

## NEW ISSUE – BOOK-ENTRY ONLY

See “RATINGS” herein.

*In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Series A Bonds and the Series B-1 Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Series A Bonds and the Series B-1 Bonds will not be included in computing the alternative minimum taxable income of individuals. Interest on the Series B-2 Bonds is included in gross income for federal income tax purposes under the Code. Under existing law, interest on the 2019 Bonds and any profit on the sale of the 2019 Bonds is exempt from Massachusetts personal income taxes, and the 2019 Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds. See “TAX MATTERS” and APPENDIX D herein.*

**\$441,215,000\***

**MASSACHUSETTS DEPARTMENT OF TRANSPORTATION  
Metropolitan Highway System Revenue Refunding Bonds (Subordinated)  
Commonwealth Contract Assistance Secured  
consisting of**

**\$371,380,000\* Variable Rate (Term Rate), 2019 Series A****\$54,365,000\* 2019 Series B-1****\$15,470,000\* 2019 Series B-2 (Federally Taxable)****Dated:** Date of Delivery**Due:** January 1, as shown on the inside cover page

The Massachusetts Department of Transportation Metropolitan Highway System Revenue Refunding Bonds (Subordinated), Commonwealth Contract Assistance Secured, Variable Rate (Term Rate), 2019 Series A (the “Series A Bonds”), 2019 Series B-1 (the “Series B-1 Bonds”), and 2019 Series B-2 (Federally Taxable) (the “Series B-2 Bonds”, and together with the Series B-1 Bonds, the “Series B Bonds”; the Series A Bonds and the Series B Bonds being collectively referred to herein as the “2019 Bonds”) are issuable only as fully-registered bonds, without coupons, initially registered in book-entry form in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company (“DTC”), New York, New York. Purchasers will not receive certificates representing their interest in 2019 Bonds purchased. See APPENDIX F - “Book-Entry Only System” herein. Details of payment of the 2019 Bonds are more fully described in this Official Statement. The Series A Bonds are subject to mandatory tender and redemption prior to maturity, and the Series B-1 Bonds are subject to redemption prior to maturity, as more fully described herein. The Series B-2 Bonds are not subject to redemption prior to maturity.

**This Official Statement provides information only with respect to the Series A Bonds while bearing interest at the Initial Term Rate during the Initial Term Rate Period described herein. The Massachusetts Department of Transportation (“MassDOT” or the “Issuer”) expects to convert the Interest Rate Period (as defined herein) applicable to the Series A Bonds to another Interest Rate Period at the end of the Initial Term Rate Period, and to circulate or cause at that time to be circulated a revised disclosure document relating thereto.**

Principal of, and premium, if any, on the 2019 Bonds will be payable when due upon surrender thereof at the corporate trust office of The Bank of New York Mellon, as Trustee (the “Trustee”). So long as DTC or its nominee is the Bondowner, principal, premium, if any, and interest payments are to be made by the Trustee directly to DTC as Bondowner. Disbursement of such payments to the DTC Participants (as defined herein) is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants and the Indirect Participants, as described herein.

The 2019 Bonds are being issued by the MassDOT for the purposes described herein under the Metropolitan Highway System Trust Agreement, dated as of September 1, 1997, as amended, and a Twelfth Supplemental Metropolitan Highway System Trust Agreement, dated as of January 1, 2019 (collectively, the “Trust Agreement”), each by and between MassDOT and the Trustee.

The Commonwealth of Massachusetts (the “Commonwealth”) and the Massachusetts Turnpike Authority (the “Authority”), as predecessor to MassDOT, entered into a Contract for Financial Assistance, dated as of June 30, 2009, as amended, providing for the payment by the Commonwealth to MassDOT of contract assistance in the amount of \$100,000,000 per fiscal year until June 30, 2039. In the opinion of Bond Counsel, the obligation of the Commonwealth to make such contract assistance payments to MassDOT constitutes a general obligation of the Commonwealth for which the full faith and credit of the Commonwealth are pledged. See “PAYMENTS FROM THE COMMONWEALTH” herein. Under the Trust Agreement, such contract assistance payments are deposited directly to the Subordinated Debt Service Fund and used first to pay debt service on the 2019 Bonds and other parity subordinated bonds (together with the 2019 Bonds, the “Subordinated Bonds”), and other parity subordinated obligations outstanding thereunder (together with the Subordinated Bonds, the “Subordinated Obligations”). Such contract assistance payments, together with other funds to be deposited to the Subordinated Debt Service Fund, are expected to exceed the total amounts payable from such Fund with respect to all outstanding Subordinated Obligations, including the 2019 Bonds, in each year that the 2019 Bonds are Outstanding. See “SUBORDINATED DEBT SERVICE REQUIREMENTS” herein. The Enabling Act currently only permits the issuance of additional bonds under the Trust Agreement for refunding purposes.

**The 2019 Bonds will constitute special obligations of MassDOT payable solely from and secured solely by a pledge of certain Revenues and funds and accounts established under the Trust Agreement, including certain contract assistance payable by the Commonwealth and deposited directly to the Subordinated Debt Service Fund, all as described herein. The Issuer has no taxing power. Neither the Commonwealth nor any political subdivision thereof is or shall be obligated to pay the principal and redemption price of and interest on the 2019 Bonds and, except as described herein, neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment.**

The 2019 Bonds are offered when, as and if issued and received by the Underwriters, subject to the unqualified approval of legality by Locke Lord LLP, Bond Counsel, Boston, Massachusetts and certain other conditions. Certain legal matters will be passed upon for MassDOT by Greenberg Traurig, LLP, Boston, Massachusetts, Disclosure Counsel to MassDOT, and for the Commonwealth and the Underwriters by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Disclosure Counsel to the Commonwealth and counsel to the Underwriters. It is expected that the 2019 Bonds will be available for delivery at or through DTC, New York, New York, or its custodial agent, on or about January 24, 2019.\*

**Citigroup  
Barclays**

**BofA Merrill Lynch  
The Williams Capital Group, L.P.**

January \_\_, 2019

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The securities described herein may not be sold nor may offers to buy be accepted prior to the date the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**\$441,215,000\***  
**Massachusetts Department of Transportation**  
**Metropolitan Highway System Revenue Refunding Bonds (Subordinated)**  
**Commonwealth Contract Assistance Secured**

consisting of

**\$371,380,000\* Variable Rate (Term Rate), 2019 Series A**

**Dated:** Date of Delivery

**Due:** January 1, 2039

**Interest Rate Mode:** Term Rate

**Initial Term Rate:** \_\_\_\_%

**Initial Term Rate Period:** January \_\_, 2019 through and including December 31, 2022\*

**Mandatory Tender Date:**\*\* January 1, 2023\*

**Price** \_\_\_\_%      **CUSIP†:** \_\_\_\_\_

**\$54,365,000\* 2019 Series B-1**

**Dated:** Date of Delivery

**Due:** January 1, as shown below

<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Price/ Yield</u>	<u>CUSIP†</u>
2026	\$ 280,000			
2027	1,555,000			
2028	1,630,000			
2029	1,710,000			
2030	5,310,000			
2031	5,525,000			
2032	5,760,000			
2033	6,000,000			
2034	6,250,000			
2035	6,510,000			
2036	6,780,000			
2037	7,055,000			

**\$15,470,000\* 2019 Series B-2 (Federally Taxable)**

**Dated:** Date of Delivery

**Due:** January 1, as shown below

<u>Maturity*</u>	<u>Amount*</u>	<u>Rate</u>	<u>Price</u>	<u>CUSIP†</u>
2020	\$2,180,000			
2021	2,980,000			
2022	3,070,000			
2023	3,165,000			
2024	1,405,000			
2025	1,450,000			
2026	1,220,000			

\* Preliminary, subject to change.

\*\* Subject to certain conditions described herein. See "THE 2019 BONDS – SERIES A BONDS – Insufficient Funds; Stepped Rate," herein.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright © 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP® numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the 2019 Bonds and no representation is made with respect to the correctness thereof. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the 2019 Bonds as a result of the various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2019 Bonds. None of MassDOT, the Trustee or the Underwriters has agreed to, nor is there any duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP® numbers printed above.

IN CONNECTION WITH THE OFFERING OF THE 2019 BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 2019 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The information set forth or incorporated by reference herein has been obtained from the Commonwealth, MassDOT, and other sources which are believed to be reliable, but, as to information from other than MassDOT, it is not to be construed as a representation by MassDOT. 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 MassDOT since the date hereof, except as expressly set forth herein. The order and placement of materials in this Official Statement, including the Appendices hereto, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page, the inside cover page, and Appendices, should be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in APPENDIX B and APPENDIX C. The various tables may not sum due to rounding of figures.

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

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by MassDOT. 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 2019 Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

All quotations from and summaries and explanations of provisions of laws, the Trust Agreement, the 2019 Bonds and other documents herein do not purport to be complete; reference is made to said laws, the Trust Agreement, the 2019 Bonds and other documents for full and complete statements of their provisions. Copies of the above are available for inspection at the offices of MassDOT and the Trustee.

THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, CONTAINS FORECASTS, PROJECTIONS AND ESTIMATES THAT ARE BASED ON CURRENT EXPECTATIONS OR ASSUMPTIONS. IF AND WHEN INCLUDED IN THIS OFFICIAL STATEMENT, THE WORDS “EXPECTS,” “FORECASTS,” “PROJECTS,” “INTENDS,” “ANTICIPATES,” “ESTIMATES,” “ASSUMES” AND ANALOGOUS EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ANY SUCH STATEMENTS INHERENTLY ARE SUBJECT TO A VARIETY OF RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE THAT HAVE BEEN PROJECTED. SUCH RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN POLITICAL, SOCIAL AND ECONOMIC CONDITIONS, REGULATORY INITIATIVES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, LITIGATION AND VARIOUS OTHER EVENTS, CONDITIONS AND CIRCUMSTANCES, MANY OF WHICH ARE BEYOND THE CONTROL OF MASSDOT. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS OFFICIAL STATEMENT. MASSDOT DOES NOT PLAN TO ISSUE ANY UPDATE OR REVISION TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGE IN MASSDOT’S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED, SUBJECT TO ITS CONTRACTUAL OBLIGATIONS WITH RESPECT TO CONTINUING DISCLOSURE AS DESCRIBED HEREIN.

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**OFFICIAL STATEMENT**  
**of the**  
**MASSACHUSETTS DEPARTMENT OF TRANSPORTATION**

**relating to**  
**\$441,215,000\***  
**Metropolitan Highway System Revenue Refunding Bonds (Subordinated)**  
**Commonwealth Contract Assistance Secured**  
**consisting of**  
**\$371,380,000\* Variable Rate (Term Rate), 2019 Series A**  
**\$54,365,000\* 2019 Series B-1**  
**and**  
**\$15,470,000\* 2019 Series B-2 (Federally Taxable)**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page, the inside cover page, and the Appendices hereto, is to furnish information in connection with the sale by the Massachusetts Department of Transportation (“MassDOT” or the “Issuer”) of \$371,380,000\* in aggregate principal amount of its Metropolitan Highway System Revenue Refunding Bonds (Subordinated), Commonwealth Contract Assistance Secured Variable Rate (Term Rate), 2019 Series A (the “Series A Bonds”), \$54,365,000\* in aggregate principal amount of its Metropolitan Highway System Revenue Refunding Bonds (Subordinated), Commonwealth Contract Assistance Secured, 2019 Series B-1 (the “Series B-1 Bonds”), and \$15,470,000\* in aggregate principal amount of its Metropolitan Highway System Revenue Refunding Bonds (Subordinated), Commonwealth Contract Assistance Secured, 2019 Series B-2 (Federally Taxable) (the “Series B-2 Bonds”, and together with the Series B-1 Bonds, the “Series B Bonds”; the Series A Bonds and the Series B Bonds being collectively referred to herein as the “2019 Bonds”). Capitalized terms, if not defined herein, shall have the meanings set forth in APPENDIX B - “Summary of Certain Provisions of the Trust Agreement – Definitions,” and APPENDIX C - “Certain Variable Rate Bond Definitions.”

The 2019 Bonds are authorized to be issued by MassDOT, as successor to the Massachusetts Turnpike Authority (the “Authority”), under the Metropolitan Highway System Trust Agreement, dated as of September 1, 1997, as amended and supplemented (the “Metropolitan Highway System Trust Agreement”), including as amended and supplemented by the Twelfth Supplemental Metropolitan Highway System Trust Agreement, dated as of January 1, 2019 (the “Twelfth Supplemental Trust Agreement,” and collectively with the Metropolitan Highway System Trust Agreement, the “Trust Agreement”), by and between MassDOT and The Bank of New York Mellon, as Trustee (the “Trustee”).

MassDOT was created by Chapter 25 of the Acts of 2009 of The Commonwealth of Massachusetts (as amended, the “Transportation Reform Act”), through the enactment of Chapter 6C of the Massachusetts General Laws (as amended, the “Enabling Act”), in June 2009. The Transportation Reform Act was designed to reform the transportation system of The Commonwealth of Massachusetts (the “Commonwealth”). MassDOT has a separate legal existence from the Commonwealth and is governed by an 11-member board (the “Board”) appointed by the Governor. The Governor has appointed a Secretary of MassDOT, who serves as MassDOT’s chief executive officer and as Chair of the Board. See “MASSACHUSETTS DEPARTMENT OF TRANSPORTATION.”

The Transportation Reform Act provided for the dissolution of the Authority, and the assumption by MassDOT of all of the Authority’s assets, liabilities, obligations and debt, including debt outstanding under the Trust Agreement. MassDOT assumed the rights, powers and duties of the Authority effective November 1, 2009, in accordance with the Transportation Reform Act. MassDOT’s power to issue debt for its corporate purposes related to the Metropolitan Highway System (as hereinafter defined) that are payable from revenues of the Metropolitan Highway System is limited to refunding, from time to time, obligations of the Authority that were initially issued by

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\* Preliminary, subject to change.

the Authority prior to July 1, 2009 and financing obligations of MassDOT that were issued to refund such Authority obligations.

As successor to the Authority, MassDOT owns and operates two separate systems -- the Metropolitan Highway System (also referred to herein as the "MHS") and the Western Turnpike. The Metropolitan Highway System, as defined in the Enabling Act, comprises the Boston Extension, the Callahan Tunnel, the Central Artery (which is that part of Interstate 93 running through the downtown section of the City of Boston, a portion of which is underground), the Central Artery North Area ("CANA") (which comprises a portion of state highway Route 1 beginning at, but not including, the southern boundary of the Tobin Memorial Bridge (the "Tobin Bridge") and continuing to the interchange of Interstate 93), the Sumner Tunnel, the Ted Williams Tunnel, the Tobin Bridge, and any additional highway, tunnel and bridge components as the Massachusetts Legislature may from time to time determine. For purposes of the Trust Agreement, the term "Accepted Metropolitan Highway System" means, collectively, that portion of the MHS comprising the Callahan Tunnel, the Sumner Tunnel and the Ted Williams Tunnel (collectively, the "Tunnels"), the Boston Extension, CANA, the Central Artery, and any other property transferred to MassDOT upon satisfaction of certain other conditions specified in the Trust Agreement (and excludes the Tobin Bridge).

The Transportation Reform Act established a Massachusetts Transportation Trust Fund (the "Trust Fund") within MassDOT, into which all bridge, tunnel and highway tolls, together with certain other funds of the Commonwealth, are deposited. Upon the agreement of MassDOT and the Massachusetts Bay Transportation Authority (the "MBTA"), transit fares also may be deposited into the Trust Fund, although to date no such agreement has been entered into and no such deposits have been made. Pursuant to the Transportation Reform Act, amounts remaining in the Trust Fund at the end of each fiscal year do not revert to the Commonwealth's General Fund but remain in the Trust Fund subject to the control of MassDOT, and are not subject to appropriation by the Massachusetts Legislature. The Trust Fund is to be used for operations, maintenance and capital costs related to the transportation assets under MassDOT's jurisdiction, as well as debt service on MassDOT's debt, including the 2019 Bonds and other bonds outstanding under the Trust Agreement. Amounts in the Trust Fund that constitute Pledged Revenues under the Trust Agreement remain subject to the lien of the Trust Agreement and are required to be used in accordance with the Trust Agreement. See "SECURITY FOR THE 2019 BONDS - PLEDGE UNDER THE TRUST AGREEMENT" and "- FLOW OF FUNDS." Pursuant to the Transportation Reform Act, the Commonwealth also funds transportation improvements, including with respect to the Metropolitan Highway System, through appropriations to the Trust Fund and through the issuance by the State Treasurer of Commonwealth debt. See "CAPITAL INVESTMENTS."

The Trust Agreement requires that MassDOT maintain (i) the Capital Reinvestment Fund, and (ii) Net Revenues in each Fiscal Year at least equal to (a) 1.20 times Senior Net Debt Service, (b) 1.15 times Combined Net Debt Service (Senior plus Subordinated), and (c) 1.00 times Combined Net Debt Service plus the Capital Reinvestment Requirement, which is to be established by MassDOT in its Annual Budget. See "SECURITY FOR THE 2019 BONDS - TOLL COVENANT." Amounts deposited to the Capital Reinvestment Fund are available for capital improvements to the Accepted Metropolitan Highway System.

The 2019 Bonds constitute special obligations of MassDOT, secured as to the payment of principal of, and premium, if any, and interest thereon by a subordinated pledge of certain revenues and other moneys derived from the operation of the Accepted Metropolitan Highway System and certain funds and accounts established under the Trust Agreement, including the Subordinated Debt Service Fund into which the 2009 Contract Assistance (as defined herein) and, after all Senior Bonds are no longer outstanding, but no later than January 1, 2037, the 1999 Contract Assistance (as defined herein) is paid, subject to the application thereof for the purposes and on the terms and conditions provided therein. See "PAYMENTS FROM THE COMMONWEALTH," "SECURITY FOR THE 2019 BONDS," APPENDIX A - "Summary of the 2009 Contract and Related Provisions of the Trust Agreement," and APPENDIX B - "Summary of Certain Provisions of the Trust Agreement."

The Commonwealth and the Authority, as predecessor to MassDOT, entered into a Contract for Financial Assistance, dated as of June 30, 2009 (as amended, the "2009 Contract"), providing for the payment by the Commonwealth to MassDOT of contract assistance in the amount of \$100,000,000 per fiscal year until June 30, 2039 (the "2009 Contract Assistance"). In the opinion of Bond Counsel, the obligation of the Commonwealth to make such contract assistance payments to MassDOT constitutes a general obligation of the Commonwealth for



which the full faith and credit of the Commonwealth are pledged. See “PAYMENTS FROM THE COMMONWEALTH.” Under the Trust Agreement, the 2009 Contract Assistance and certain contract assistance (the “1999 Contract Assistance”) payable under the 1999 Contract (as defined herein) constitute Dedicated Payments and shall be deposited monthly upon receipt from the Commonwealth directly to the Subordinated Debt Service Fund and used first to pay debt service on the 2019 Bonds and other parity subordinated Bonds (collectively, the “Subordinated Bonds”), and parity subordinated obligations payable from the Fund (together with the Subordinated Bonds, the “Subordinated Obligations”). Dedicated Payments are anticipated to exceed the total amount payable from the Subordinated Debt Service Fund with respect to the Subordinated Obligations, including the 2019 Bonds, in each year that the 2019 Bonds are Outstanding. See “SUBORDINATED DEBT SERVICE REQUIREMENTS” and “PAYMENTS FROM THE COMMONWEALTH.” The balance of Dedicated Payments derived from the 2009 Contract Assistance, after satisfaction of all Subordinated Net Debt Service, shall be deposited in the Senior Debt Service Fund. The Enabling Act currently only permits the issuance of additional Bonds under the Trust Agreement to refund from time to time obligations initially issued by the Authority prior to July 1, 2009. The Trust Agreement prohibits the issuance of Additional Subordinated Bonds, other than Refunding Bonds. See “PAYMENTS FROM THE COMMONWEALTH” and “SECURITY FOR THE 2019 BONDS - Additional Indebtedness.”

