase price no later than 4:00 p.m. (Boston time) and provide to the successful bidder the Official Bid Acceptance and Approval Certificate (See Exhibit A).

Details of the Notes. The Bonds will be dated on or about October 12, 2017 and will bear interest from their date at the per annum rate specified by the successful bidder. Interest on the Notes will be payable on July 1 and January 1, commencing January 1, 2018. Interest will be calculated on the basis of a 360-day year and twelve 30-day months. The Notes will mature on December 1, 2021 and will not be subject to redemption prior to maturity.

The Notes will be issued by means of a book-entry-only system evidencing ownership therein, in principal amounts of \$5,000 or integral multiples thereof, and transfer thereof on the records of The Depository Trust Company ("DTC") and its participants. The book-entry-only system is more fully described in the Preliminary Official Statement.

Bidding Parameters. Bids to purchase the Notes must be unconditional, be for all of the Notes, and specify a purchase price which is not less than 100% of the principal amount of the Notes. Bidders must state a single, fixed, non-zero interest rate for the Notes. Such interest rate must be stated in a multiple of 1/8th or 1/20th of 1% per annum. See "Basis of Award" below.

If the Notes qualify for any credit enhancement, any purchase of such credit enhancement shall be at the sole option and expense of the successful bidder and any increased costs of issuance or delivery of the Notes resulting by reason of such credit enhancement shall be assumed by such bidder. Bids shall not be conditioned upon the issuance of any such credit enhancement. Any failure of the Notes to be enhanced or of any such credit enhancement to be issued shall not in any way relieve the successful bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the Notes.

Bids may not include any conditions not otherwise expressly provided for herein.

Procedures for Electronic Bidding. A prospective electronic bidder must register electronically to bid for the Notes via Parity pursuant to this Official Notice of Sale. By submitting its bid for the Notes, a prospective bidder represents and warrants to the Authority that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Notes.

Each prospective electronic bidder shall be solely responsible to register to bid via Parity. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to access Parity for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale. Neither the Authority nor Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Authority nor Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by Parity. The Authority is using Parity as a communication mechanism, and not as the Authority's agent, to conduct the electronic bidding for the Notes. The Authority is not bound by any advice and determination of Parity to the effect that any particular bid complies with the terms of this Official Notice of Sale. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via Parity are the sole responsibility of the bidders, and the Authority is not responsible, directly or indirectly, for any such costs or expenses. To the extent that any instructions or directions set forth in Parity conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Notes, such bidder should telephone Parity's new issues desk at (212) 849-5021 and notify the Authority's municipal advisor, PFM Financial Advisors LLC by telephone at (617) 330-6914.

Electronic bids must be submitted for the purchase of the Notes via Parity by 10:00 a.m. (Boston time) on September 26, 2017. Bids submitted after such time will not be deemed received via Parity for the purposes of this bidding process. Prior to such time, an eligible prospective bidder may (i) input the proposed terms of its bid via Parity, (ii) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Notes, or (iii) withdraw its proposed bid. Once the bids are communicated electronically via Parity to the Authority, each bid will constitute an irrevocable offer to purchase the Notes on the terms provided therein. For purposes of the electronic bidding process, the time as maintained on Parity shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net effective interest cost to the Authority, as described under “Basis of Award” set forth below, represented by the rate of interest and the bid price specified in their respective bids.

Good Faith Deposit. Upon notification from the Authority, the successful bidder shall wire transfer to the Authority an amount equal to 1% of the aggregate principal amount of the Notes awarded to it (the “Good Faith Deposit”) in immediately available funds, not later than 1:00 p.m. (Boston time) on the bid date. The Authority will provide wiring instructions for the Good Faith Deposit to the successful bidder upon verification and award. In the event that the Authority has not received such funds by the time stated, the Authority may revoke its acceptance of the bid. No interest on the Good Faith Deposit will accrue to the successful bidder. The Good Faith Deposit will be applied to the purchase price of the Notes. If the successful bidder fails to honor its accepted bid, such bidder’s Good Faith Deposit will be retained by the Authority.