The proceeds of the 2019 Bonds are expected to be used to (i) refund that portion of MassDOT’s Metropolitan Highway System (Subordinated) Commonwealth Contract Assistance Secured, Variable Rate Demand Obligations, 2010 Series A (the “2010 Series A Subordinated Bonds”), comprising Subseries A-2 through Subseries A-6, outstanding in the aggregate principal amount of \$454,480,000 (collectively, the “Refunded Subordinated Bonds”), and (ii) pay a portion of the cost of issuing the 2019 Bonds, including a portion of the costs of terminating an interest rate swap transaction related to Subseries A-2 of the 2010 Series A Subordinated Bonds and partially terminating an interest rate swap transaction related to Subseries A-3 through Subseries A-6 of the 2010 Series A Subordinated Bonds. See “PLAN OF FINANCE” and APPENDIX G - “Table of Refunded Subordinated Bonds.”

There follows in this Official Statement a description of the 2019 Bonds, MassDOT, the 2009 Contract, the 1999 Contract, and the Metropolitan Highway System, together with summaries of the terms of the 2019 Bonds and certain provisions of the Enabling Act and the Trust Agreement. All references herein to the Enabling Act, the Trust Agreement, the 2009 Contract, and the 1999 Contract are qualified in their entirety by reference to such law and documents, copies of which are available from MassDOT or the Trustee, and all references to the 2019 Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Trust Agreement.

For information about the Commonwealth, reference is made to the Commonwealth’s Information Statement, dated November 29, 2018 (the “Commonwealth Information Statement”), which is incorporated herein by reference. A copy of the Commonwealth Information Statement has been filed with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”), and can be found at <https://emma.msrb.org/ES1353711.pdf>. The information contained in the Commonwealth Information Statement may be supplemented by subsequent filings to EMMA made by the Commonwealth prior to or after the sale of the 2019 Bonds, and of continuing disclosure documents identified on EMMA as “other financial/operating data,” all of which are hereby deemed to be incorporated by reference into the Commonwealth Information Statement. The Commonwealth Information Statement contains certain fiscal, budgetary, financial and other general information concerning the Commonwealth. Exhibit A to the Commonwealth Information Statement contains certain economic information concerning the Commonwealth. Exhibits B and C to the Information Statement are, respectively, the financial statements of the Commonwealth for the fiscal year ended June 30, 2018 prepared on a statutory basis, and the financial statements of the Commonwealth for the fiscal year ended June 30, 2017, prepared in accordance with generally accepted accounting principles. Specific reference is made to said Exhibits A, B and C, copies of which have been filed with EMMA. The financial statements also are available at the home page of the Comptroller of the Commonwealth located at <http://www.macomptroller.org> by clicking on “Financial Reports.”

This Official Statement does not contain the audited financial statements of MassDOT or general financial and operating information about MassDOT or the Metropolitan Highway System because the Dedicated Payments to be derived from the 2009 Contract and the 1999 Contract are anticipated to exceed the total amount of obligations payable from the Subordinated Debt Service Fund, including the 2019 Bonds, in each year that the 2019 Bonds are Outstanding. Accordingly, no Revenues derived from the operation of the MHS by MassDOT are anticipated to be

necessary to repay the 2019 Bonds, although all such Revenues remain pledged to the 2019 Bonds on a subordinate basis in accordance with the Trust Agreement. See “PAYMENTS FROM THE COMMONWEALTH,” “SUBORDINATED DEBT SERVICE REQUIREMENTS,” and “SECURITY FOR THE 2019 BONDS.” For a brief description of MassDOT and the MHS, see “MASSACHUSETTS DEPARTMENT OF TRANSPORTATION” and “THE METROPOLITAN HIGHWAY SYSTEM.”

This Official Statement includes the following Appendices attached hereto:

- APPENDIX A - “Summary of the 2009 Contract and Related Provisions of the Trust Agreement.”
- APPENDIX B - “Summary of Certain Provisions of the Trust Agreement.”
- APPENDIX C - “Certain Variable Rate Bond Definitions.”
- APPENDIX D - “Proposed form of Opinion of Bond Counsel.”
- APPENDIX E – 1 - “Form of MassDOT Continuing Disclosure Agreement.”
- APPENDIX E – 2 - “Form of Commonwealth Continuing Disclosure Agreement.”
- APPENDIX F - “Book-Entry Only System.”
- APPENDIX G - “Table of Refunded Subordinated Bonds.”

## **THE 2019 BONDS**

### **GENERAL**

The 2019 Bonds will be issued in the aggregate principal amount of \$441,215,000\*. The 2019 Bonds will be dated their date of delivery, will mature (unless redeemed prior to maturity) on January 1 of each of the years and in the principal amounts set forth on the inside cover page hereof. The 2019 Bonds are being issued only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the 2019 Bonds.

Purchases of beneficial interests in the 2019 Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in 2019 Bonds purchased. So long as DTC or its nominee, Cede & Co., is Holder, payments of the principal of and interest on the 2019 Bonds will be made directly to such Holder. Disbursement of such payments to the DTC Participants (hereinafter defined) is the responsibility of DTC and disbursement of such payments to Beneficial Owners (hereinafter defined) is the responsibility of the DTC Participants and the Indirect Participants (hereinafter defined). See APPENDIX F - “Book-Entry Only System.”

*[Remainder of this page intentionally left blank.]*

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\* Preliminary, subject to change.

## SERIES A BONDS

***This Official Statement provides information only with respect to the Series A Bonds while bearing interest at the Initial Term Rate during the Initial Term Rate Period, and the Stepped Rate, described herein. The Issuer expects to convert the Interest Rate Period applicable to the Series A Bonds to another Interest Rate Period at the end of the Initial Term Rate Period and to circulate or cause to be circulated a revised disclosure document relating thereto. Prospective purchasers of the Series A Bonds in an Interest Rate Period other than the Initial Term Rate Period should not rely on this Official Statement.***

### General

The Series A Bonds will be issued in the aggregate principal amount of \$371,380,000\*. The Series A Bonds will bear interest from their date at the Initial Term Rate set forth on the inside cover page hereof during the Initial Term Rate Period set forth on the inside cover page hereof. Interest on the Series A Bonds while bearing interest at the Initial Term Rate will be payable on each January 1 and July 1, commencing July 1, 2019, to the registered owner as of the applicable record date, and on each July 1 and January 1 thereafter, and on the Mandatory Tender Date set forth on the inside cover page hereof at the end of the Initial Term Rate Period. The record date generally is the 15th day (whether or not a business day) of the calendar month next preceding the interest payment date. Interest on the Series A Bonds while bearing interest at the Initial Term Rate will accrue on the basis of a 360-day year consisting of twelve 30-day months. The Series A Bonds will be subject to optional redemption, mandatory sinking fund redemption after the end of the Initial Term Rate Period, and mandatory tender for purchase as described herein.

The Initial Term Rate Period will commence on the date of delivery of the Series A Bonds and end on the day prior to the Mandatory Tender Date shown on the inside cover page hereof. Any subsequent Interest Rate Period for the Series A Bonds will commence on the Mandatory Tender Date. Following the mandatory tender of the Series A Bonds, the Issuer has the right to change the Interest Rate Period (a “Conversion”) then applicable to the Series A Bonds to another Interest Rate Period. The Issuer may designate two or more sub-series of the Series A Bonds and convert each such sub-series to a different Interest Rate Period. See “Conversion of Interest Rate Periods” below.

Prior to the end of the Initial Term Rate Period, the Issuer will appoint one or more remarketing agents for the Series A Bonds, each of which is referred to herein singly and collectively as the “Remarketing Agent.” See “REMARKETING AGENT.”

While bearing interest at the Initial Term Rate, the Series A Bonds are not subject to tender for purchase and remarketing at the option of the Owner or Beneficial Owners of such Series A Bonds. The Series A Bonds during the Initial Term Rate Period are only subject to mandatory tender for purchase as described below under “Mandatory Tender Provisions.”

### Conversion of Series A Bonds to New Interest Rate Period

***Right of Conversion.*** The Interest Rate Period applicable to the Series A Bonds is subject to Conversion, at the option of the Issuer, from the Initial Term Rate Period to another Interest Rate Period on any date on which the Series A Bonds are subject to optional redemption and on the Mandatory Tender Date following the end of the Initial Term Rate Period, with such right to be exercised by delivery of a notice of Conversion (a “Conversion Notice”) to the Trustee, the Calculation Agent (if any), and the Remarketing Agent. Upon receipt of a Conversion Notice from the Issuer, as soon as possible, but in any event not less than 30 days prior to the proposed Conversion Date, the Trustee is to give notice by first-class mail to the Owners of the Series A Bonds in accordance with the Trust Agreement. The Trust Agreement provides that such notice may be rescinded on or prior to the effective date of the Conversion.

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 of Series A Bonds will be governed by arrangements among them, and the Issuer and the Trustee will not have any responsibility or obligation to send any notice to Beneficial Owners of Series A Bonds.

***End of Initial Term Rate Period.*** In the event the Issuer has not given a Conversion Notice with respect to the Series A Bonds bearing interest at the Initial Term Rate at the time required, or if the conditions to the effectiveness of a Conversion to another Interest Rate Period are not satisfied, including as a result of the Remarketing Agent failing to remarket all the Series A Bonds in the new Interest Rate Period, then on the day following the last day of the Initial Term Rate Period, the Series A Bonds shall automatically convert to a Weekly Interest Rate Period, provided that the Series A Bonds shall not be subject to optional tender by the Owners thereof and shall bear interest at the Stepped Rate. See “Insufficient Funds; Stepped Rate” below.

***Failure to Convert.*** The Trust Agreement provides that at the end of the Initial Term Rate Period upon a failed conversion of the Series A Bonds from the Initial Term Rate to another Interest Rate Period, the Series A Bonds will bear interest at the Stepped Rate described below. Unsuccessful conversions attempted prior to the end of the Initial Term Rate Period do not result in a change in rate and the Owners of the Series A Bonds will continue to hold such Bonds at the Initial Term Rate until the end of the Initial Term Rate Period. However, after the end of the Initial Term Rate Period, the Series A Bonds not remarketed will bear interest at the Stepped Rate.

There is no liquidity facility or credit facility in effect for the Series A Bonds during the Initial Term Rate Period. Any failure to convert the Series A Bonds to another Interest Rate Period will not constitute an Event of Default. See “Insufficient Funds; Stepped Rate” below.

In addition, the Remarketing Agent will remain obligated to remarket the Series A Bonds and the Series A Bonds will remain subject to optional redemption, mandatory tender for purchase, and Conversion as described above and provided in the Trust Agreement.

#### **Mandatory Tender of Series A Bonds**

The Series A Bonds will be subject to mandatory tender and remarketing on the Mandatory Tender Date set forth on the inside cover page hereof, following the end of the Initial Term Rate Period. The Issuer expects funds from the remarketing at that time to be applied to pay the Purchase Price of the Series A Bonds. The Issuer is not obligated to provide any other funds for the purchase of the Series A Bonds other than remarketing proceeds and can give no assurance that sufficient remarketing proceeds will be available to purchase the Series A Bonds on the Mandatory Tender Date. If there are insufficient funds to purchase any Series A Bonds at the end of the Initial Term Rate Period, the Owners will retain the Series A Bonds and the Series A Bonds will automatically convert to a Weekly Interest Rate Period and bear interest at the Stepped Rate. See “Insufficient Funds; Stepped Rate” below.

The Series A Bonds are also subject to mandatory tender and remarketing, at the option of the Issuer, on any date on which the Series A Bonds are subject to optional redemption. See “REDEMPTION – Optional Redemption” and “- Purchase in Lieu of Redemption,” and “Conversion of Series A Bonds Interest Rate Period,” “Mandatory Tender of Series A Bonds,” and “Mandatory Tender for Purchase of Series A Bonds at Election of Issuer” below.

#### **Funding Mandatory Tenders of Series A Bonds**

The Issuer expects funds to be made available to purchase Series A Bonds tendered for purchase pursuant to the mandatory tender provisions described above by having the Remarketing Agent remarket the tendered Series A Bonds and having the proceeds applied to purchase the tendered Series A Bonds. See “REMARKETING AGENT.” **There will be no liquidity facility or credit facility in effect for the Series A Bonds during the Initial Term Rate Period.**

The Issuer is not obligated to provide any other funds for the purchase of the Series A Bonds following the end of the Initial Term Rate Period other than remarketing proceeds and can give no assurance that sufficient remarketing proceeds will be available to pay the Series A Bonds on the Mandatory Tender Date. The Trust Agreement provides that if sufficient funds are not available for the purchase of any Series A Bonds tendered for purchase following the end of the Initial Term Rate Period pursuant to the mandatory tender provisions described above, the Series A Bonds shall bear interest at the Stepped Rate following the end of the Initial Term Rate Period. See “Insufficient Funds; Stepped Rate” below.

If such remarketing of the Series A Bonds is not successful, other potential sources of payment, which the Issuer, in its sole discretion, may apply to the payment of the Purchase Price of the Series A Bonds, include the Revenues of the Issuer derived from the Accepted Metropolitan Highway System and Dedicated Payments under the Trust Agreement. See “Security for the 2019 Bonds.”

#### **Insufficient Funds; Stepped Rate**

**If sufficient funds are not available for the purchase of all Series A Bonds required to be purchased on the Mandatory Tender Date following the end of the Initial Term Rate Period, the Series A Bonds shall automatically convert to a Weekly Interest Rate Period and bear interest at a rate of interest equal to the Stepped Rate (as defined below) from such Failed Tender Date (as defined below) until all the Series A Bonds are purchased, and all tendered Series A Bonds shall be returned to their respective Owners. Such failed purchase and return will not constitute an Event of Default. Interest on the Series A Bonds while in the Weekly Interest Rate Period bearing interest at the Stepped Rate will be payable semi-annually on each January 1 and July 1 following the Failed Tender Date and the Record Date for such payment of interest will be the Business Day next preceding such interest payment date. **Notwithstanding anything to the contrary in the Trust Agreement, Series A Bonds bearing interest during a Weekly Interest Rate Period at the Stepped Rate will not be subject to optional tender by the Owners thereof.** No Opinion of Bond Counsel is required in connection with such automatic conversion to a Weekly Interest Rate Period. The Remarketing Agent will remain obligated to remarket the Series A Bonds and the Series A Bonds bearing interest at a Stepped Rate will remain subject to optional redemption, mandatory tender for purchase, and Conversion as described above and provided in the Trust Agreement. **None of the Series A Bonds will be supported by a liquidity facility or credit facility during the Initial Term Rate Period.****

From the Failed Tender Date until all the Series A Bonds are purchased as required under the Trust Agreement, the Series A Bonds shall, during the Weekly Interest Rate Period (or portion thereof) commencing on the Failed Tender Date, bear interest at the Stepped Rate calculated by the Calculation Agent. The Stepped Rate will be determined by the Calculation Agent based upon the Stepped Rate Index determined on each Stepped Rate Determination Date, which is defined to mean the applicable Failed Tender Date and each Wednesday thereafter, or if any such Wednesday is not a Business Day, then the next preceding Business Day, such date being the same day the SIFMA Swap Index is expected to be published or otherwise made available to the Calculation Agent, and if the SIFMA Swap Index is published on a different day, such day will be the Stepped Rate Determination Date. The Stepped Rate Index so calculated will apply to the calendar week from and including the immediately succeeding Thursday to and including the following Wednesday or for the initial period from the Failed Tender Date to and including the Wednesday following the Failed Tender Date, unless the Failed Tender Date is a Wednesday in which event such rate will be based on the SIFMA Swap Index determined on the prior Wednesday and will only apply to the Failed Tender Date.

The Trustee will furnish the Stepped Rate to the Issuer by Electronic Means on each Stepped Rate Determination Date and each other date the Stepped Rate changes.

*“Stepped Rate”* means the rate of interest applicable to the Series A Bonds bearing interest at the Initial Term Rate should insufficient funds be available to purchase the Series A Bonds in connection with their mandatory tender at the end of the Initial Term Rate Period. The Stepped Rate for the Series A Bonds at the end of the Initial Term Rate Period will be as set forth in the table below, provided that the Stepped Rate shall never be less than the rate of interest applicable to the Series A Bonds on the Business Day prior to the Failed Tender Date. Notwithstanding anything to the contrary in this definition or the Trust Agreement, the Stepped Rate shall never exceed 10% per annum.

<b>Stepped Rate Period</b>	<b>Stepped Rate (per annum)</b>
From Failed Tender Date to but excluding 90 <sup>th</sup> day thereafter	Stepped Index Rate plus 2.5%
90 <sup>th</sup> Day after Failed Tender Date to but excluding 180 <sup>th</sup> day after failed Tender Date	Greater of (i) Stepped Index Rate plus 5.0%, or (ii) 7.5%
180 <sup>th</sup> day after Failed Tender Date and thereafter	Maximum Bond Interest Rate

“*Stepped Rate Index*” means the SIFMA Swap Index, provided that if such index is not published or otherwise made available, the Stepped Rate Index used in calculating the Stepped Rate will be 68% of the EFFR or, if the EFFR is not published or otherwise made available, 68% of the Treasury Rate (each as defined in APPENDIX C- “Certain Variable Rate Bond Definitions.”).

“*SIFMA Swap Index*” means, on any date, a rate determined based on the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Trustee and the Department and effective from such date.

“*Failed Tender Date*” means the date on which insufficient funds are available for the purchase of all Series A Bonds tendered or deemed tendered and required to be purchased on the Mandatory Tender Date at the end of the Initial Term Rate Period, as described in the Trust Agreement.

#### **Mandatory Tender for Purchase of Series A Bonds at Election of Issuer**

The Series A Bonds are also subject to mandatory tender for purchase at the option of the Issuer, in whole or in part (in Authorized Denominations), on any date the Series A Bonds would be subject to optional redemption (each, an “Optional Purchase Date”) at a purchase price equal to the principal amount of such Series A Bonds to be purchased on the Optional Purchase Date, plus accrued interest to the Optional Purchase Date (in each case, the “Optional Purchase Price”). See “REDEMPTION – Purchase in Lieu of Redemption.” In the event that the Issuer determines to purchase any Series A Bonds on any Optional Purchase Date, the Issuer will provide the Trustee with written notice of such determination at least 35 days prior to the Optional Purchase Date, which notice will specify the principal amount of the Series A Bonds of each maturity that are to be purchased and the Optional Purchase Date on which such purchase is to occur.

When the Trustee receives notice from the Issuer of its determination to purchase Series A Bonds pursuant to the provisions described above, the Trustee will give notice to the Owners of the Series A Bonds and the Remarketing Agent, in the name of the Issuer, of the mandatory tender for purchase of the Series A Bonds, which notice shall be mailed, by first class mail, postage prepaid, not more than 60 nor less than 30 days before the Optional Purchase Date. Receipt of such notice of mandatory tender for purchase shall not be a condition precedent to the mandatory tender for purchase of the Series A Bonds and failure to receive any such notice or any defect in such notice shall not affect the validity of the proceedings for the mandatory tender for purchase of the Series A Bonds pursuant to the provisions of the Trust Agreement described herein. 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 of Series A Bonds will be governed by arrangements among them, and the Issuer and the Trustee will not have any responsibility or obligation to send any notice to Beneficial Owners of the Series A Bonds.

If less than all the Series A Bonds are to be called for mandatory tender for purchase at the election of the Issuer, the Issuer will select the principal amount and maturity of the Series A Bonds to be purchased in its sole discretion. If less than all the Series A Bonds within a maturity are to be tendered at any one time, DTC’s practice is

to determine by lot the amount of the interest of each DTC Direct Participant in the Series A Bonds to be tendered. See APPENDIX F - "Book-Entry Only System."

For purposes of such selection, the Series A Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately tendered. If at the time the Trustee sends any notice of mandatory tender for purchase of any Series A Bonds as described in the preceding paragraph, the Issuer has not deposited with the Trustee an amount sufficient to pay the full Optional Purchase Price of the Series A Bonds, or the portions thereof, to be purchased, such notice shall state that such mandatory tender for purchase is conditional upon the receipt by the Trustee on or prior to the Optional Purchase Date fixed for such purchase of moneys sufficient to pay the Optional Purchase Price of the Series A Bonds, or the portions thereof to be purchased, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to purchase such Series A Bonds.

If all outstanding Series A Bonds are purchased by the Issuer (i) the date of such purchase will be deemed to be the Purchase Date, and (ii) the Initial Term Rate Period will be deemed to have expired on the day immediately preceding such Purchase Date. Upon the Issuer's successful purchase, the Series A Bonds will be subject to Conversion and remarketing without notice of Conversion being provided by the Issuer.

## **SERIES B BONDS**

The Series B-1 Bonds will be issued in the aggregate principal amount of \$54,365,000\*. The Series B-2 Bonds will be issued in the aggregate principal amount of \$15,470,000\*. The Series B Bonds are being issued as fixed rate bonds and will bear interest from their date to maturity, or earlier date of redemption, at the per annum rates set forth on the inside cover page hereof. Interest on the Series B Bonds will be payable on each January 1 and July 1, commencing July 1, 2019, to the registered owner as of the record date. Interest on the Series B Bonds will accrue on the basis of a 360-day year consisting of twelve 30-day months. The Series B-1 Bonds will be subject to optional redemption as described herein. The Series B-2 Bonds are not subject to optional redemption.

## **REDEMPTION OF 2019 BONDS**

### ***Optional Redemption.***

Provided there is no continuing Event of Default under the Trust Agreement, the Series A Bonds are subject to redemption at the written direction of the Issuer, in whole or in part on any date on or after January 1, 2023\*, in integral multiples of \$5,000, at a price of 100% of the principal amount of Series A Bonds called for redemption, without premium, plus accrued interest up to but not including the redemption date.

Provided there is no continuing Event of Default under the Trust Agreement, the Series B-1 Bonds maturing after January 1, 20\_\_ are subject to redemption at the written direction of the Issuer, in whole or in part on any date on or after January 1, 20\_\_ from the maturities selected by the Issuer, in integral multiples of \$5,000, at a price of 100% of the principal amount of such Series B Bonds called for redemption, without premium, plus accrued interest up to but not including the redemption date.

The Series B-2 Bonds are not subject to redemption at the option of the Issuer.

***Mandatory Sinking Fund Redemption.*** The Series A Bonds are subject to mandatory sinking fund redemption and shall be redeemed prior to their stated maturity, from Sinking Fund Installments, payable on January 1 of each of the years and in the amounts set forth below, at a price of 100% of the principal amount of such Series A Bonds called for redemption, without premium, plus accrued interest up to but not including the date of redemption.

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\* Preliminary, subject to change.

**Series A Term Bonds\***

<u>Year</u>	<u>Amount</u>
2030	\$ 17,380,000
2031	10,000,000
2032	10,000,000
2033	13,000,000
2034	14,000,000
2035	12,000,000
2036	45,000,000
2037	50,000,000
2038	97,500,000
2039 <sup>†</sup>	102,500,000

<sup>†</sup> Maturity.

***Partial Redemption.*** Any partial optional redemption of Series A Bonds shall be credited by the Trustee at 100% of the principal amount thereof against future mandatory sinking fund redemption requirements, if any, for such Series A Bonds as shall be specified in an Issuer certificate; provided, however, that until the Issuer delivers such certificate, the Trustee shall allocate the principal amount of Series A Bonds so redeemed against future mandatory sinking fund redemption requirements in chronological order.

***Purchase in Lieu of Redemption.*** The Series A Bonds and the Series B-1 Bonds are subject to purchase by the Issuer on any date that such 2019 Bonds are subject to redemption at the written direction of the Issuer in integral multiples of \$5,000, at a price of 100% of the principal amount of such 2019 Bonds purchased, without premium, plus accrued interest up to but not including the purchase date. See “SERIES A BONDS – Mandatory Tender for Purchase of Series A Bonds at Election of Issuer” above.

***Notice of Redemption.*** In the event any of the Series A Bonds or Series B-1 Bonds are called for redemption, the Trustee shall give notice, in the name of the Issuer, of the redemption of such 2019 Bonds, which notice shall (i) specify the 2019 Bonds to be redeemed, the redemption date, the redemption price, and the place or places where amounts due upon such redemption will be payable (which shall be the principal corporate trust office of the Trustee) and, if less than all of such 2019 Bonds are to be redeemed, the numbers of the 2019 Bonds and the portions of the 2019 Bonds, so to be redeemed, (ii) state any conditions to such redemption, and (iii) state that on the redemption date, and upon the satisfaction of any such conditions, the 2019 Bonds to be redeemed shall cease to bear interest. CUSIP® number identification shall accompany all redemption notices. Such notice may set forth any additional information relating to such redemption. If, at the time of mailing of the notice of optional redemption, moneys have not been deposited with the Trustee in an amount sufficient to redeem all of the 2019 Bonds called for redemption, such notice may state that it is conditional, *i.e.*, subject to the deposit of sufficient moneys not later than the opening of business on the redemption date, and any such notice shall be of no effect unless such moneys are deposited.

Such notice shall be given by mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption to each owner of 2019 Bonds to be redeemed at its address shown on the registration books kept by the Trustee; provided, however, that failure to give such notice to any Bondowner or any defect in such notice shall not affect the validity of the proceedings for the redemption of any of the other 2019 Bonds. The Trustee shall send a second notice of redemption by certified mail return receipt requested to any registered owner who has not submitted 2019 Bonds called for redemption 30 days after the redemption date; provided, however, that the failure to give any second notice by mailing, or any defect in such notice, shall not affect the validity of any proceedings for the redemption of any of the 2019 Bonds and the Trustee shall not be liable for any failure by the Trustee to send any second notice.

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\* Preliminary, subject to change.



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

***Effect of Redemption.*** Any 2019 Bonds and portions of 2019 Bonds which have been duly selected for redemption and which are paid in accordance with the Trust Agreement shall cease to bear interest on the specified redemption date.

## **PAYMENTS FROM THE COMMONWEALTH**

Pursuant to Section 138 of Chapter 27 of the Acts of 2009, as amended, the Commonwealth and the Authority, as predecessor to MassDOT, entered into the 2009 Contract, which provides for the payment by the Commonwealth to MassDOT of contract assistance in the amount \$100,000,000 per fiscal year until June 30, 2039. The 2009 Contract provides that such amount shall be paid in 12 monthly installments. The final installment in each fiscal year shall not be later than two weeks before the end of the then-current fiscal year.

The 2009 Contract and payments thereunder shall constitute irrevocable general obligations of the Commonwealth for which the full faith and credit of the Commonwealth are pledged for the benefit of MassDOT and the Owners of bonds issued under the Trust Agreement (the “MHS Bonds”) to which such amounts are pledged. The obligation of the Commonwealth to pay the 2009 Contract Assistance is absolute and unconditional. The Commonwealth shall have no power to set off the 2009 Contract Assistance against any obligation due to the Commonwealth from MassDOT and shall have no power to impose conditions on the payment of the 2009 Contract Assistance, except as set forth in the 2009 Contract. See APPENDIX A - “Summary of the Contract and Related Provisions of the Trust Agreement.” In the opinion of Bond Counsel, the obligation of the Commonwealth to pay the 2009 Contract Assistance to MassDOT constitutes a general obligation of the Commonwealth for which the full faith and credit of the Commonwealth are pledged.

Under the Trust Agreement, the 2009 Contract Assistance constitutes Dedicated Payments and shall be deposited monthly upon receipt from the Commonwealth directly in the Subordinated Debt Service Fund and used first to pay debt service on Subordinated Bonds, including the 2019 Bonds, and other Subordinated Obligations. In particular, such amounts shall be deposited upon receipt in the Subordinated Debt Service Fund until the amount so deposited on each date causes Subordinated Net Debt Service (calculated as of such date of deposit) to be or projected to be equal to zero. Thereafter, the balance remaining, if any, shall be deposited in the Senior Debt Service Fund. Dedicated Payments, including the 1999 Contract Assistance described below, are anticipated to exceed the total amount of Subordinated Obligations. See “SUBORDINATED DEBT SERVICE REQUIREMENTS.” The Enabling Act currently only permits the issuance of additional MHS Bonds under the Trust Agreement to refund, from time to time, obligations initially issued by the Authority prior to July 1, 2009.

Pursuant to Chapter 235 of the Massachusetts Acts of 1998, the Commonwealth and the Authority, as predecessor to MassDOT, entered into a contract (the “1999 Contract”) in February, 1999 to provide funding for the operation and maintenance of the two non-tolled portions of the Accepted Metropolitan Highway System, comprising the Central Artery and CANA; such costs are certified annually by MassDOT, in an amount not to exceed \$25 million annually. The 1999 Contract constitutes a general obligation of the Commonwealth for which the full faith and credit of the Commonwealth are pledged for the benefit of the Authority and the holders of the Senior Bonds, and after all Senior Bonds are no longer outstanding, but no later than January 1, 2037, the holders of Subordinated Bonds. The 1999 Contract Assistance constitutes Dedicated Payments and is allocated to the Senior Debt Service Fund. Pursuant to the Trust Agreement, MassDOT has allocated Dedicated Payments derived from the 1999 Contract in fiscal years 2038 and 2039 to the Subordinated Debt Service Fund.

For further information about the Commonwealth, see the Commonwealth Information Statement.

## PLAN OF FINANCE

MassDOT is issuing the 2019 Bonds to refund the Refunded Subordinated Bonds, and to pay costs incurred in connection with the issuance of the 2019 Bonds, including termination amounts due on certain interest rate swap agreements relating to the Refunded Subordinated Bonds. The proceeds from the sale of the 2019 Bonds and other available funds are expected to be applied as follows (rounded to the nearest dollar):

### Sources and Uses of Funds

#### Sources of Funds:

Aggregate Principal Amount of the 2019 Bonds	\$
Original Issue Premium/Discount	
Transfer from Subordinated Debt Service Fund	
Transfer from Subordinated Debt Service Reserve Fund	

#### Total Sources of Funds:

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\$

#### Uses of Funds:

Deposit to Bond Redemption Account	\$
Swap Termination Fees	
Cost of Issuance (including Underwriters' discount)	

#### Total Uses of Funds:

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\$

The proceeds of the 2019 Bonds will be used, together with funds available under the Trust Agreement, to redeem the Refunded Subordinated Bonds identified in APPENDIX G - "Table of Refunded Subordinated Bonds"\*, and to pay the costs of issuing the 2019 Bonds, including termination amounts due with respect to related interest rate swap transactions. Upon the issuance of the 2019 Bonds, a portion of the proceeds of the Series 2019 Bonds, together with funds available under the Trust Agreement, will be deposited in a Series 2010 A-2/A-6 Bond Redemption Account established under a Refunding Trust Agreement, dated as of January \_\_, 2019, between the Issuer and The Bank of New York Mellon, as Refunding Bond Trustee, and used on the redemption dates set forth in APPENDIX G to redeem the Refunded Subordinated Bonds. Upon the issuance of the 2019 Bonds, the Refunded Subordinated Bonds will no longer be outstanding under the Trust Agreement. The refunding is contingent upon the delivery of the 2019 Bonds. If the 2019 Bonds are sold and interest rate swap terminations executed, but the 2019 Bonds cannot be issued as planned, the interest rate swap agreements will remain in effect, subject to a payment to or from MassDOT to account for any gain or loss associated with reinstating the agreements.

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\* Preliminary, subject to change.

## SUBORDINATED DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service to be paid on the Subordinated Bonds (without giving effect to the issuance of the 2019 Bonds) in each future Fiscal Year in which the 2019 Bonds will be outstanding. Since the Subordinated Debt Service Reserve Fund is not expected to be funded following the issuance of the 2019 Bonds, certain of the amounts shown as additional offsets to subordinated debt service will no longer be available, particularly the amounts shown in Fiscal Years 2038 and 2039, following the issuance of the 2019 Bonds. See Footnote 4 to the table below and “SECURITY FOR THE 2019 BONDS – SUBORDINATED DEBT SERVICE FUND.” MassDOT also has Outstanding Senior Bonds under the Trust Agreement. See “OUTSTANDING INDEBTEDNESS.” Totals may not sum due to rounding

Fiscal Year	Existing Subordinated Bonds <sup>1</sup>		Total Existing Subordinated Debt Service	Series 2019 Bonds		Contract Assistance from the Commonwealth	Additional Offsets to Subordinated Debt Service <sup>3</sup>	Total Subordinated Net Debt Service	Transfer to Senior Debt Service Fund <sup>4</sup>	Subordinated Debt Service Coverage Ratio
Ending June 30	Principal	Interest <sup>2</sup>		Principal	Interest					
2020	\$ 22,155,000	\$43,101,526	\$ 65,256,526			\$100,000,000	\$ 1,913,513	\$ 63,343,013	\$36,656,987	1.58
2021	25,260,000	40,802,737	66,062,737			100,000,000	1,996,481	64,066,256	35,933,744	1.56
2022	24,420,000	39,083,075	63,503,075			100,000,000	1,945,319	61,557,756	38,442,244	1.62
2023	20,190,000	37,862,075	58,052,075			100,000,000	1,782,120	56,269,955	43,730,045	1.78
2024	29,950,000	36,852,575	66,802,575			100,000,000	2,054,241	64,748,334	35,251,666	1.54
2025	28,280,000	35,355,075	63,635,075			100,000,000	2,005,258	61,629,817	38,370,183	1.62
2026	29,880,000	33,941,075	63,821,075			100,000,000	2,032,516	61,788,559	38,211,441	1.62
2027	31,545,000	32,447,075	63,992,075			100,000,000	2,060,467	61,931,608	38,068,392	1.61
2028	29,575,000	30,889,825	60,464,825			100,000,000	1,966,295	58,498,530	41,501,470	1.71
2029	29,065,000	29,431,675	58,496,675			100,000,000	1,922,528	56,574,147	43,425,853	1.77
2030	35,935,000	27,978,425	63,913,425			100,000,000	414,486	63,498,939	36,501,061	1.57
2031	38,310,000	26,936,506	65,246,506			100,000,000	414,486	64,832,020	35,167,980	1.54
2032	40,020,000	25,407,388	65,427,388			100,000,000	414,486	65,012,902	34,987,098	1.54
2033	41,830,000	23,793,356	65,623,356			100,000,000	414,486	65,208,870	34,791,130	1.53
2034	44,590,000	22,239,438	66,829,438			100,000,000	414,486	66,414,952	33,585,048	1.51
2035	45,545,000	20,598,163	66,143,163			100,000,000	414,486	65,728,677	34,271,323	1.52
2036	54,195,000	18,809,819	73,004,819			100,000,000	414,486	72,590,333	27,409,667	1.38
2037	59,790,000	16,689,288	76,479,288			100,000,000	414,486	76,064,802	23,935,198	1.31
2038	105,000,000	13,701,138	118,701,138			125,000,000	12,670,245	106,030,893	-	1.18
2039	115,000,000	6,745,000	121,745,000			125,000,000	15,607,274	106,137,726	-	1.18

<sup>1</sup> Includes the outstanding 2010 Series A Subordinated Bonds, the outstanding 2010 Series B Subordinated Bonds, and the outstanding 2018 Series A Subordinated Bonds (each as defined herein). All of the outstanding 2010 Series A Subordinated Bonds are expected to be refunded through the issuance of the 2019 Bonds. See “OUTSTANDING INDEBTEDNESS” and APPENDIX G – “Table of Refunded Subordinated Bonds.”

<sup>2</sup> Debt service on the 2010 Series A Subordinated Bonds has been calculated using the fixed rates payable by MassDOT under existing swap agreements relating to such Bonds, provided that for those subseries of 2010 Series A Subordinated Bonds that are in a direct bank purchase interest rate mode, interest is calculated at the rate set forth in the applicable direct purchase agreement, using one-month LIBOR in effect as of December 5, 2018, for the term of such agreement. Does not include credit and liquidity provider fees.

<sup>3</sup> Consists of estimated earnings on the Subordinated Debt Service Reserve Fund and Subordinated Debt Service Fund, and releases in Fiscal Years 2038 and 2039 of \$12,670,245 and \$15,607,274, respectively, from the Subordinated Debt Service Reserve Fund, based on current requirements for the 2010 Series A Subordinated Bonds. However, the Subordinated Debt Service Reserve Fund is not expected to be funded following the issuance of the 2019 Bonds, and certain of the amounts shown as additional offsets to subordinated debt service will no longer be available, particularly the amounts shown in Fiscal Years 2038 and 2039. See “SECURITY FOR THE 2019 BONDS – SUBORDINATED DEBT SERVICE FUND.”

<sup>4</sup> The final maturity of the outstanding Senior Bonds is in Fiscal Year 2037.

## **SECURITY FOR THE 2019 BONDS**

The principal of and premium, if any, and interest on the Subordinated Bonds, including the 2019 Bonds, are payable from and secured by a subordinated pledge of the Revenues of the Issuer derived from the Accepted Metropolitan Highway System, including all tolls, rates, fees, rentals, and other charges and certain investment income and other revenues, all as more fully described in APPENDIX B - "Summary of Certain Provisions of the Trust Agreement - The Pledge Effected by the Trust Agreement." All Subordinated Bonds, including the 2019 Bonds, are also secured by a subordinated lien and charge on all funds and accounts created under the Trust Agreement (other than the Rebate Fund), except that the Subordinated Bonds, including the 2019 Bonds, are not secured by the Senior Debt Service Fund or the Senior Debt Service Reserve Fund, and the Senior Bonds are not secured by the Subordinated Debt Service Fund or the Subordinated Debt Service Reserve Fund. As described herein, none of the 2019 Bonds are secured by any amounts in the Subordinated Debt Service Reserve Fund.

For a description of MHS Bonds Outstanding under the Trust Agreement, see "OUTSTANDING INDEBTEDNESS." The Enabling Act only permits the issuance of additional MHS Bonds under the Trust Agreement to refund from time to time obligations initially issued by the Authority prior to July 1, 2009.

Under the Enabling Act, all revenues from the Metropolitan Highway System are deposited to the Trust Fund established under the Transportation Reform Act. Amounts which constitute Revenues under the Trust Agreement shall be deposited to the Revenue Fund as described under "Pledge Under the Trust Agreement" below. All other revenues in the Trust Fund are not pledged to the 2019 Bonds or other bonds outstanding under the Trust Agreement.

The MHS Bonds, including the 2019 Bonds, are not subject to acceleration in the event of any default under the Trust Agreement.

### **PAYMENTS FROM THE COMMONWEALTH**

The Commonwealth and the Authority entered into the 2009 Contract providing for the payment by the Commonwealth to MassDOT of contract assistance in the amount of \$100,000,000 per fiscal year until June 30, 2039. In the opinion of Bond Counsel, the obligation of the Commonwealth to pay such contract assistance to MassDOT constitutes a general obligation of the Commonwealth for which the full faith and credit of the Commonwealth are pledged. Accordingly and as described below under "Pledge Under the Trust Agreement" and "Flow of Funds," under the Trust Agreement the 2009 Contract Assistance constitutes Dedicated Payments and shall be deposited directly to the Subordinated Debt Service Fund and used first to pay debt service on Subordinated Obligations, including the 2019 Bonds. Under the Enabling Act and the Trust Agreement, MassDOT may only issue Additional Subordinated Bonds to refund other Subordinated Bonds.