Basis of Award. The Authority reserves the right to reject any or all proposals and to waive any irregularity or informality with respect to any proposal to the extent permitted by law. Any bid not complying with the terms of this Official Notice of Sale or specifying any conditions in addition to those contained herein may be rejected. Unless all bids are rejected, the Notes will be awarded to the bidder offering to purchase the Notes at the lowest net effective interest rate, determined in the manner described herein. For each proposal to purchase the Notes, the net effective interest rate shall be determined by (i) computing the total amount of interest payable on the Notes at the stated interest rate bid in such proposal, based on a 360-day year of twelve 30-day months, (ii) deducting any premium for such the Notes offered in such proposal from such amount and (iii) dividing the resulting difference by the product of the par value of the Notes multiplied by the life of the Notes. In case of a tie, the Authority may select the successful bidder by lot.

Official Statement. The Preliminary Official Statement dated September 15, 2017 and the information contained therein have been deemed final by the Authority as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”) with permitted omissions, but are subject to change without notice and to completion or amendment in the Official Statement in final form (the “Official Statement”). The Preliminary Official Statement is available at: www.munios.com.

The Authority does not intend to print physical copies of the final Official Statement but instead will make available to the successful bidder an electronic version of the final Official Statement via the EMMA system. The Authority will post the final Official Statement within seven business days of the date of sale but not later than two business days prior to settlement. Once posted, the final Official Statement may be viewed and downloaded from the EMMA system website at: emma.msrb.org. The successful bidder shall be required to cooperate in providing the information required to complete the final Official Statement.

The successful bidder shall comply with the requirements of Rule 15c2-12 and the rules of the MSRB, including an obligation, if any, to update the final Official Statement.

Reoffering Price Certification. The successful bidder shall assist the Authority in establishing the issue price of the Notes and shall execute and deliver to the Authority at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public of the Notes awarded to it, together with the supporting pricing wires or equivalent communications, substantially in the form attached to this Notice of Sale as Exhibit 1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Authority and Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel. All actions to be taken by the Authority under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Authority by the Authority’s municipal advisor identified herein and any notice or report to be provided to the Authority may be provided to the Authority’s municipal advisor. The Authority intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price

of the Notes) will apply to the initial sale of the Notes (the “competitive sale requirements”) because (i) the Authority shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters; (ii) all bidders shall have an equal opportunity to bid; (iii) the Authority expects to receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and (iv) the Authority anticipates awarding the sale of the Notes to the bidders who submit firm offers to purchase the Notes or portions thereof at the highest price (or lowest interest cost), as set forth in this Notice of Sale. Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the Authority will reject all bids and cancel the sale. Bidders should prepare their bids on the assumption that the issue price of the Notes will be the reasonably expected initial offering price to the public.

Continuing Disclosure. To assist bidders in complying with paragraph (b)(5) of Rule 15c2-12, the Authority will undertake to provide annual reports and notices of certain events. A description of this undertaking is set forth in Appendix D of the Preliminary Official Statement and will also be set forth in the final Official Statement.

Expenses. Each bid will be deemed to be an all-in bid. The successful bidder will be under no obligation to pay the Authority’s issuance costs. The Authority will not pay any expenses of any bidder, whether or not successful, in connection with the issuance or purchase of the Notes.

Settlement. The Notes are expected to be delivered to the successful bidder on October 12, 2017, in New York, New York, at DTC, against payment of the purchase price therefor (less the amount of the successful bidder’s Good Faith Deposit). The successful bidder must make payment of the purchase price of the Notes by 10:00 a.m. (Boston time) on October 12, 2017 in immediately available funds in Boston.

There will also be furnished the usual closing papers, including a certificate of the Authority to the effect that, except for the initial offering price or yield and interest rate of the Notes on the cover page of the final Official Statement and any other information concerning the reoffering of the Notes included therein at the request of the successful bidder and the information in the Preliminary Official Statement and final Official Statement under the heading “BOOK-ENTRY ONLY SYSTEM,” the information relating to the Authority contained or referenced in the Preliminary Official Statement, as of the date of sale of the Notes, and the final Official Statement, both as of the date of sale and the date of settlement of the Notes, was and is true in all material respects and did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided that, with respect to material set forth and referenced in the Preliminary Official Statement and final Official Statement under the heading “Dedicated Sales Tax,” including, without limitation, the chart sourced to the Department of Revenue and in Appendix F – “History of Dedicated Sales Tax Receipts” as provided by the Department of Revenue, said certificate shall rely upon a certificate of the Department of Revenue of The Commonwealth of Massachusetts which shall also be provided to the successful bidder.