The 1999 Contract provides for payment by the Commonwealth to MassDOT of contract assistance for the costs of the operation and maintenance the Central Artery and CANA, as certified annually by MassDOT and in an amount not to exceed \$25 million annually. The 1999 Contract constitutes a general obligation of the Commonwealth for which the full faith and credit of the Commonwealth are pledged for the benefit of MassDOT and the holders of the Senior Bonds, and after all Senior Bonds are no longer outstanding, but no later than January 1, 2037, the holders of Subordinated Bonds. Amounts payable under the 1999 Contract constitute Dedicated Payments and are allocated to the Senior Debt Service Fund. Pursuant to the Trust Agreement, MassDOT has allocated such Dedicated Payments derived from the 1999 Contract in fiscal years 2038 and 2039 to the Subordinated Debt Service Fund.

The amount of such Dedicated Payments from the 2009 Contract and the 1999 Contract is anticipated to exceed the total Subordinated Debt Service in each year that the 2019 Bonds are Outstanding. See "SUBORDINATED DEBT SERVICE REQUIREMENTS."

### **PLEDGE UNDER THE TRUST AGREEMENT**

The 2019 Bonds are special obligations of the Issuer payable solely from the items pledged therefor pursuant to the terms of the Trust Agreement. The payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for Senior Bonds is secured by a pledge of the following: (i) the proceeds of the sale

of Senior Bonds; (ii) the Revenues; (iii) Dedicated Payments allocated to Senior Bonds and interest earnings thereon, if any; (iv) the rental income from certain leases between the Issuer and certain third parties specifically listed in a schedule to the Metropolitan Highway System Trust Agreement or added by any Supplemental Trust Agreement; and (v) all Funds and Accounts established under the Trust Agreement (other than the Rebate Fund, the Subordinated Debt Service Fund and the Subordinated Debt Service Reserve Fund), including the investment income thereon, if any. Subject only to the prior pledge created for the payment of Senior Bonds described above and the terms and conditions set forth in the Trust Agreement with respect to such prior pledge, the property described in clauses (ii), (iv) and (v) above (except moneys or Investment Obligations in the Senior Debt Service Fund or the Senior Debt Service Reserve Fund) are further pledged, and the proceeds of the sale of Subordinated Bonds, Dedicated Payments allocated to Subordinated Bonds and interest earnings thereon, the Subordinated Debt Service Fund and the Subordinated Debt Service Reserve Fund are further pledged, to the payment of the Subordinated Bonds.

Under the Trust Agreement, “Revenues” means all (i) all rates, fees, tolls, rentals or other charges and other earned income (including, without limitation, any income earned from the investment of such amounts) and receipts as derived in cash by or for the account of the Issuer from the Accepted Metropolitan Highway System or any Extension, (ii) Investment Income, (iii) any Supplemental Revenues, (iv) the proceeds of use and occupancy insurance on any portion of the Accepted Metropolitan Highway System or any Extension and of any other insurance which insures against loss of revenues therefrom payable to or for the account of the Issuer, and (v) all amounts received by the Trustee for the account of the Issuer under a Hedge Agreement. Notwithstanding the preceding sentence, however, Revenues shall not include (i) Dedicated Payments, (ii) amounts received under a Qualified Hedge Agreement which are deposited in a Debt Service Fund and have been relied upon in calculating Debt Service in accordance with the Trust Agreement, (iii) receipts from extraordinary, non-recurring events or sources attributable to the Accepted Metropolitan Highway System or any Extension, such as sale of property or air rights, (iv) rental income from leases of or licenses to use property or air rights attributable to the Accepted Metropolitan Highway System or any Extension unless pledged by the Issuer pursuant to the Trust Agreement or, in the Issuer’s discretion, as Supplemental Revenues pursuant to a Supplemental Trust Agreement, (v) operating assistance, subsidy or other similar funding received from a governmental or other entity which is attributable to the Accepted Metropolitan Highway System or any Extension, unless pledged by the Issuer, in its discretion, as Supplemental Revenues pursuant to a Supplemental Trust Agreement, or (vi) (a) all rates, fees, tolls, rentals or other charges and other earned income (including, without limitation, any income earned from the investment of such amounts) and receipts as derived in cash by or for the account of the Issuer, (b) operating assistance, subsidy or other similar funding received from a governmental or other entity, and (c) the proceeds of use and occupancy insurance and of any other insurance which insures against loss of revenues therefrom payable to or for the account of the Issuer, in each case with respect to portions of the Metropolitan Highway System other than the Accepted Metropolitan Highway System, if any, and unless pledged by the Issuer, in its discretion, as Supplemental Revenues pursuant to a Supplemental Trust Agreement. For a description of the Accepted Metropolitan Highway System, see “METROPOLITAN HIGHWAY SYSTEM.” Currently, there is no Extension.

Under the Trust Agreement, “Operating Expenses” means the Issuer’s expenses (including deposits to the Operating and Maintenance Reserve Account for such expenses) incurred in the normal course of business for administration, operation, maintenance, repair, ordinary replacements and ordinary reconstruction of the Accepted Metropolitan Highway System or any part of it or any Extension or part of it and shall include, without limiting the generality of the foregoing: allocable overhead and administrative expenses as determined by the Issuer in its discretion, including the payment of a private operator or management company, insurance premiums, legal and engineering expenses, pension, retirement, health and hospitalization payments, expenditures relating to advertisements or promotions by or for the Issuer to promote or increase use of the Accepted Metropolitan Highway System or any Extension and any other expenses required to be paid by the Issuer, all to the extent properly and directly attributable to the operation of the Accepted Metropolitan Highway System and any Extension and payable by the Issuer, and the expenses, liabilities and compensation of the Fiduciaries required to be paid under the Trust Agreement. Operating Expenses shall not include (i) any extraordinary costs or expenses for reconstruction, rehabilitation, improvement or new construction, (ii) any provision for depreciation, amortization or similar charges, (iii) General Fund Expenses, or (iv) any costs or expenses in connection with any project which is not part of the Accepted Metropolitan Highway System or any Extension.

Under the Trust Agreement, “Net Revenues” means, as of any date of calculation and for any period, the actual Revenues for any such past period or the projected Revenues for any such future period and any other

amounts deposited or to be deposited in the Revenue Fund, less the actual Operating Expenses for any such past period or the projected Operating Expenses for any such future period, provided that in both cases the following shall be excluded from Revenues for this purpose: (i) Investment Income from the Senior Debt Service Reserve Fund and the Senior Debt Service Fund to the extent deposited or to be deposited or retained or to be retained, respectively, in the Senior Debt Service Fund; and (ii) Investment Income from the Subordinated Debt Service Reserve Fund and the Subordinated Debt Service Fund deposited or to be deposited or retained or to be retained, respectively, in the Subordinated Debt Service Fund.

Under the Trust Agreement, “Dedicated Payments” means any revenues of the Issuer which are not Revenues as defined in the Trust Agreement as initially adopted, which the Issuer subsequently pledges as additional security for its payment obligations on MHS Bonds pursuant to a Supplemental Trust Agreement, in each case which are specifically designated as Dedicated Payments by the Issuer in accordance with the limitations of the Trust Agreement and, accordingly, are to be deposited in the Senior Debt Service Fund or the Subordinated Debt Service Fund upon receipt.

If Dedicated Payments are to be received from the United States of America, (a) they must automatically recur without appropriation, approval or other similar action by the United States of America or any agency or instrumentality thereof for so long as the Issuer is relying thereon for the purpose of issuing MHS Bonds or demonstrating compliance with covenants under the Trust Agreement, 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 Issuer 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 Issuer is relying thereon for the purpose of issuing MHS Bonds or demonstrating compliance with covenants under the Trust Agreement, 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 Issuer has received a written confirmation from each Rating Agency that its rating of Outstanding MHS Bonds will not be adversely affected, the Issuer may, in its sole discretion, designate any revenues which are not Revenues, as defined in the Trust Agreement as initially adopted, as Dedicated Payments. See APPENDIX B - “Summary of Certain Provisions of the Trust Agreement - Dedicated Payments.” Amounts received from the Commonwealth under the Contract and the 1999 Contract constitute Dedicated Payments under the Trust Agreement. See “PAYMENTS FROM THE COMMONWEALTH.”

Under the Trust Agreement, “Senior Net Debt Service” means Debt Service payable on Senior Bonds less (i) the sum of:

- (a) interest accrued or to accrue on such Bonds which is to be paid from deposits in the Senior Debt Service Fund from the proceeds of Bonds (including amounts, if any, transferred to the Senior Debt Service Fund from the Bond Proceeds Fund) in accordance with a certificate of an Authorized Officer to the Trustee;
  - (b) amounts transferred to the Senior Debt Service Fund from the General Fund at the Issuer’s direction;
  - (c) Investment Income from the Senior Debt Service Reserve Fund and the Senior Debt Service Fund transferred to or retained in the Senior Debt Service Fund; and
  - (d) Dedicated Payments deposited in the Senior Debt Service Fund pursuant to the Trust Agreement;
- plus (ii) Debt Service payable on Bond Anticipation Notes issued in anticipation of Senior 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.

Under the Trust Agreement, “Subordinated Net Debt Service” means Debt Service payable on Subordinated Bonds less (i) the sum of:

- (a) interest accrued or to accrue on such Bonds which is to be paid from deposits in the Subordinated Debt Service Fund made from the proceeds of such Bonds (including amounts, if any, transferred

to the Subordinated Debt Service Fund from the Bond Proceeds Fund) in accordance with a certificate of an Authorized Officer to the Trustee;

- (b) amounts transferred to the Subordinated Debt Service Fund from the General Fund at the Issuer's direction;
- (c) Investment Income from the Subordinated Debt Service Reserve Fund and the Subordinated Debt Service Fund transferred to or retained in the Subordinated Debt Service Fund; and
- (d) Dedicated Payments deposited in the Subordinated Debt Service Fund pursuant to the Trust Agreement;

plus (ii) Debt Service payable on Bond Anticipation Notes issued in anticipation of Subordinated 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.

***The 2019 Bonds are not a debt of the Commonwealth or any political subdivision thereof and neither the Commonwealth nor any political subdivision thereof shall be liable thereon. The Issuer has no taxing power.***

#### **FLOW OF FUNDS**

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

- (i) the Revenue Fund;
- (ii) the Senior Debt Service Fund;
- (iii) the Senior Debt Service Reserve Fund;
- (iv) the Subordinated Debt Service Fund;
- (v) the Subordinated Debt Service Reserve Fund; and
- (vi) the Rebate Fund.

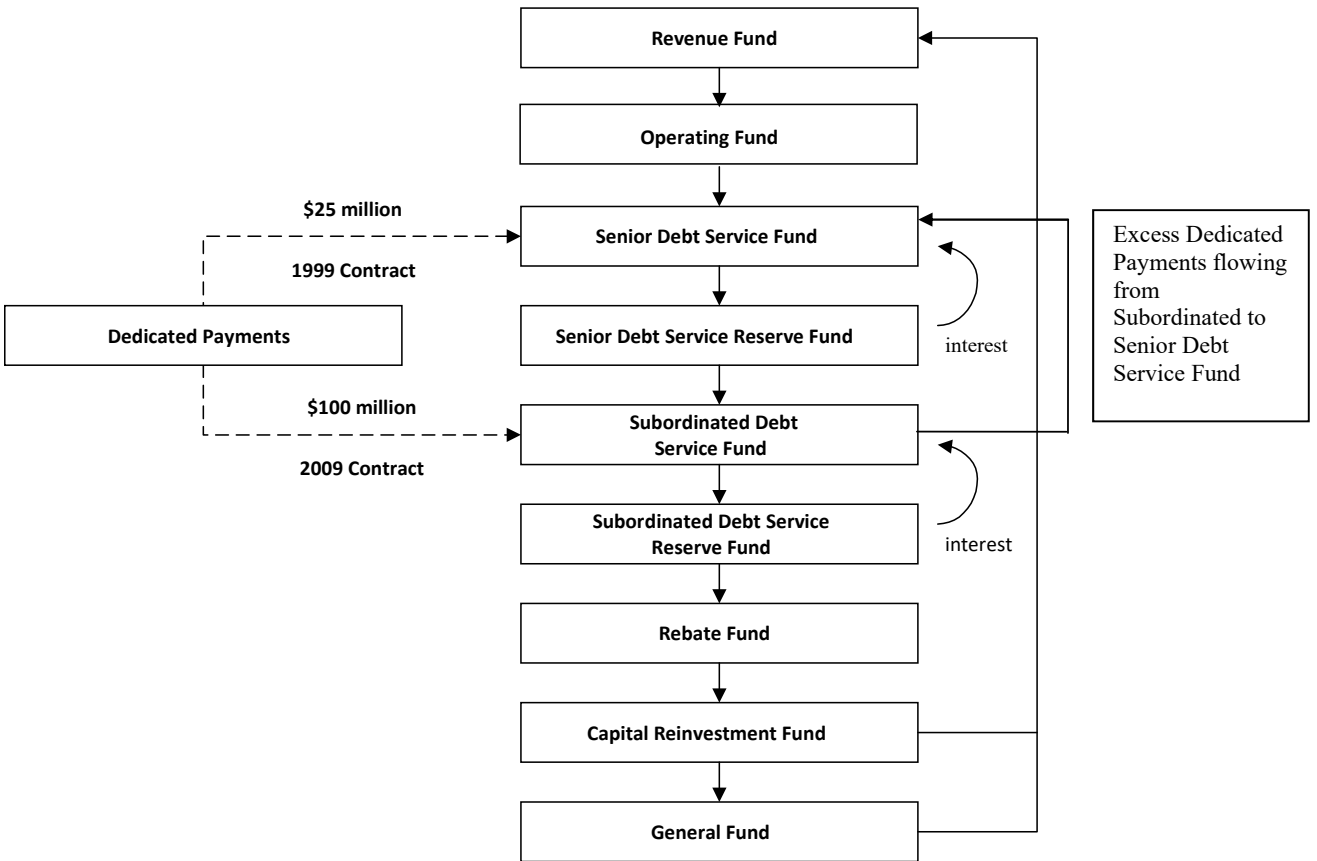
The Trust Agreement establishes the following Funds and Accounts, to be held and administered by the Issuer:

- (i) the Bond Proceeds Fund, which shall include a Metropolitan Highway System Capital Account, a Commonwealth Payment Account, an Extension Account and such other Accounts as the Issuer may create by Supplemental Trust Agreement;
- (ii) the Operating Fund, which shall include an Operations and Maintenance Account and an Operating and Maintenance Reserve Account;
- (iii) the Capital Reinvestment Fund; and
- (iv) the General Fund.

Set forth below is an illustration of the flow of funds under the Trust Agreement which is more fully described in APPENDIX B - "Summary of Certain Provisions of the Trust Agreement - Establishment of Funds and Accounts" through "- Application of General Fund."

*[Remainder of this page intentionally left blank.]*

### Flow of Funds Under the Trust Agreement



### TOLL COVENANT

Under the Trust Agreement, the Issuer is required at all times to establish, levy, maintain and collect such tolls, rentals and other charges in connection with the Accepted Metropolitan Highway System, any Extension and other Projects as shall always be sufficient in the aggregate to provide Revenues in each Fiscal Year to satisfy the requirements described in paragraphs (i) and (ii) below:

- (i) Revenues for each Fiscal Year shall be at least sufficient for the payment of the sum of:
  - (a) Operating Expenses for such Fiscal Year;
  - (b) An amount equal to the Aggregate Debt Service for such Fiscal Year less the amount of Debt Service, if any, payable from Dedicated Payments and any other amounts applied to the reduction of Debt Service, as set forth in the definition of Senior Net Debt Service and Subordinated Net Debt Service, as applicable, and not otherwise included in the definition of Revenues;
  - (c) The amount, if any, to be paid during such Fiscal Year into the Senior Debt Service Reserve Fund (other than amounts required to be paid into such Fund out of the proceeds of Senior Bonds);
  - (d) The amount, if any, to be paid during such Fiscal Year into the Subordinated Debt Service Reserve Fund (other than amounts required to be paid into such Fund out of the proceeds of Subordinated Bonds);
  - (e) The Capital Reinvestment Requirement for such Fiscal Year; and



(f) To the extent not otherwise provided for, the amount which, together with any other lawfully available funds received by the Issuer, shall be sufficient to provide for the payment of all other obligations of the Issuer allocable to the Accepted Metropolitan Highway System, or any Extension; and

(ii) Net Revenues for such Fiscal Year shall be at least equal to the greater of:

(a) 1.20 times the Senior Net Debt Service for such Fiscal Year;

(b) 1.15 times the Combined Net Debt Service (which means Senior Net Debt Service plus Subordinated Net Debt Service) for such Fiscal Year; and

(c) 1.00 times the Combined Net Debt Service plus the Capital Reinvestment Requirement for the Fiscal Year, which is established by the Issuer in its Annual Budget.

The Issuer is permitted under the Trust Agreement, to the extent permitted by law, with respect to the Accepted Metropolitan Highway System, any Extension or any portion of the Metropolitan Highway System which is not part of the Accepted Metropolitan Highway System, at any time to convert to methods of toll collection other than those presently utilized, provided that it shall comply with the foregoing covenants and other provisions of the Trust Agreement. See APPENDIX B - "Summary of Certain Provisions of the Trust Agreement - Tolls and Charges."

The Trust Agreement provides that, on or before the 180th and 360th day of each Fiscal Year the Issuer shall determine whether the required calculations described under this heading (on an annualized basis) indicate that Revenues are reasonably expected to be at or above the required levels at such time. In the event that Revenues are not at or are not reasonably expected to reach the level necessary to maintain the foregoing covenants, the Issuer will obtain a review by an Independent Consultant for the purpose of estimating whether the Revenues in each of the two subsequent Fiscal Years will be sufficient, together with other available moneys, to meet the foregoing covenants. If such estimates indicate insufficient Revenues to enable the Issuer to maintain the foregoing covenants, the Issuer will adjust its tolls, rentals and other charges and take such other action as shall be necessary and sufficient to comply as nearly as practicable with the foregoing covenants. Failure to comply with the foregoing covenants will not constitute a default under the Trust Agreement if the Independent Consultant is of the opinion that a schedule of tolls, rentals and other charges which will comply with such covenants is impracticable at that time and the Issuer establishes a schedule of tolls, rentals and other charges which is recommended by the Independent Consultant to comply as nearly as practicable with such covenants. See APPENDIX B - "Summary of Certain Provisions of the Trust Agreement - Tolls and Charges."

#### **SENIOR DEBT SERVICE RESERVE FUND**

To the extent that amounts in the Senior Debt Service Fund are insufficient to pay Senior Net Debt Service, when due, on the Senior Bonds, deficiencies shall be made up from amounts in the Senior Debt Service Reserve Fund after any transfer from the General Fund. The Trust Agreement requires the Issuer to maintain cash and investment obligations or surety bonds, insurance policies, letters of credit or similar instruments in the Senior Debt Service Reserve Fund equal to the Senior Debt Service Reserve Fund Requirement. The Senior Debt Service Reserve Fund Requirement is equal to the sum of the following amounts calculated for each separate Series of Senior Bonds: the least of (i) 10% of the original net proceeds from the sale of such Series, (ii) 125% of average annual Debt Service for such Series, and (iii) the maximum amount of Debt Service due on such Series in any future Fiscal Year, or, in any event, such lesser amount as may be required to comply with the Code (the "Senior Debt Service Reserve Fund Requirement"). See APPENDIX B - "Summary of Certain Provisions of the Trust Agreement - Definitions and Senior Debt Service Reserve Fund." To the extent that the amount on deposit in the Senior Debt Service Reserve Fund is less than the Senior Debt Service Reserve Fund Requirement, the Issuer is required to restore the amount on deposit in such Senior Debt Service Reserve Fund in 12 equal monthly installments in the case of restoration after a withdrawal (commencing within 90 days of such withdrawal) and in six equal monthly installments in the case of restoration as a result of valuation (commencing 30 days after such valuation).