Legal Opinions. The approving opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts (“Mintz Levin”), Bond Counsel to the Authority, in substantially the form set forth in the Preliminary Official Statement, will be furnished to the successful bidder. The Preliminary Official Statement contains a discussion of the effect of the Internal Revenue Code of 1986, as amended, on the exclusion from gross income of interest on the Notes and a discussion of Bond Counsel’s opinion insofar as it concerns such exclusion. An opinion of Mintz Levin will also be furnished to the successful bidder to the effect that (i) each of the Trust Agreement and the Continuing Disclosure Agreement has been duly authorized, executed and delivered by the Authority and constitutes a valid and binding agreement of the Authority enforceable against the Authority in accordance with its terms, subject to exception for bankruptcy, insolvency, reorganization, moratorium and other similar existing and future laws affecting creditors’ rights to the extent the same may be constitutionally applied, and for the exercise of judicial discretion in accordance with equitable principles; and there is no existing law as described in the preceding sentence which relates solely to the Authority or solely to the Commonwealth or its political subdivisions; (ii) the Notes are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended; (iii) it is not necessary in connection with the sale of the Notes to the public to register any security under the Securities Act of 1933, as amended, or to qualify any indenture under the Trust

Indenture Act of 1939, as amended; (iv) the statutory covenant contained in Section 35T of Chapter 10 of the Massachusetts General Laws is a valid and binding obligation of the Commonwealth which, under the federal and state constitutions, may not be impaired substantially by subsequent legislative enactments except to the extent that reasonable and adequate compensation is provided to the holders of the Notes or that such impairment is both reasonable and necessary to serve legitimate state purposes; and (v) based upon its participation in the preparation of the Preliminary Official Statement and the final Official Statement as Bond Counsel, and without having undertaken to determine independently the accuracy or completeness of the statements in the Preliminary Official Statement and the final Official Statement, other than those contained in the Preliminary Official Statement and the final Official Statement under the captions “THE NOTES,” “SECURITY FOR THE SALES TAX BONDS,” “ASSESSMENT BOND TRUST AGREEMENT AND ASSESSMENTS” (except for information under the subheading “Assessments”), “LEGAL INVESTMENTS AND SECURITY FOR DEPOSITS,” “TAX EXEMPTION” and Appendices A, B and C thereto, which are accurate and complete in all material respects, no facts have come to such counsel’s attention which would cause such counsel to believe that the Preliminary Official Statement, as of its date and as of the date of sale of the Notes, and the final Official Statement, as of its date and as of the date of delivery of the Notes (except for (i) the financial and statistical data included in the Preliminary Official Statement and the final Official Statement, (ii) the information therein under the caption “COMPETITIVE SALE OF NOTES,” and (iii) any information therein concerning the reoffering of the Notes included therein at the request of the successful bidder, and Appendices E, F and G, as to all of which no view need be expressed) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

CUSIP Number. A CUSIP number will be applied for by the successful bidder, but the Authority will assume no obligation for the assignment or printing of such number on the Notes or for the correctness of such number. Neither failure to print such numbers on the Notes nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and make payment for the Notes. The CUSIP Service Bureau charge for the assignment of CUSIP number on the Notes shall be the responsibility of and shall be paid for by the successful bidder.

Right to Modify or Amend Notice of Sale. The Authority reserves the right to modify or amend this Official Notice of Sale in any respect prior to the bid date. If any modifications occur, supplemental information with respect to the Notes will be communicated by posting on TM3 not later than 8:30 a.m. (Boston time) on the day on which proposals may be submitted, and bidders shall bid upon the Notes based upon the terms thereof set forth in this Official Notice of Sale, as so modified by such supplemental information.

Cancellation or Postponement. The Authority reserves the right to cancel or postpone the date and time established for the receipt of bids. **Any such cancellation or postponement will be announced by posting on TM3.** If any date and time fixed for the receipt of bids and the sale of the Notes is postponed, an alternate sale date and time will be announced at least one business day prior to such alternate sale date. On any such alternate sale date and time, any bidder may submit bids electronically as described above for the purchase of the Notes in conformity in all respects with the provisions of this Official Notice of Sale, except for the date and time of sale and except for any changes announced by posting on TM3 at the time the sale date and time are announced.