## SUBORDINATED DEBT SERVICE RESERVE FUND

In connection with the issuance of the 2010 Series A Subordinated Bonds and the 2010 Series B Subordinated Bonds, MassDOT established the 2010 Series A Account and the 2010 Series B Account, respectively, of the Subordinated Debt Service Reserve Fund. The amount required to be deposited in the 2010 Series A Account is currently \$27.6 million. The amount required to be on deposit in the 2010 Series B Account is zero dollars. Upon the issuance of the 2019 Bonds, the amount on deposit in the 2010 Series A Account is expected to be released, and be applied to the redemption of the Refunded Subordinated Bonds. ***The 2019 Bonds will not be secured by any funds held in the Subordinated Debt Service Reserve Fund.*** See “PLAN OF FINANCE” and “OUTSTANDING INDEBTEDNESS.”

## ADDITIONAL INDEBTEDNESS

The Enabling Act currently prohibits the issuance of Additional MHS Bonds under the Trust Agreement except to refund from time to time Authority obligations initially issued prior to July 1, 2009.

The Trust Agreement provides for authentication and delivery of one or more Series of Additional Bonds as described in APPENDIX B – “Summary of Certain Provisions of the Trust Agreement - Additional Senior Bonds” and “- Additional Subordinated Bonds.” The Trust Agreement was amended in 2009 to limit the issuance of Additional Subordinated Bonds. In particular, no Additional Subordinated Bonds may be issued under the Trust Agreement except:

(i) Refunding Bonds issued solely for the purpose of refunding any Subordinated Bonds, to make a deposit to the Subordinated Debt Service Fund or the Subordinated Debt Service Reserve Fund relating to such Refunding Bonds, including any Accounts therein, and to pay or provide for the payment of the costs incurred in connection with the issuance of such Refunding Bonds; and

(ii) MHS Bonds in lieu of or in substitution for MHS Bonds previously issued.

Additional Subordinated Bonds, including the 2019 Bonds, shall be authenticated only upon receipt by the Trustee of one of the following (in addition to the other documents required under the Trust Agreement for the issuance of Subordinated Bonds):

(i) a certificate of an Independent Consultant estimating that in each of the Fiscal Years following the issuance of the Additional Subordinated Bonds, Net Revenues will be at least equal to 1.15 times Combined Net Debt Service; or

(ii) a certificate of an Authorized Officer estimating that for at least 12 consecutive months during the last 18 months, assuming that such Additional Subordinated Bonds had been issued, Net Revenues would have been at least equal to 1.15 times the maximum amount of Combined Net Debt Service in the then current or any future Fiscal Year; or

(iii) a certificate of an Independent Consultant that (a) in each of the Fiscal Years following the issuance of the Additional Subordinated Bonds preceding a particular future Fiscal Year designated for the purpose by the Issuer, Net Revenues will be at least equal to 1.15 times the amount of Combined Net Debt Service in each such Fiscal Year and (b) in such designated future Fiscal Year, Net Revenues will be at least equal to 1.15 times the maximum amount of Combined Net Debt Service in the then current or any subsequent Fiscal Year.

Refunding Bonds of a Series shall be authenticated only upon receipt by the Trustee (in addition to the other documents required under the Trust Agreement for the issuance of Refunding Bonds) of:

(i) if the bonds to be refunded are to be redeemed, instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the bonds so to be refunded on a redemption date specified in such instructions, subject to the provisions of the Trust Agreement;

(ii) if the bonds to be refunded are to be deemed paid within the meaning of the defeasance provisions of the Trust Agreement, instructions to the Trustee, satisfactory to it, to give due notice in the manner specified in such defeasance provisions with respect to the payment of said bonds pursuant to such provisions;

(iii) if the bonds to be refunded are to be deemed paid within the meaning of the defeasance provisions of the Trust Agreement, (a) moneys and/or (b) Investment Obligations as shall be necessary to comply with such provisions, which Investment Obligations and moneys shall be held in trust and used only as provided in such provisions; and

(iv) a certificate of an Authorized Officer of the Issuer stating that (1) the final maturity of the Refunding Bonds is no later than the final maturity of the bonds to be refunded and (2) 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.

To the extent permitted under the Enabling Act, the Issuer reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Issuer, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as provided in the Trust Agreement, entitled to a charge or lien or right with respect to the Revenues or the Funds and Accounts created by or pursuant to the Trust Agreement and is permitted by the Enabling Act.

The Trust Agreement also provides for the issuance by the Issuer of General Fund Indebtedness, which means any debt issued by the Issuer 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 by the Trust Agreement for the benefit of Senior Bonds or Subordinated Bonds. See APPENDIX B – “Summary of Certain Provisions of the Trust Agreement - Additional Senior Bonds” and “- Additional Subordinated Bonds.”

## **MASSACHUSETTS DEPARTMENT OF TRANSPORTATION**

MassDOT was created in 2009 by the Transportation Reform Act, as a body politic and corporate and a public instrumentality of the Commonwealth. The Transportation Reform Act provided for the dissolution of the Authority and the transfer of its assets, liabilities, obligations and debt, including debt outstanding under the Trust Agreement, to MassDOT. MassDOT assumed the rights, powers and duties of the Authority effective November 1, 2009, in accordance with the Transportation Reform Act. The Metropolitan Highway System is a part of the assets owned by MassDOT, and is housed within its Highway Division. Only revenues from the Accepted Metropolitan Highway System (which excludes the Tobin Bridge), and not other assets of MassDOT, are pledged under the Trust Agreement as security for the 2019 Bonds.

While it has an appointed board and is independent of the Commonwealth as a separate body politic, MassDOT is governed by certain state laws, rules and policies applicable to other executive departments of the Commonwealth, including the use of the Commonwealth’s central accounting system (MMARS), payroll system and adherence to state finance law. MassDOT’s Office of the Secretary houses the central administrative functions of the organization, including the General Counsel, Office of Chief Financial Officer, Information and Technology, Human Resources, Communications, Performance Management and Innovation, Diversity and Civil Rights, and Transportation Planning and Enterprise Services.

MassDOT comprises the following four divisions:

- The Highway Division includes roadways, bridges, and tunnels, and certain assets of the Massachusetts Department of Conservation and Recreation (“DCR”). The Highway Division is responsible for the design, construction and maintenance of the Commonwealth’s state highways and bridges. The Highway Division also is responsible for overseeing traffic safety, engineering activities, and snow and ice removal to ensure safe road and travel conditions. The Highway Division has six regional districts.
- The Rail & Transit Division is responsible for all transit, freight and intercity rail initiatives and oversees the Regional Transit Authorities of the Commonwealth.

- The Aeronautics Division has jurisdiction over the Commonwealth's public use airports, private use landing areas, and seaplane bases, but does not operate any such facilities. It is responsible for aircraft registration, airport development and improvements, aviation safety, aircraft accident investigation, navigational aids, and statewide aviation planning. The Aeronautics Division certifies airports and heliports, licenses airport managers, conducts annual airport inspections, and enforces safety and security regulations.
- The Registry of Motor Vehicles (the "RMV") is responsible for vehicle operator licensing and vehicle registration available both online and at branch offices across the Commonwealth. The RMV oversees commercial and non-commercial vehicle inspection stations.

Chapter 46 of the Acts of 2015, which was the Commonwealth's fiscal year 2016 budget, amended certain provisions governing MassDOT and the MBTA. Effective July 1, 2015, MassDOT is governed by the 11-member Board appointed by the Governor with expertise in transportation, finance, engineering and municipal government. A representative of a labor organization is also appointed to the Board. The Board oversees the organization, while serving as the governing body of both MassDOT and MBTA. MassDOT is administered by the Secretary of Transportation, appointed by the Governor to serve as the Chief Executive Officer, and the Secretary serves as an ex-officio member and Chair of the Board. The Enabling Act does not provide for MassDOT to be a debtor under the federal bankruptcy code.

The current members of the Board are set forth below. There are currently two vacancies on the Board.

<b>Member</b>	<b>Occupation</b>	<b>Current Term Expires</b>
STEPHANIE POLLACK, <i>Chair</i>	Secretary and Chief Executive Officer, MassDOT	<i>Ex Officio</i>
TIMOTHY KING	Detective Sergeant, City of Waltham Police Department; President, Massachusetts Police Association	July 1, 2021
DEAN MAZZARELLA	Mayor, City of Leominster; Chairman, Leominster School Committee	July 1, 2021
ROBERT MOYLAN, JR.	Commissioner, City of Worcester, Department of Public Works and Parks	Coterminous with Governor
KATHLEEN MURTAGH	Director of Tunnel Redundancy-Metropolitan Tunnel Redundancy Program, Massachusetts Water Resources Authority	Coterminous with Governor
BRIAN SHORTSLEEVE	Managing Director, M33 Growth	July 1, 2022
JOSEPH C. SULLIVAN	Mayor, Town of Braintree	July 1, 2021
BETSY TAYLOR	Director of Finance and Treasury, Massachusetts Port Authority (retired)	Coterminous with Governor
MONICA TIBBITTS-NUTT	Executive Director, 128 Business Council	July 1, 2022

## ORGANIZATION; MANAGEMENT AND PERSONNEL

Pursuant to the Enabling Act, the Governor has appointed a Secretary of MassDOT, who serves as its chief executive officer:

**Stephanie Pollack, Secretary and Chief Executive Officer.** Ms. Pollack was appointed Secretary of MassDOT in January, 2015. Prior to her appointment, Secretary Pollack was an Associate Director for Research at the Dukakis Center for Urban and Regional Policy at Northeastern University, beginning in 2005. She also was a senior attorney at the Conservation Law Foundation for more than 20 years. Secretary Pollack holds a B.S. in Mechanical Engineering and a B.S. in Public Policy from the Massachusetts Institute of Technology and a J.D. from Harvard University Law School.

The senior management of MassDOT consists of the Chief Executive Officer as well as additional employees with professional qualifications in the fields outlined below.

**Assistant Secretary and Chief Financial Officer, David W. Pottier.** Mr. Pottier was appointed Assistant Secretary and Chief Financial Officer of MassDOT in February, 2016. Prior to joining MassDOT, Mr. Pottier was Manager of Financial Reporting, Budget Manager, and Budget Officer for Massachusetts Housing Finance Agency (MassHousing), and was formerly the Deputy Director of Fiscal Affairs for the Cambridge Housing Authority. Mr. Pottier holds an M.B.A. and a B.A. from Boston University.

**General Counsel, Marie Breen.** Ms. Breen was appointed General Counsel of MassDOT and the MBTA in December 2017. She served as First Deputy General Counsel to MassDOT and the MBTA from 2015 until her appointment as General Counsel. Ms. Breen has over 20 years of experience in transportation and construction, including serving as General Counsel to the Authority and as Chief Counsel to the Central Artery/Tunnel Project. She holds a J.D. from Suffolk University School of Law and a B.A. from Merrimack College.

**Highway Division Administrator, Jonathan Gulliver.** Mr. Gulliver was appointed Highway Administrator of MassDOT in October, 2017, having served as Acting Highway Administrator since May, 2017. Prior to being named the Acting Highway Administrator, he served as the MassDOT District 3 Highway Director responsible for the state highway and bridge system covering 77 municipalities throughout Central Massachusetts, and as the Project Development Director for MassDOT's District 6. Prior to joining MassDOT in 2009, Mr. Gulliver served as the Deputy Chief Engineer of the Massachusetts Department of Conservation and Recreation where he responsible for the management of special agency projects and the Metro-Boston Accelerated Bridge Program. Mr. Gulliver holds a B.S. in Civil Engineering from Worcester Polytechnic Institute.

**Chief Engineer, Patricia A. Leavenworth, P.E.** Ms. Leavenworth was appointed Chief Engineer of MassDOT's Highway Division in June, 2013. She has been with the Highway Division for over 30 years, having served in multiple areas over that time. Prior to being named the District Highway Director for District 4, Ms. Leavenworth had served as the District Construction Engineer in District 3 and was formerly the District Operations Engineer in District 4. Ms. Leavenworth is a Registered Professional Engineer in Massachusetts, and holds a B.S. in Civil Engineering from Norwich University, Military College of Vermont, and an M.S. in Civil Engineering from Worcester Polytechnic Institute.

**Director of Tolling, Stephen M. Collins.** Mr. Collins was appointed Director of Tolling at MassDOT at its inception in November, 2009, previously serving in the same position at the Authority beginning in 2008. Prior to his appointment as Director of Tolling, Mr. Collins worked for the construction management firm for the Central Artery/Tunnel Project, starting as a Community Liaison and, after various promotions, becoming the Associate Project Director. Prior to joining the Authority, Mr. Collins was the business manager for a private non-profit special education school for four years. Mr. Collins holds a B.S. in Business Finance from Providence College.

**Acting District 6 Director, John McInerney, P.E.** Mr. McInerney was appointed Acting District Highway Director for District 6 in the Fall of 2017. Previously, he had served as the District Construction Engineer for District 6 since its creation in 2009, for the Authority from 2000 to 2009, and for the Highway Department from 1991 to 2000. Mr. McInerney is a Registered Professional Engineer in Massachusetts and holds a B.S. degree in Civil Engineering from the University of Lowell.

## EXECUTIVE OFFICES

MassDOT's executive offices are located in the State Transportation Building at 10 Park Plaza, Boston, Massachusetts, 02116. MassDOT's main telephone number is (857) 368-4636.

## FISCAL YEAR

MassDOT's Fiscal Year ends on June 30.

## OUTSTANDING INDEBTEDNESS

The following series of MHS Bonds are Outstanding under the Trust Agreement:

<u>Issue</u>	<u>Principal Amount Outstanding as of January 1, 2019<sup>1</sup></u>
\$1,183,046,617 Massachusetts Turnpike Authority Metropolitan Highway System Revenue Bonds, 1997 Series A (Senior) (Capital Appreciation Bonds)	\$42,006,617
\$89,136,005.95 Massachusetts Turnpike Authority Metropolitan Highway System Revenue Bonds, 1997 Series C (Senior)	\$39,892,697
\$207,665,000 Metropolitan Highway System Revenue Bonds (Senior) Variable Rate Demand Obligations, 2010 Series A (the "2010 Series A Senior Bonds")	\$207,665,000
\$882,310,000 Metropolitan Highway System Revenue Bonds (Senior), 2010 Series B	\$603,210,000
\$592,335,000 Metropolitan Highway System Revenue Bonds (Subordinated) Commonwealth Contract Assistance Secured Variable Rate Demand Obligations, 2010 Series A (the "2010 Series A Subordinated Bonds") <sup>2</sup>	\$454,480,000
\$261,220,000 Metropolitan Highway System Revenue Bonds (Subordinated) Commonwealth Contract Assistance Secured, 2010 Series B (the "2010 Series B Subordinated Bonds")	\$260,365,000
\$135,690,000 Metropolitan Highway System Revenue Refunding Bonds (Subordinated) Commonwealth Contract Assistance Secured, 2018 Series A (the "2018 Series A Subordinated Bonds")	\$135,690,000

<sup>1</sup> Amount outstanding is net of principal, if any, due on January 1, 2019.

<sup>2</sup> The outstanding 2010 Series A Subordinated Bonds are expected to be refunded in full through the issuance of the 2019 Bonds. See "PLAN OF FINANCE" and APPENDIX G – "Table of Refunded Subordinated Bonds."

*Swap Agreements.* MassDOT currently has three interest rate swap agreements in effect relating to the variable rate MHS Bonds, pursuant to which MassDOT pays a fixed rate of interest in exchange for a floating rate of interest paid by the swap counterparty, and one basis swap agreement in effect, as shown in the table below. Each swap agreement has MassDOT bond rating maintenance requirements which, if not met, would require MassDOT to post collateral and could result in the termination of the swap agreement. All termination payments under the swap agreements are subordinate to debt service payments on the MHS Bonds, including the 2019 Bonds. Swap termination payments are secured by a lien on the General Fund established under the Trust Agreement. Certain of the swap agreements will be terminated, in whole or in part, in connection with the refunding of the Refunded Subordinated Bonds, as indicated in the table below. In addition, in connection with the refunding of certain of the 2010 Series A Subordinated Bonds, one of the swap agreements will be novated to a new swap counterparty, Citibank, N.A., as indicated in the table below.

<u>Counterparty</u>	<u>Outstanding Notional Amount As of January 1, 2019</u>	<u>Rate Payable by MassDOT</u>	<u>Rate Payable to MassDOT</u>	<u>Termination Date</u>
UBS AG	\$207,665,000 <sup>1</sup>	4.750%	68% of One-Month LIBOR	01/01/37
UBS AG	\$ 83,100,000 <sup>2, 3</sup>	4.875%	68% of One-Month LIBOR	01/01/37
UBS AG	\$371,380,000 <sup>2, 4</sup>	4.750%	68% of One-Month LIBOR	01/01/39

<sup>1</sup> Related to the 2010 Series A Senior Bonds.

<sup>2</sup> Related to the 2010 Series A Subordinated Bonds.

<sup>3</sup> To be terminated upon refunding of the Refunded Subordinated Bonds.

<sup>4</sup> To be partially terminated upon refunding of the Refunded Subordinated Bonds and the balance of the agreement novated to a new swap counterparty, Citigroup, N.A., and suspended for a period from the date of issuance of the Series A Bonds through December 31, 2022\*, the end of the Initial Term Rate Period applicable to the Series A Bonds.

## THE METROPOLITAN HIGHWAY SYSTEM

### HISTORY AND GENERAL DESCRIPTION

Pursuant to the Enabling Act, the Metropolitan Highway System is an integrated system of tunnels and highways owned and operated by MassDOT, as successor to the Authority. The Metropolitan Highway System comprises the Tunnels, the Boston Extension, CANA, the Central Artery, and the Tobin Bridge, all of which are operated by MassDOT. The Tobin Bridge, which was transferred to MassDOT effective January 2010, is part of the Metropolitan Highway System, but not part of the Accepted Metropolitan Highway System for purposes of the Trust Agreement. See “DESCRIPTION OF FACILITIES - Tobin Bridge” below.

MassDOT derives toll revenues with respect to the Metropolitan Highway System only from operation of the Boston Extension and the Tunnels. The Central Artery and CANA are operated as toll-free facilities. The operating expenses of the Metropolitan Highway System have increased significantly since transfer to and operation by the Authority and its successor, MassDOT, of the Ted Williams Tunnel, the Central Artery, and CANA.

### DESCRIPTION OF FACILITIES

*The Boston Extension.* The Boston Extension, which was completed in 1965, extends approximately 12 miles from the end of the Western Turnpike at Route 128 in the Town of Weston to the interchange of interstate highways I-90 and I-93 in Boston. It was designed as an expressway for interstate and local traffic from the west to downtown Boston. The Boston Extension contains ninety-one bridge structures and includes a tunnel in Boston created in connection with the development of certain structures, including the Hynes Auditorium Convention Center, the Prudential Center complex, Copley Place and the Copley Marriott Hotel, the so-called John Hancock Garage, and two air rights developments in Newton.

Continuing east from the terminus of the Western Turnpike at Interchange 15 at Route 128, the Boston Extension varies in width, number of lanes and in shoulder treatment. From the intersection of I-90 and Route 128/I-95 in Weston to Interchange 17 and from Interchange 22 to the end of the Boston Extension, each roadway has sections of three 11-foot lanes and two-foot paved inner and outer shoulders. From Interchange 17 to Interchange 22, each roadway has four 11-foot lanes and one-foot paved inner and outer shoulders. The Boston Extension portion of the Metropolitan Highway System, excluding the Ted Williams Tunnel, runs for 15 miles between Route 128/I-95 and Boston Logan International Airport/Route 1A, through the Ted Williams Tunnel and the I-90 Seaport Access Highway.

*Sumner/Callahan Tunnels.* The Sumner/Callahan Tunnels extend under Boston Harbor from Cross Street, Boston, to Porter Street in East Boston. The Sumner Tunnel has been in operation since 1934 and the Callahan Tunnel has been in operation since 1961. Together the Sumner/Callahan Tunnels provide a four-lane facility joining the Central Artery and the street system of Boston with the McClellan Highway, the street system of East Boston, and Boston Logan International Airport (“Logan Airport”).

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\* Preliminary, subject to change.

*Central Artery North Area.* CANA includes all roadways and tunnels for vehicular use consisting of a portion of state highway Route 1 beginning at but not including the southern boundary of the Tobin Bridge and continuing to the interchange of interstate I-93 and state highway Route 1.

*Ted Williams Tunnel.* The Ted Williams Tunnel, which opened in 1995, is four lanes wide (two lanes in each direction). The Ted Williams Tunnel allows Logan Airport-bound drivers from the west and south of Boston and north shore-bound drivers to bypass downtown Boston and the Sumner/Callahan Tunnels. The Ted Williams Tunnel includes the interstate highway I-90 extension and its connecting roadways and tunnels, including (i) the harbor tunnel crossing beneath Boston Harbor, beginning at and including the interchanges of state highway Route 1A and the Logan Airport access and egress roadways with interstate highway I-90 and continuing beneath Boston Harbor to and including the interchange of interstate highway I-90 and South Boston Bypass Road; (ii) the seaport access highway, beginning at the interchange of interstate highways I-90 and I-93 and continuing to the interchange of interstate highway I-90 and South Boston Bypass Road; and (iii) South Boston Bypass Road, a portion of which is also known as South Boston Haul Road, beginning at the interchange of interstate highway I-93 and South Boston Bypass Road and continuing to the interchange of the seaport access highway in South Boston.

*Central Artery.* The Central Artery includes all roadways and tunnels for vehicular traffic that constitute that portion of interstate highway I-93 beginning at a point immediately south of the Southampton Street interchange continuing to and including the interchange of interstate highway I-93 and Massachusetts Avenue in the South End section of the City of Boston, and continuing to and including the interchange of interstate highways I-90 and I-93 in the South Bay section of the City of Boston to and including the interchange of state highway Route 1 and interstate highway I-93 in the Charlestown section of the City of Boston, including the Charles River Crossings portion of interstate highway I-93 described below.

*Charles River Crossings.* The Charles River Crossings consist of a cable-stayed ten-lane bridge and a steel box-girder four-lane bridge over the Charles River. The ten-lane bridge, named the Leonard P. Zakim Bunker Hill Bridge, has five lanes of interstate highway I-93 in the northbound direction and five lanes of interstate highway I-93 in the southbound direction. A four-lane bridge connects the east end of Storrow Drive and Leverett Circle in Boston to interstate highway I-93 in the Charlestown section of Boston. The four-lane bridge is the widest steel box-girder bridge in North America.

*Rose Kennedy Greenway.* In 1996, the Massachusetts legislature directed that the open space above a portion of the Central Artery, between Causeway Street and Kneeland Street in downtown Boston, be designated the Rose Kennedy Greenway (the “Greenway”). Approximately 21 acres in total area, the Greenway has been designed as a series of parks and other open space areas. While MassDOT is responsible for the operation and maintenance of the Greenway, MassDOT leases the Greenway to the Rose Fitzgerald Kennedy Greenway Conservancy, a nonprofit organization that has assumed responsibility for its operations and maintenance.

*Tobin Bridge.* Effective January 1, 2010, the Tobin Bridge, formerly owned by the Massachusetts Port Authority, became owned and operated by MassDOT. The Tobin Bridge is not part of the Accepted Metropolitan Highway System for purposes of the Trust Agreement and the revenues from the Tobin Bridge are not pledged to the MHS Bonds. The Tobin Bridge provides a high-level crossing of the Mystic River and connects Chelsea and points on the North Shore with the Charlestown section of the City of Boston and downtown Boston via the Central Artery. The Tobin Bridge is an alternative harbor crossing to the Tunnels.

## CAPITAL INVESTMENTS

The Enabling Act currently only permits MassDOT to issue additional MHS Bonds to refund from time to time obligations initially issued by the Authority prior to July 1, 2009. The Trust Agreement prohibits MassDOT from issuing additional Subordinated Bonds to fund capital or maintenance costs of MassDOT. The Trust Agreement requires MassDOT to maintain the Capital Reinvestment Fund and that Revenues in each fiscal year shall be at least equal to the 1.00 times Combined Net Debt Service plus the Capital Reinvestment Requirement, which is established by MassDOT in its Annual Budget. See “SECURITY FOR THE 2019 BONDS - TOLL COVENANT.” MassDOT anticipates that it will continue to finance the capital needs of the MHS primarily on a pay-as-you-go basis from MHS revenues, after payment of operating expenses and debt service, available for deposit into the Capital Reinvestment Fund, and from accumulated capital reserves. Capital reserves represent the excess of revenues over expenses for a Fiscal Year that are carried forward into the next Fiscal Year, after allocation to debt



service. These carried-over amounts are deposited into an unrestricted reserve account held by MassDOT, and are used for pay-as-you-go capital expenses following Board approval.

## **LEGISLATIVE AND OTHER MATTERS**

From time to time various bills are filed in the Massachusetts Legislature which relate to MassDOT and would affect, among other matters, tolls and fees, holiday toll suspensions, air rights developments and the composition of the Board. In the opinion of Bond Counsel, any such legislation would be subject to the provisions of the United States Constitution and Massachusetts Constitution restricting any law impairing obligations under contracts and therefore could not unconstitutionally impair the obligations of MassDOT under the 2019 Bonds and the Trust Agreement.

## **LITIGATION**

There is no threatened or pending litigation seeking to restrain or enjoin the issuance or delivery of the 2019 Bonds or the proceedings and authority under which they are to be issued, or the pledge or application of any moneys or the security provided for the payment of such 2019 Bonds or the existence or powers of MassDOT. There is no threatened or pending litigation which questions or affects the ability of MassDOT to own or operate the Metropolitan Highway System, or which seeks to restrain or enjoin the execution, delivery or performance of, the Trust Agreement, the 2009 Contract, the 1999 Contract or any other agreements, contracts or legal documents to be executed in connection with the issuance of the 2019 Bonds.

MassDOT, from time to time is engaged in various matters of routine litigation. These matters include personal injury and property damage claims for which liability is covered in whole or in part by insurance. Others include disputes with contractors, subcontractors and others arising from the construction or maintenance of the Metropolitan Highway System and the Western Turnpike. MassDOT does not expect that these matters will require any amounts to be paid which, in the aggregate, would materially adversely affect MassDOT's ability to fulfill its obligations under the Trust Agreement.

## **TAX MATTERS**

In the opinion of Locke Lord LLP, Bond Counsel to the Issuer ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, (i) interest on the Series A Bonds and the Series B-1 Bonds (collectively, the "Tax-Exempt Bonds") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series B-2 Bonds is included in gross income for federal income tax purposes under the Code. Bond Counsel is of the further opinion that interest on the Tax-Exempt Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the 2019 Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Bonds. Failure to comply with these requirements may result in interest on the Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt Bonds. The Issuer has covenanted to comply with such requirements to ensure that interest on the Tax-Exempt Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the 2019 Bonds and any profit on the sale of the 2019 Bonds are exempt from Massachusetts personal income taxes and that the 2019 Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the 2019 Bonds. Prospective Bondholders should be aware, however, that the 2019 Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the 2019 Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the 2019 Bonds or the income therefrom or any other tax consequences arising with respect to the 2019 Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Tax-Exempt Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Bonds is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Tax-Exempt Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Tax-Exempt Bonds accrues daily over the term to maturity of such Tax-Exempt Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of purchasers who do not purchase such Tax-Exempt Bonds in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Tax-Exempt Bonds is sold to the public.

Any Tax-Exempt Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Tax-Exempt Bonds, or, in some cases, at the earlier redemption date of such Tax-Exempt Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder’s basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Bonds.

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and interest on the 2019 Bonds is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the 2019 Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

### **Risk of Future Legislative Changes and/or Court Decisions**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Tax-Exempt Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Tax-Exempt Bonds will not have an adverse effect on the tax status of interest on the Tax-Exempt Bonds or the market value or marketability of the Tax-Exempt Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Tax-Exempt Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, H.R. 1, signed into law on December 22, 2017, reduces the corporate tax rate, modifies individual tax rates, eliminates many deductions, and raises the income threshold above which the individual alternative minimum tax is invoked, among other things. These changes may increase, reduce or otherwise change

the financial benefits of owning state and local government bonds. Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Tax-Exempt Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Tax-Exempt Bonds may be affected and the ability of Bondholders to sell their Tax-Exempt Bonds in the secondary market may be reduced. The Tax-Exempt Bonds are not subject to special mandatory redemption, and the interest rates on the Tax-Exempt Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Tax-Exempt Bonds. Investors should consult their own financial and tax advisors to analyze the importance of these risks.

### **Summary of U.S Federal Income Tax Considerations –Series B-2 Bonds**

The following discussion summarizes certain U.S. federal income tax considerations relating to the acquisition, ownership, and disposition of the Series B-2 Bonds and it may not contain all of information that may be important to a particular investor. It is based on provisions of the Code, Treasury Regulations promulgated thereunder, and administrative and judicial interpretations thereof, all in effect or proposed on the date hereof and all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service (“IRS”) with respect to any of the U.S. federal income tax consequences discussed below. Accordingly, no assurance can be given that the IRS will agree with the views expressed in this summary, or that a court will not sustain any challenge by the IRS in the event of litigation.

The following relates only to Series B-2 Bonds that are acquired in the initial offering for an amount of cash equal to the initial offering price (i.e., the price at which a substantial amount of such Series B-2 Bonds is first sold to the public) and that are held as “capital assets” within the meaning of Section 1221 of the Code (i.e., generally, property held for investment).

This discussion does not address all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to investors who may be subject to special tax treatment (regardless of whether or not such persons constitute U.S. Holders (defined below)), such as banks and other financial institutions, retirement plans, employee stock ownership plans, certain U.S. expatriates, banks, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships or other pass-through entities for U.S. federal income tax purposes (or investors in such entities), S corporations, estates and trusts, investors who hold their Series B-2 Bonds as part of a hedge, straddle, or an integrated or conversion transaction, investors whose “functional currency” is not the U.S. dollar, or persons subject to the alternative minimum tax. In addition, this discussion does not include any description of the tax laws of any state, local, or non-U.S. jurisdiction that may be applicable to a particular investor and does not consider any aspects of U.S. federal tax law other than income taxation.

As used herein, “U.S. Holder” means a beneficial owner of a Series B-2 Bond that is, for U.S. federal income tax purposes: (i) an individual citizen or resident, as defined in Section 7701(b) of the Code, of the United States, (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust or (B) the trust validly elected to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Series B-2 Bond (other than a partnership) who is not a U.S. Holder.

The U.S. federal income tax treatment of an entity classified as a partnership for U.S. federal income tax purposes that holds the Series B-2 Bonds generally will depend on such partner’s particular circumstances and on the activities of the partnership. Partners in such partnerships should consult their own tax advisors regarding the consequences of acquiring, owning and disposing of the Series B-2 Bonds (including their status as U.S. Holders or Non-U.S. Holders).

## U.S. Holders

**Interest.** Stated interest on the Series B-2 Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

"Original issue discount" will arise for U.S. federal income tax purposes in respect of any Series B-2 Bonds if its stated redemption price at maturity exceeds its issue price by more than a de minimis amount (as determined for U.S. federal income tax purposes). For any Series B-2 Bonds issued with original issue discount, the amount of original issue discount is equal to the excess of the stated redemption price at maturity of that Series B-2 Bond over its issue price. The stated redemption price at maturity of a Series B-2 Bond is the sum of all scheduled amounts payable on such Series B-2 Bond other than qualified stated interest. U.S. Holders generally will be required to include any original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income).

"Premium" generally will arise for U.S. federal income tax purposes in respect of any Series B-2 Bond to the extent its issue price exceeds its stated principal amount. A U.S. Holder of a Series B-2 Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series B-2 Bond.

**Market Discount.** A holder who acquires a Series B-2 Bond in a secondary market transaction may be subject to U.S. federal income tax rules providing that accrued market discount will be subject to taxation as ordinary income on the sale or other disposition of a "market discount bond." Dispositions subject to this rule include a redemption or retirement of a Series B-2 Bond. The market discount rules may also limit a holder's deduction for interest expense for debt that is incurred or continued to purchase or carry a Series B-2 Bond. A market discount bond is defined generally as a debt obligation purchased subsequent to issuance, at a price that is less than the principal amount of the obligation, subject to a de minimis rule. The Code allows a taxpayer to compute the accrual of market discount by using a ratable accrual method or a constant interest rate method. Also, a taxpayer may elect to include the accrued discount in gross income each year while holding the bond, as an alternative to including the total accrued discount in gross income at the time of a disposition, in which case the tax basis of the bond will be increased by the amount of discount included in gross income and the interest expense deduction limitation described above will not apply.

**Disposition of the Series B-2 Bonds.** Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Issuer), reissuance or other disposition of a Series B-2 Bond will be a taxable event for U.S. federal income tax purposes. In such event, a U.S. Holder generally will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series B-2 Bond which will be taxed in the manner described above under "Interest") and (ii) the U.S. Holder's adjusted tax basis in the Series B-2 Bond at the time of disposition. A U.S. Holder's adjusted basis in a Series B-2 Bond will generally equal the purchase price paid by the U.S. Holder for the Series B-2 Bond, increased by the amount of any original issue discount previously included in income by such U.S. Holder with respect to such Series B-2 Bond and decreased by any payments previously made on such Series B-2 Bond, other than payments of qualified stated interest, or decreased by any amortized premium. Any such gain or loss generally will be capital gain or loss and will be long term capital gain or loss if such Series B-2 Bond is held by the U.S. Holder for more than one year. Long-term capital gain of non-corporate U.S. Holders is generally subject to tax at preferential rates. The deductibility of capital losses is subject to limitations.

A material modification of the terms of any Series B-2 Bond may result in a deemed reissuance thereof, in which event a beneficial owner of the modified Series B-2 Bonds generally will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the beneficial owner's adjusted tax basis in the Series B-2 Bonds.

**Net Investment Income Tax.** Section 1411 of the Code generally imposes a 3.8% Medicare contribution tax on the net investment income of certain individuals, trusts, and estates to the extent their income exceeds certain threshold amounts. For these purposes, "net investment income" may include, among other things, interest and gains

from the sale or other disposition of the Series B-2 Bonds. Prospective investors are advised to consult their tax advisors regarding the possible implications of this additional tax on their investment in the Series B-2 Bonds.

***Information Reporting and Backup Withholding.*** In general, a U.S. Holder will be subject to backup withholding with respect to interest on the Series B-2 Bonds, and the proceeds of a sale or other disposition of the Series B-2 Bonds (including a redemption or retirement), at the applicable tax rate of 28%, unless such holder (a) is an entity that is exempt from backup withholding (including corporations) and, when required, demonstrates this fact, or (b) provides the payor with its taxpayer identification number (“TIN”), certifies that the TIN provided to the payor is correct and that the holder has not been notified by the IRS that such holder is subject to backup withholding due to underreporting of interest or dividends, and otherwise complies with applicable requirements of the backup withholding rules. In addition, such payments to U.S. Holders that are not exempt entities will generally be subject to information reporting requirements. A U.S. Holder who does not provide the payor with its correct TIN may be subject to penalties imposed by the IRS. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such holder’s U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS.

### **Non-U.S. Holders**

The following discussion applies only to Non-U.S. Holders of Series B-2 Bonds. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to Non-U.S. Holders in light of their particular circumstances. For example, special rules may apply to a Non-U.S. Holder that is a “controlled foreign corporation” or a “passive foreign investment company,” and, accordingly, Non-U.S. Holders should consult their own tax advisors to determine the effect of U.S. federal, state, local and non U.S. tax laws, as well as tax treaties, with regard to an investment in the Series B-2 Bonds.

***Interest.*** Subject to the discussions below under the headings “FATCA Withholding” and “Information Reporting and Backup Withholding,” a Non-U.S. Holder will not be subject to U.S. federal income or withholding taxes in respect of interest paid or accrued on a Series B-2 Bond (including original interest discount income) if the interest qualifies for the “portfolio interest exemption.” This generally will be the case if each of the following applicable requirements are satisfied:

- the interest is not effectively connected with a U.S. trade or business;
- the Non-U.S. Holder is not, and is not treated as, a bank receiving interest on an extension of credit pursuant to a loan agreement entered into in the ordinary course of its trade or business, as described in Section 881(c)(3)(A) of the Code;
- certain certification requirements are met. Under current law, the certification requirement will be satisfied in any of the following circumstances:
- If a Non-U.S. Holder provides to the payor a statement on an applicable IRS Form W-8 (or suitable successor form), together with all appropriate attachments, signed under penalties of perjury, identifying the Non-U.S. Holder by name and address and stating, among other things, that the Non-U.S. Holder is not a United States person.
- If a Series B-2 Bond is held through a securities clearing organization, bank, or another financial institution that holds customers’ securities in the ordinary course of its trade or business, (i) the Non-U.S. Holder provides such a form to such organization or institution, and (ii) such organization or institution, under penalty of perjury, certifies to the payor that it has received such statement from the beneficial owner or another intermediary and furnishes the payor with a copy thereof.
- If a financial institution or other intermediary that holds the Series B-2 Bond on behalf of the Non-U.S. Holder has entered into a withholding agreement with the IRS and submits an IRS Form W-8IMY (or suitable successor form) and certain other required documentation to the payor.

If the requirements of the portfolio interest exemption described above are not satisfied, a 30% withholding tax will apply to the gross amount of interest on the Series B-2 Bonds that is paid to a Non-U.S. Holder, unless either: (a) an applicable income tax treaty reduces or eliminates such tax, and the Non-U.S. Holder claims the benefit of that treaty by providing a properly completed and duly executed IRS Form W-8BEN or Form W-8BEN-E, as applicable (or suitable successor or substitute form) establishing qualification for benefits under the treaty, or (b) the interest is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States and the Non-U.S. Holder provides an appropriate statement to that effect on a properly completed and duly executed IRS Form W-8ECI (or suitable successor form).

If a Non-U.S. Holder is engaged in a trade or business in the United States and its investment in a Series B-2 Bond is effectively connected with the conduct of that trade or business, the Non-U.S. Holder generally will be required to pay U.S. federal income tax on that interest on a net income basis in the same manner as a U.S. Holder and the 30% withholding tax described above will not apply provided the duly executed IRS Form W-8ECI is provided to the Issuer's paying agent. If a Non-U.S. Holder is eligible for the benefits of an income tax treaty between the U.S. and its country of residence, and the Non-U.S. Holder claims the benefit of the treaty by properly submitting an IRS Form W-8BEN or Form W-8BEN-E, as applicable, any interest income that is effectively connected with a U.S. trade or business will be subject to U.S. federal income tax in the manner specified by the treaty and generally will only be subject to such tax if such income is attributable to a permanent establishment (or a fixed base in the case of an individual) maintained by the Non-U.S. Holder in the United States. In addition, a Non-U.S. Holder that is treated as a foreign corporation for U.S. federal income tax purposes may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States.