Minority/Women Business Enterprises. The Authority encourages bidders to make a good-faith effort to include firms that (a) are minority business enterprises and women’s business enterprises and (b) have significant local ownership or presence in their management group or syndicate and/or in the provision of legal services or other advisory services.

Additional Information. Further information concerning the Authority and the Notes is contained in the Preliminary Official Statement, to which prospective bidders are directed and to which this Official Notice of Sale is attached. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Official Notice of Sale. Copies of the Preliminary Official Statement and this Official Notice of Sale are available at: www.munios.com.

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY

/s/ Paul Brandley

Treasurer

**FORM OF
OFFICIAL BID AND ACCEPTANCE CERTIFICATE**

\$281,700,000*

Massachusetts Bay Transportation Authority
Subordinated Sales Tax Bond Anticipation Notes
Series 2017 (Sustainability Bonds) (the "Notes")

This certificate hereby confirms the award of the Notes to the purchaser identified on the attached Confirmation of Bid Terms in accordance with the Official Notice of Sale dated September 15, 2017 with respect to the Notes (the "Notice of Sale") and the terms of the bid submitted via Parity, as it may have been adjusted pursuant to the terms of the Notice of Sale.

Please acknowledge your agreement with the principal amount awarded, purchase price, the net effective interest cost, the interest rate and all applicable provisions of the Notice of Sale by signing and returning by email or facsimile a copy of this certificate including the attached Confirmation of Bid Terms to Paul Brandley, Treasurer (Email:pbrandley@mbta.com or fax (617) 222-5755).

This certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The foregoing award is hereby accepted.

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY

Paul Brandley
Treasurer

Dated: September 26, 2017

* Preliminary; subject to change.

\$281,700,000*
Massachusetts Bay Transportation Authority
Subordinated Sales Tax Bond Anticipation Notes
Series 2017 (Sustainability Bonds) (the "Notes")

Confirmation of Bid Terms

The undersigned hereby confirms its award for the purchase of the above-captioned Notes in accordance with the Official Notice of Sale dated September 15, 2017 (the "Notice of Sale") relating to the Notes is as follows:

<u>Principal Amount</u>	<u>Coupon</u>	<u>Premium</u>	<u>NIC</u>
\$ _____	___%	\$ ___	___%

The undersigned hereby acknowledges receipt of the Preliminary Official Statement referred to in the aforementioned Notice of Sale.

Date: September 26, 2017

Underwriter

Underwriter Address

Telephone: _____

Fax: _____

* Preliminary; subject to change.

FORM OF ISSUE PRICE CERTIFICATE

\$281,700,000*

Massachusetts Bay Transportation Authority
Subordinated Sales Tax Bond Anticipation Notes
Series 2017 (Sustainability Bonds)

The undersigned, on behalf of [NAME OF SUCCESSFUL BIDDER] (the "Underwriter"), hereby certifies as set forth below with respect to the sale of the above-captioned notes (the "Notes") issued by the Massachusetts Bay Transportation Authority (the "Authority").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering price of the Notes to the Public by the Underwriter is ___% (the "Expected Offering Price"). The Expected Offering Price is the price for the Notes used by the Underwriter in formulating its bid to purchase the Notes. Attached as Schedule A is a true and correct copy of the bid provided by the Underwriter to purchase the Notes.

(b) The Underwriter was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Underwriter constituted a firm bid to purchase the Notes.

2. Defined Terms.

(a) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Regulatory Underwriter or a related party to a Regulatory Underwriter. The term "related party" for purposes of this Certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(b) Regulatory Underwriter means (i) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

(c) Sale Date means the first day on which there is a binding contract in writing for the sale of the Notes. The Sale Date of the Notes is September 26, 2017.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Authority with respect to certain of the representations set forth in the Tax Certificate with respect to the Notes and with respect to compliance with the federal income tax rules affecting the Notes, and by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., bond counsel to the Authority, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Authority from time to time relating to the Notes.

Dated: October 12, 2017

[SUCCESSFUL BIDDER], as Underwriter

By: _____
Name: _____

* Preliminary; subject to change.

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