***Disposition of the Series B-2 Bonds.*** Subject to the discussions below under the headings "FATCA Withholding" and "Information Reporting and Backup Withholding," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement, reissuance or other disposition of a Series B-2 Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States (and, in the case of certain income tax treaties, is attributable to a permanent establishment or "fixed base" within the United States); or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement, reissuance or other disposition and certain other conditions are met. If the first exception applies, the Non-U.S. Holder will generally be subject to U.S. federal income tax on the net gain derived from the sale, exchange, redemption, retirement at maturity, or other taxable disposition of the Series B-2 Bonds in the same manner as a U.S. Holder unless an applicable income tax treaty provides otherwise. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (except as otherwise provided by an applicable income tax treaty) on the amount by which its U.S.-source capital gains exceed its U.S.-source capital losses. In addition, corporate Non-U.S. Holders may be subject to a 30% (or lower applicable treaty rate) branch profits tax on any such effectively connected earnings and profits attributable to such gain.

***U.S. Federal Estate Tax.*** A Series B-2 Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that at the time of such individual's death, payments of interest with respect to such Series B-2 Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

***FATCA Withholding.*** The Foreign Account Tax Compliance Act ("FATCA") together with administrative guidance and certain intergovernmental agreements entered into thereunder generally imposes a 30% U.S. withholding tax on certain U.S. source payments, including interest, and, after December 31, 2018, on gross proceeds from a disposition of property of a type which can produce U.S. source interest ("withholdable payments"), paid to (i) a "foreign financial institution" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (ii) or to a "non-financial foreign entity" (as specifically defined in the Code)" which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information

regarding certain substantial United States beneficial owners of such entity (if any). The 30% withholding tax under FATCA applies regardless of whether the foreign financial institution or non-financial foreign entity receives payments as a beneficial owner or intermediary and whether the applicable payment otherwise is exempt from U.S. withholding (e.g., as “portfolio interest” or as capital gain upon the sale, exchange, redemption or other disposition of a Series B-2 Bond). Interest paid with respect to the Series B-2 Bonds and, after December 31, 2018, gross proceeds from the sale or disposition of the Series B-2 Bonds, may be subject to the 30% withholding tax if the holder fails to comply with FATCA. Non-U.S. holders are urged to consult their own tax advisors with respect to these information reporting rules and due diligence requirements and the potential application of FATCA to them.

***Information Reporting and Backup Withholding.*** In general, the amount of any interest paid on the Series B-2 Bonds in each calendar year, and the amount of U.S. federal income tax withheld, if any, with respect to these payments will be reported to the IRS and each Non-U.S. Holder. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under an applicable income tax treaty or other information exchange agreement.

Non-U.S. Holder who have provided certification as to their non-U.S. status or who have otherwise established an exemption will generally not be subject to backup withholding tax on payments of interest if the payor does not have actual knowledge or reason to know that such certification is unreliable or that the conditions of the exemption are in fact not satisfied.

Payments of the proceeds from the disposition of a Series B-2 Bond (including a redemption or retirement) to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting, but generally not backup withholding, may apply to those payments if the broker is one of the following: (a) a United States person, (b) a “controlled foreign corporation” for U.S. federal income tax purposes, (c) a foreign person, 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a U.S. trade or business, or (d) a foreign partnership with specified connections to the United States, unless the Non-U.S. Holder certifies as to its non-U.S. status or otherwise establishes an exemption.

Payment of the proceeds from a disposition of a Series B-2 Bond (including a redemption or retirement) to or through the United States office of a broker will be subject to information reporting and backup withholding unless the Non-U.S. Holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax, and amounts withheld as backup withholding are allowed as a refund or credit against a holder’s federal income tax liability, provided that the required information as to withholding is furnished to the IRS.

THE FOREGOING SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR BENEFICIAL OWNER OF THE Series B-2 BONDS IN LIGHT OF THE BENEFICIAL OWNER’S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO ANY TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE Series B-2 BONDS, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL, FOREIGN TAX LAWS AS WELL AS OTHER FEDERAL TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN THESE TAX LAWS.

#### **ERISA AND BENEFIT PLAN CONSIDERATIONS – SERIES B-2 BONDS**

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to that statute (“ERISA Plans”). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein (“Qualified Retirement Plans”), on Individual Retirement Accounts (“IRAs”) described in Section 408(b) of the Code and on certain other plans described in Section 4975(e)(1) (collectively, “Tax-Favored Plans”). Certain employee benefit

plans such as governmental plans (as defined in Section 3(32) of ERISA), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) and certain non-U.S. benefit plans (as described in Section 4(b)(4) of ERISA)), are not subject to ERISA requirements or Section 4975 of the Code. While assets of such plans may be invested in the Series B-2 Bonds without regard to ERISA and Code considerations described below, they may be nevertheless subject to the provisions of applicable federal, state, local or foreign law that are similar to these ERISA and Code provisions. Accordingly, fiduciaries of such plans should consult with their counsel in considering whether to purchase the Series B-2 Bonds.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and persons who have certain specified relationships to the Benefit Plans ("Parties In Interest" or "Disqualified Persons"), unless a statutory or administrative exemption is available. The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by these definitions, they include, most notably: (i) a fiduciary with respect to a plan; (ii) a person or entity providing services to a plan; and (iii) an employer or employee organization any of whose employees or members are covered by the plan. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available.

***Plan Asset Issues.*** Certain transactions involving the purchase, holding or transfer of the Series B-2 Bonds might be deemed to constitute prohibited transactions under ERISA and the Code if assets of the Issuer were deemed to be assets of a Benefit Plan. The U.S. Department of Labor has promulgated regulations describing what constitutes the assets of a Benefit Plan with respect to a Benefit Plan's investment in an entity for purposes of certain provisions of ERISA and Section 4975 of the Code ("the Plan Assets Regulation").

Under the Plan Assets Regulation, the assets of the Issuer would be treated as plan assets of a Benefit Plan for the purposes of ERISA and the Code only if the Benefit Plan acquires an "equity interest" in the Issuer and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there can be no assurances in this regard, it appears that the Series B-2 Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. Accordingly, the assets of the Issuer should not be treated as the assets of Benefit Plans investing in the Series B-2 Bonds. If the Issuer's assets were deemed to constitute "plan assets" pursuant to the Plan Assets Regulation, transactions that the Issuer might enter into, or may have entered into in the ordinary course of business, might constitute non-exempt prohibited transactions under ERISA and/or Section 4975 of the Code.

***Prohibited Transaction Exemptions.*** However, without regard to whether the Series B-2 Bonds are treated as an equity interest for such purposes, the acquisition and/or holding of Series B-2 Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Issuer, its affiliates and other parties connected with the offering (such as the Underwriters), or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Series B-2 Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series B-2 Bond. Included among these exemptions are: Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by "in-house asset managers"; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by "insurance company general accounts"; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers." Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(2) of the Code provides for an exemption for transactions involving "adequate



consideration” with persons who are Parties in Interest or Disqualified Persons by reason of their (or their affiliate’s) status as a service provider to a Benefit Plan and none of which is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Series B-2 Bonds or that, if available, the scope of the relief provided by the exemption will necessarily cover all acts that might be construed as prohibited transactions.

Any ERISA Plan fiduciary considering whether to purchase the Series B-2 Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of any similar state or federal law.

**The acquisition, holding, and, to the extent relevant, disposition of the Series B-2 Bonds by or to any Benefit Plan is in no respect a representation by the Issuer (or any affiliate or representative of the Issuer) that such an investment meets all relevant legal requirements with respect to investments by such Benefit Plans generally or any particular Benefit Plan, or that such an investment is appropriate for Benefit Plans generally or any particular Benefit Plan. By acquiring the Series B-2 Bonds, each Holder will be deemed to represent that either (i) it is not acquiring Series B-2 Bonds with assets of an ERISA Plan or other plan subject to the prohibited transaction restrictions of ERISA, the Code, or similar law, or (ii) the acquisition and holding of the Series B-2 Bonds will not give rise to a nonexempt prohibited transaction.**

## RATINGS

Fitch Ratings (“Fitch”), Moody’s Investors Service, Inc. (“Moody’s”), and Standard & Poor’s Global Ratings, a division of The McGraw-Hill Companies, Inc. (“Standard & Poor’s”) have assigned ratings of “AA+,” “Aa2,” and “AA”, respectively, to the 2019 Bonds.

Such ratings reflect only the respective views of such organizations and an explanation of the significance of such ratings may be obtained from Fitch, Moody’s and Standard & Poor’s, respectively. MassDOT furnished to each of the rating agencies certain information and materials concerning the 2019 Bonds and MassDOT. Generally, rating agencies base their ratings on such information and material and, in addition, on investigations, studies and assumptions made by the rating agencies themselves. There is no assurance that any rating mentioned herein will continue for any period of time or that it will not be revised, either upward or downward, or withdrawn entirely by a rating agency, if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the ratings may have an adverse effect upon the market price of the 2019 Bonds.

## UNDERWRITING

The Underwriters, for whom Citigroup Global Markets Inc. is serving as representative (the “Representative”), have agreed, subject to certain conditions set forth in a bond purchase agreement to be entered into by MassDOT and the Representative, to purchase from MassDOT the 2019 Bonds at an aggregate price of \$\_\_\_\_\_, representing the par amount of the 2019 Bonds, plus/less original issue premium/discount of \$\_\_\_\_\_, and less an Underwriters’ discount of \$\_\_\_\_\_. The Underwriters will be obligated to purchase all 2019 Bonds if any such 2019 Bonds are purchased. The Underwriters may offer and sell the 2019 Bonds to certain dealers and others (including dealers depositing 2019 Bonds into investment trusts) at prices lower than the public offering prices (or yields higher than the offering yields) stated on the inside cover page hereof. The principal offering prices (or yields) set forth on the inside cover page hereof may be changed from time to time after the initial offering by the Underwriters. The obligation of the Underwriters to accept delivery of the 2019 Bonds is subject to the terms and conditions set forth in the bond purchase agreement, the approval of legal matters by counsel and other conditions.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (some of which may not have been designated by MassDOT as Underwriters) for the distribution of the 2019 Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for MassDOT, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of MassDOT.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or public or express independent research views in respect to such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

#### **REMARKETING AGENT**

Prior to the Mandatory Tender Date immediately following the end of the initial Term Rate Period for the Series A Bonds, the Issuer will appoint a Remarketing Agent and enter a Remarketing Agreement for the Series A Bonds. The remarketing agent will undertake, among other things, to use its best efforts to remarket Series A Bonds that are tendered for purchase in connection with a Conversion or upon mandatory tender for purchase at the election of the Issuer. See “THE 2019 BONDS – SERIES A BONDS - General.”

#### **FINANCIAL ADVISOR**

Omnicap Group LLC (“Omnicap”) has acted as independent registered municipal advisor to MassDOT in conjunction with the issuance of the 2019 Bonds. Omnicap has assisted MassDOT in preparation of this Official Statement and in other matters related to the planning, structuring, execution and delivery of the 2019 Bonds.

Omnicap has not audited, authenticated or otherwise independently verified the information set forth in the Official Statement, or any other information related to MassDOT with respect to the accuracy or completeness of disclosure of such information. Because of this limited participation, Omnicap makes no guaranty, warranty or other representation respecting the accuracy or completeness of this Official Statement or any other matter related to this Official Statement.

#### **LEGALITY FOR INVESTMENT**

Under the Enabling Act, the 2019 Bonds are securities in which any public officer, fiduciary, insurance company, financial institution or investment company may properly invest funds and are securities which may be deposited with any public custodian for any purpose for which the deposit of bonds is authorized by law.

#### **COMMONWEALTH NOT LIABLE ON 2019 BONDS**

Under the Enabling Act, the 2019 Bonds are not general obligations of the Commonwealth or any political subdivision thereof and shall not be constitute a debt or pledge of the faith and credit of the Commonwealth or any such political subdivision.

## **CERTAIN LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the 2019 Bonds are subject to the approval of Locke Lord LLP, Bond Counsel Boston, Massachusetts. The approving opinion of Bond Counsel in substantially the form attached hereto as APPENDIX D will be delivered with the 2019 Bonds. Certain legal matters will be passed upon for MassDOT by Greenberg Traurig, LLP, Boston, Massachusetts, Disclosure Counsel to MassDOT, and for the Commonwealth and for the Underwriters by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, as Commonwealth Disclosure Counsel and as counsel to the Underwriters.

## **CONTINUING DISCLOSURE**

Each of MassDOT and the Commonwealth have undertaken for the benefit of the owners of the 2019 Bonds to provide certain continuing disclosure pursuant to the provision of Rule 15c2-12(b)(5), as amended, under the Securities Exchange Act of 1934. Each of MassDOT and the Commonwealth will enter into a Continuing Disclosure Agreement for the benefit of owners of the 2019 Bonds setting forth the undertakings of MassDOT and the Commonwealth, respectively, regarding continuing disclosure with respect to the 2019 Bonds. The forms of each of MassDOT's and the Commonwealth's Continuing Disclosure Agreement are set forth in APPENDIX E.

For a description of the Commonwealth's compliance with its existing continuing disclosure undertakings, see the Information Statement under the heading "Continuing Disclosure."

During the prior five years, MassDOT failed to comply with the terms of its existing continuing disclosure agreements due to the failure to file on a timely basis certain notices regarding changes in the underlying ratings on certain of the MHS Bonds and certain notices regarding changes in ratings on certain of the MHS Bonds due to changes in credit and liquidity provider ratings.

## **MISCELLANEOUS**

The foregoing summaries of the provisions of the Enabling Act, the 2019 Bonds and the Trust Agreement 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 forms of the 2019 Bonds and the Trust Agreement are available for inspection at the offices of MassDOT and the Trustee.

Information relating to DTC and the book-entry system described in APPENDIX F – "Book-Entry Only System" has been furnished by DTC. Neither MassDOT nor the Underwriters make any representations or warranties whatsoever with respect to such information.

*[Remainder of this page intentionally left blank.]*

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

**MASSACHUSETTS DEPARTMENT OF TRANSPORTATION**

By: \_\_\_\_\_  
Stephanie Pollack  
Secretary of Transportation and Chief Executive Officer

By: \_\_\_\_\_  
David W. Pottier  
Assistant Secretary and Chief Financial Officer

January \_\_, 2019

## SUMMARY OF THE 2009 CONTRACT AND RELATED PROVISIONS OF THE TRUST AGREEMENT

*The following is a summary of certain provisions of the Contract for Financial Assistance dated as of June 30, 2009, as amended (the “Contract”) between the Massachusetts Turnpike Authority and The Commonwealth of Massachusetts, acting by and through the Secretary of the Executive Office for Administration and Finance of the Commonwealth and with the concurrence of the Secretary of the Executive Office of Transportation and Public Works of the Commonwealth, and relevant provisions of the Metropolitan Highway System Trust Agreement, as amended and supplemented. This summary does not purport to be complete and reference is made to the Contract for Financial Assistance, the Metropolitan Highway System Trust Agreement and each Supplemental Trust Agreement for full and complete statements of its terms and provisions.*

### Definitions

For the purposes of the Contract, the term “Bonds” means bonds issued by the Authority prior to the date of the Contract under the Metropolitan Highway System Trust Agreement dated as of September 1, 1997 (the “Trust Agreement”) by and between the Authority and The Bank of New York, as successor Trustee, and bonds issued by the Authority or its successor in interest for the purpose of refinancing any such previously issued bonds. (Section 1 of the Contract)

### Obligations to Make Payments

The Commonwealth shall pay to the Authority or its successor in interest in each fiscal year until the termination of the contract the amount of \$100,000,000; provided that this amount shall be paid in twelve monthly installments no later than the 15<sup>th</sup> day of each month commencing in July of each fiscal year; provided further that the Commonwealth and the Authority or its successor in interest may agree to accelerate the monthly payments due to the Authority or its successor in interest in any fiscal year; and provided further that the final installment in each fiscal year shall not be later than two weeks before the end of the then-current fiscal year. The amount payable to the Authority or its successor under this section shall be in addition to and shall not include the amount of the Commonwealth’s payment obligation provided for under that certain Contract for Financial Assistance dated as of February 19, 1999 between the Commonwealth and the Authority. (Section 2 of the Contract)

### Pledge of Credit of the Commonwealth; Obligation Unconditional

The Contract and the payments under the Contract shall constitute irrevocable general obligations of the Commonwealth for which the faith and credit of the Commonwealth are pledged for the benefit of the Authority or its successor in interest and, to the extent moneys received hereunder are pledged under the Trust Agreement, for the Owners of the Bonds issued under the Trust Agreement. The obligation of the Commonwealth to make payments hereunder shall be absolute and unconditional. Without limiting the generality of the foregoing, the Commonwealth shall have no power to set off its payments hereunder against any obligation due to the Commonwealth from the Authority or its successor in interest and shall have no power to impose conditions on such payments except as expressly provided in the Contract. (Section 3 of the Contract)

### Pledge of Contract Assistance by the Authority

The Authority or its successor in interest may pledge the Contract and the payments made under the Contract as security for the payment of Bonds. (Section 4 of the Contract)

### Term

The provisions of the Contract and the obligation of the Commonwealth to provide such payments to the Authority and its successor in interest in accordance with the Contract shall remain in effect and shall not terminate until June 30, 2039. (Section 5 of the Contract)

## **APPENDIX A**

### **Amendment**

The provisions of the Contract may be amended by agreement of the parties to the Contract, provided that no amendment shall be made that (a) would reduce the term of the Contract or affect the manner in which the amounts due under the Contract are determined or (b) would otherwise affect adversely the interest of the holders of Bonds issued by the Authority or its successor in interest under the Trust Agreement, except to the extent permitted under the Trust Agreement. (Section 6 of the Contract)

### **Dedicated Payments**

In the Authority's discretion, revenues of the Authority which are not Revenues as defined in the Metropolitan Highway System Trust Agreement as initially adopted may be pledged and designated as Dedicated Payments by Supplemental Trust Agreement, 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 Bonds or demonstrating compliance with covenants of the Metropolitan Highway System Trust Agreement 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 Bonds or demonstrating compliance with covenants under the Metropolitan Highway System Trust Agreement and (b) the manner of determining the amounts to be derived from such arrangement is not subject to change or revision during such period. Notwithstanding the source of funding, if the Authority has received a written confirmation from each Rating Agency that its rating of Outstanding Bonds will not be adversely affected, the Authority may, in its sole discretion, designate any revenues which are not Revenues, as defined in the Metropolitan Highway System Trust Agreement as initially adopted, described prior to the proviso in the first sentence of this paragraph as Dedicated Payments.

Any Supplemental Trust Agreement pledging and designating Dedicated Payments shall be supported by a Certificate of an Authorized Officer, demonstrating satisfaction of the requirements of the paragraph above. 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 Supplemental Trust Agreement and any determination to deposit Dedicated Payments in a particular Debt Service Fund may be reversed or modified by Certificate of an Authorized Officer, in each case 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 Bonds and the Authority will be in compliance with the provisions of the Metropolitan Highway System Trust Agreement. (Section 606 of the Metropolitan Highway System Trust Agreement).

The First Supplemental Trust Agreement provides that all amounts received by the Authority pursuant to the Contract for Financial Assistance dated as of February 19, 1999 (the "1999 Contract") by and between the Authority and The Commonwealth of Massachusetts, acting by and through the Secretary of the Executive Office for Administration and Finance of the Commonwealth and with the concurrence of the Secretary of the Executive Office of Transportation and Construction of the Commonwealth are designated and pledged as Dedicated Payments under the Trust Agreement. (Section 701 of the First Supplemental Trust Agreement) After all Senior Bonds are no longer Outstanding, but no later than January 1, 2037, the payments received by the Department under the 1999 Contract shall be deposited in the Subordinated Debt Service Fund upon receipt by the Department.

The Fifth Supplemental Trust Agreement provides that all amounts received by the Authority pursuant to the Contract are designated and pledged as Dedicated Payments under the Trust Agreement. Notwithstanding any provision of the Metropolitan Highway System Trust Agreement to the contrary, the pledge and designation and application of such Dedicated Payments to the Senior and Subordinated Debt Service Funds, as set forth in the certificate summarized in the following section, shall not be reversed or modified in any respect other than by compliance with the provisions described in the second paragraph of this section, and receipt by the Authority and

the Trustee prior to the effective date of any such reversal or modification of a written confirmation from each Rating Agency that its rating of Outstanding Bonds will not be adversely affected. (Section 107 of the Fifth Supplemental Trust Agreement)

**Certificate Regarding Designation and Pledge of Dedicated Payments under the Fifth Supplemental Trust Agreement**

In connection with the designation and pledge by the Fifth Supplemental Trust Agreement of certain revenues to be received by the Authority pursuant to the Contract as Dedicated Payments, an Authorized Officer of the Authority delivered a certificate in the following form pursuant to the provisions described in the second paragraph under the heading “Dedicated Payments” above.

The requirements of the Trust Agreement have been satisfied as follows:

1. The Dedicated Payments to be received by the Authority pursuant to the Contract are to be received from the Commonwealth and consist of a payment obligation payable to the Authority pursuant to a statutory and contractual arrangement with the Commonwealth which, in the opinion of Bond Counsel, constitutes a general obligation of the Commonwealth.
2. The Contract, by its terms, will not terminate so long as the Authority is relying thereon for the purpose of issuing Bonds or demonstrating compliance with the covenants under the Trust Agreement.
3. The manner of determining the amounts to be received from the Contract is not subject to change or revision during the period in which the Authority is relying on such Dedicated Payments for the purposes described in Section 2.
4. The Authorized Officer of the Authority directs that such Dedicated Payments as designated and pledged by the Fifth Supplemental Trust Agreement be deposited upon receipt by the Authority first, in the Subordinated Debt Service Fund until the amount so deposited on each date causes Subordinated Net Debt Service (calculated as of such date of deposit) to be or projected to be equal to zero and second, the balance remaining, if any, shall be deposited in the Senior Debt Service Fund.

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## SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

*The following is a summary of certain provisions of the Metropolitan Highway System Trust Agreement, as amended and supplemented, and as further amended and supplemented by the Twelfth Supplemental Trust Agreement, including certain terms used in the Metropolitan Highway System Trust Agreement not elsewhere defined in this Official Statement. This summary does not purport to be complete and reference is made to the Metropolitan Highway System Trust Agreement and each Supplemental Trust Agreement, including the Twelfth Supplemental 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 Metropolitan Highway System Trust Agreement and used in this Official Statement:

*Accepted Metropolitan Highway System* shall mean the Boston Extension and the portions of the Tunnels and any other portions of the Metropolitan Highway System in which the Authority has an Ownership Interest as of the date of issuance of the Initial Bonds together with any other portions of the Metropolitan Highway System in which the Authority hereafter acquires an Ownership Interest and which it determines to accept for inclusion in the Accepted Metropolitan Highway System pursuant to the Metropolitan Highway System Trust Agreement, and upon satisfaction of the requirements of the Metropolitan Highway System Trust Agreement including without limitation the Central Artery and the Central Artery North Area.

*Accreted Value* shall mean with respect to any Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth for such date in the Metropolitan Highway System Trust Agreement with respect to an Initial Bond or the Supplemental Trust Agreement with respect to an Additional 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 81A of the Massachusetts General Laws, as amended and supplemented to the date of the Metropolitan Highway System Trust Agreement and from time to time.

*Additional Bonds* shall mean Additional Senior Bonds and Bonds issued to refund Bonds all pursuant to the Metropolitan Highway System Trust Agreement.

*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 Bonds and all Outstanding Subordinated 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

## APPENDIX B

Agreement authorizing Additional Bonds which are Capital Appreciation Bonds or Deferred Income Bonds, as the case may be.

*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 months remaining between the purchase date and the maturity date of such Investment Obligation and deducting the amount thus calculated on the first day of each month after such purchase from the purchase price in the case of an Investment Obligation purchased at a premium or adding the amount thus calculated on the first day of each month after such purchase to the purchase price in the case of an Investment Obligation purchased at a discount.

*Annual Budget* shall mean the annual budget, as amended or supplemented, adopted or in effect for a particular Fiscal Year as described under the heading "Annual Budget."

*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 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.

*Authority* shall mean the Massachusetts Turnpike Authority, a body politic and corporate and a public instrumentality of the Commonwealth organized and existing under the Act.

*Authorized Officer* shall mean the Chairperson, the Chief Executive Officer, the Chief Financial Officer or the General Counsel of the Department, and when used with reference to an act or document of the Department also means any other person authorized by resolution of the Department to perform the act or sign the document in question.

*Bank Bonds* shall mean any 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 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 Bonds issued to or held by any such party or its designee in any other capacity.

*Bond or Bonds* shall mean any bond or bonds, including Initial Bonds and Additional Bonds, whether issued as Senior Bonds or Subordinated Bonds, and any Bond Anticipation Notes authenticated and delivered under the Metropolitan Highway System Trust Agreement, but not including General Fund Indebtedness.

*Bond Counsel* shall mean Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. or Krokidas & Bluestein 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 Bonds*, or any similar terms, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds.

*Boston Extension* shall mean all roadways and tunnels for vehicular traffic that constitute that portion of interstate highway route 90 beginning at and including the interchange of interstate highway

route 90 and state highway 128 in the Town of Weston and ending in the City at the interchange of interstate highway route 90 and interstate highway route 93.

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

*Capital Reinvestment Requirement* shall mean the amount established by the Authority in its sole discretion to be deposited in the Capital Reinvestment Fund during the then current Fiscal Year to provide for capital improvements for the Accepted Metropolitan Highway System in accordance with the current Annual Budget.

*Central Artery* shall mean all roadways and tunnels for vehicular traffic that constitute that portion of interstate highway route 93 beginning at a point immediately south of the Southampton Street interchange and continuing to and including the interchange of interstate highway route 93 and Massachusetts Avenue in the South End section of the City and continuing and including the interchange of interstate highway route 90 and interstate highway route 93 in the South Bay section of the City and continuing to and including the interchange of State highway route 1 and interstate highway route 93 in the Charlestown section of the City including but not limited to the Charles River crossing portion of interstate highway route 93.

*Central Artery North Area* shall mean all roadways and tunnels for vehicular traffic consisting of a portion of state highway route 1 beginning at, but not including, the southern boundary of the Tobin Memorial Bridge and continuing to the interchange of interstate highway 93 and state highway route 1.

*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 Metropolitan Highway System Trust Agreement, unless a later day shall be specified in a Supplemental Trust Agreement to be applicable to one or more Series of Bonds, and the applicable regulations thereunder, and any reference to the provisions of the Metropolitan Highway System Trust Agreement shall, to the extent the provisions of the Internal Revenue Code of 1986, as amended to the date of adoption of the Metropolitan Highway System Trust Agreement.

*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 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

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accordance with the Metropolitan Highway System Trust Agreement, whether or not the Authority is in default under the Metropolitan Highway System Trust Agreement.

*Date of Completion* shall mean (i) in the case of the construction of any vehicular road, bridge or tunnel, the date on which such road, bridge or tunnel is opened to vehicular traffic (as evidenced by a certificate of an Authorized Officer filed with the Trustee), and (ii) in the case of any other work, building or improvement, the date on which the acquisition, construction, improvement, reconstruction or rehabilitation thereof is completed (as evidenced by a certificate of an Authorized Officer filed with the Trustee).

*Debt Service* for any period shall mean, as of any date of calculation and with respect to the Outstanding Bonds of any Series, an amount equal to the sum of (i) interest accruing during such period on Outstanding Bonds of such Series and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series or, if (a) there shall be no such preceding Principal Installment due date or (b) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever date is later. Such interest and Principal Installments for such Series shall be calculated on the assumption that (1) no 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 Supplemental Trust Agreement authorizing Additional Bonds which are Capital Appreciation Bonds or Deferred Income Bonds. Debt Service on Senior Bonds and Subordinated Bonds with respect to which there is a Qualified Hedge Agreement shall be calculated consistent with the Metropolitan Highway System 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 Revenues as defined in the Metropolitan Highway System Trust Agreement as initially adopted which the Authority subsequently pledges as additional security for its payment obligations on the Bonds pursuant to a Supplemental Trust Agreement, in each case which are specifically designated as Dedicated Payments by the Authority in accordance with the limitations of the Metropolitan Highway System Trust Agreement and, accordingly, are to be deposited in the Senior Debt Service Fund or the Subordinated Debt Service Fund upon receipt, including without limitation certain revenues described in clauses (iv), (v) or (vi) of the second sentence of the definition of "Revenues."

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

*Department* means the Massachusetts Department of Transportation, as successor to the Authority, a body politic and corporate and a public instrumentality of the Commonwealth organized and existing under Chapter 6C of the Massachusetts General Laws, as amended and supplemented from time to time.

*Determination Date* shall have the meaning set forth under the heading “Extensions.”

*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.

*Extension* shall mean:

(1) An acquisition, improvement, betterment, enlargement or capital addition within the Commonwealth of any roadway, bridge, tunnel, overpass, interchange, parking facility or other similar facility, including any approaches, entrances, exits, acceleration and deceleration lanes relating thereto, whether or not connecting to the Accepted Metropolitan Highway System, which upon acquisition of an Ownership Interest therein or construction thereof is to be subject to a toll, rental or other charge for the use thereof within the control of the Authority or for which a Dedicated Payment not constituting on the Determination Date Dedicated Payments or Revenues is made available to or for the account of the Authority; and

(2) An acquisition, improvement, betterment, enlargement or capital addition within the Commonwealth of any roadway, bridge, tunnel, overpass, interchange, parking facility or other similar facility, including any approaches, entrances, exits, acceleration and deceleration lanes relating thereto, whether or not connecting to the Accepted Metropolitan Highway System, which upon acquisition of an Ownership Interest therein meets a necessary traffic management or safety purpose of the Metropolitan Highway System, in the determination of the Authority; provided, however, that on the Determination Date the expenditure of Revenues with respect to the Extension complies with the provisions of the Metropolitan Highway System Trust Agreement.

*Fiduciary or Fiduciaries* shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate, or any person appointed to act as a Fiduciary in a Supplemental Trust Agreement adopted pursuant to the Metropolitan Highway System Trust Agreement.

*First Supplemental Trust Agreement* shall mean the First Supplemental Metropolitan Highway System Trust Agreement dated as of March 1, 1999 by and between the Authority and the Trustee.

*Fiscal Year* shall mean that period beginning on the first day of January of any year and ending on the last day of December of that 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.

*General Fund Expenses* shall mean, to the extent such expenses shall not have been otherwise provided for, (i) tourism grants payable by the Authority to the Commonwealth allocable, in the Authority’s determination, to the Metropolitan Highway System; (ii) the costs and expenses of the Metropolitan Highway System Advisory Board payable by the Authority pursuant to the Act; (iii) the costs of assistance programs for communities or neighborhoods which abut the Metropolitan Highway System; (iv) the net costs of any Hedge Agreements payable from the General Fund pursuant to the Metropolitan Highway System Trust Agreement; (v) all costs incurred under the Project Management Agreement and Transfer Agreements ‘which are by the terms thereof or of any exhibit thereto to be reimbursed by the Commonwealth, including without limitation costs attributable to project management staff; and (vi) with respect to portions of the Metropolitan Highway System other than the Accepted Metropolitan Highway System, (a) the Authority’s expenses incurred in the normal course of business for administration, operation, maintenance, repair, ordinary replacements and ordinary reconstruction of such portions of the Metropolitan Highway System or any part thereof and shall include, without limiting the generality of the foregoing: administrative expenses as determined by the Authority in its discretion, including the payment of a private operator or management company, insurance

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premiums, legal and engineering expenses, health and hospitalization payments, expenditures relating to advertisements or promotions by or for the Authority to promote or increase use of such portions of the Metropolitan Highway System, and any other expenses required to be paid by the Authority, all to the extent properly and directly attributable to the operation of such portions of the Metropolitan Highway System payable by the Authority, and (b) any extraordinary costs or expenses for reconstruction, rehabilitation, improvement or new construction.

*General Fund Indebtedness* shall mean any bond, note or other evidence of indebtedness issued by the Authority in accordance with the Metropolitan Highway System 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 for the benefit of Senior Bonds or Subordinated 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 Bonds.

*Indebtedness* shall mean Bonds, Bond Anticipation Notes and General Fund Indebtedness.

*Independent Consultant* shall mean a consultant or consulting firm or corporation, financial or otherwise, or an engineer or engineering firm or corporation, of national reputation retained by the Authority to perform the acts and carry out the duties provided for such consultant in the Metropolitan Highway System Trust Agreement.

*Initial Bonds* shall mean the Authority's \$1,183,046,617 Metropolitan Highway System Revenue Bonds, 1997 Series A (Senior), the Authority's \$194,680,000 Metropolitan Highway System Revenue Bonds, 1997 Series B (Subordinated) and the Authority's \$89,136,005.95 Metropolitan Highway System Revenue Bonds, 1997 Series C (Senior), each issued pursuant to the Metropolitan Highway System Trust Agreement.

*Insurance Consultant* shall mean an insurance consultant of national reputation retained by the Authority to perform the acts and carry out the duties provided for such Insurance Consultant in the Metropolitan Highway System Trust Agreement.

*Insurer* shall mean any nationally recognized company engaged in the business of insuring municipal bonds which may from time to time insure the payment of the principal of and interest on all or any portion of the Bonds of any Series.

*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 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 in the Metropolitan Highway System Trust Agreement, other than (i) with respect to the Initial Bonds and, if so determined in a Supplemental Trust Agreement authorizing the issuance of a Series of Additional Bonds, with respect to such Additional Bonds, income from Investment Obligations purchased from the proceeds of such 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 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 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 in any of the three highest rating categories 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 Metropolitan Highway System 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 the three highest rating categories by any Rating Agency, without regard to any refinement or gradation of such rating, 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;

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(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 Metropolitan Highway System 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 in either of the two highest rating categories by any Rating Agency, without regard to any refinement or gradation of such rating (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 any of the three highest rating categories, without regard to refinement or gradation of such rating, 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 any of the two highest rating categories by any Rating Agency, without regard to refinement or gradation of such rating;

(xiii) commercial paper, notes, bonds or other obligations of any corporation rated, at the time of investment, in the two highest rating categories by any Rating Agency, without regard to refinement or gradation of such rating; 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 Bonds by each such Rating Agency.

For the purposes of the provisions of the Metropolitan Highway System Trust Agreement summarized under the heading “Defeasance,” 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 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, all in accordance with the Metropolitan Highway System Trust Agreement.

*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 Bonds tendered for purchase or redemption in accordance with the terms of the Metropolitan Highway System Trust Agreement.

*Metropolitan Highway System* shall mean the integrated system of roadways, bridges, tunnels, overpasses, interchanges, parking facilities, entrance plazas, approaches, connecting highways, service stations, restaurants, tourist information centers and administration, storage, maintenance and other buildings that the Authority owns, constructs or operates and maintains pursuant to the Act which consists of the Boston Extension, the Tunnels, the Central Artery, the Central Artery North Area and including in each case such real property and any improvements thereon, personal property, equipment, licenses, appurtenances and interests in land acquired or leased in connection with or incident to the construction, ownership, operation, rehabilitation, reconstruction, improvement, repair, maintenance or administration of such roadways and tunnels as are necessary for their safe and efficient operation and maintenance or which are otherwise convenient or desirable to carry out the purpose of the Act.

*Metropolitan Highway System Advisory Board* shall mean that advisory board created pursuant to section 28 of the Act.

*Net Revenues* shall mean, as of any date of calculation and for any period, the actual Revenues for any such past period or the projected Revenues for any such future period and any other amounts deposited or to be deposited in the Revenue Fund, less the actual Operating Expenses for any such past period or the projected Operating Expenses for any such future period; provided that in both cases the following shall be excluded from Revenues for this purpose: (i) Investment Income from the Senior Debt Service Reserve Fund and the Senior Debt Service Fund to the extent deposited or to be deposited or retained or to be retained, respectively, in the Senior Debt Service Fund and (ii) Investment Income from the Subordinated Debt Service Reserve Fund and the Subordinated Debt Service Fund to the extent deposited or to be deposited or retained or to be retained, respectively, in the Subordinated Debt Service Fund.

*1999 Series A Bonds* or *1999 Bonds* means the Authority's \$808,975,000 Metropolitan Highway System Revenue Bonds, 1999 Series A (Subordinated) issued pursuant the Metropolitan Highway System Trust Agreement, as amended and supplemented by the First Supplemental Trust Agreement.

*1997 Series A Bonds* means the Authority's \$1,183,046,617 Metropolitan Highway System Revenue Bonds, 1997 Series A (Senior), issued pursuant to the Metropolitan Highway System Trust Agreement.

*1997 Series B Bonds* means the Authority's \$194,680,000 Metropolitan Highway System Revenue Bonds, 1997 Series B (Subordinated), issued pursuant to the Metropolitan Highway System Trust Agreement.

*1997 Series C Bonds* means the Authority's \$89,136,005.95 Metropolitan Highway System Revenue Bonds, 1997 Series C (Senior), issued pursuant to the Metropolitan Highway System Trust Agreement.

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*1996 Notes* means the Authority's Guaranteed Bond Anticipation Notes, 1996 Series A dated January 15, 1996 and issued pursuant to the Guaranteed Bond Anticipation Note Resolution and the First Supplemental Guaranteed Bond Anticipation Note Resolution, each adopted by the Authority on January 5, 1996.

*Operating Expenses* shall mean the Authority's expenses (including deposits to the Operating and Maintenance Reserve Account for such expenses) incurred in the normal course of business for administration, operation, maintenance, repair, ordinary replacements and ordinary reconstruction of the Accepted Metropolitan Highway System or any part of it or any Extension or part of it and shall include, without limiting the generality of the foregoing: allocable overhead and administrative expenses as determined by the Authority in its discretion, including the payment of a private operator or management company, insurance premiums, legal and engineering expenses, pension, retirement, health and hospitalization payments, expenditures relating to advertisements or promotions by or for the Authority to promote or increase use of the Accepted Metropolitan Highway System or any Extension and any other expenses required to be paid by the Authority, all to the extent properly and directly attributable to the operation of the Accepted Metropolitan Highway System and any Extension and payable by the Authority, and the expenses, liabilities and compensation of the Fiduciaries required to be paid under the Metropolitan Highway System Trust Agreement. Operating Expenses shall not include (i) any extraordinary costs or expenses for reconstruction, rehabilitation, improvement or new construction, (ii) any provision for depreciation, amortization or similar charges, (iii) General Fund Expenses, or (iv) any costs or expenses in connection with any project which is not part of the Accepted Metropolitan Highway System or any Extension.

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

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

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

*Ownership Interest* shall mean either fee title to any real property or a leasehold interest therein, a highway easement or other comparable easement thereupon provided that such leasehold interest or easement will not by the terms of the instrument creating the same terminate prior to the latest maturity date of Bonds then Outstanding.

*Parcel 7 Parking Garage* shall mean the facility having approximately 310 public parking spaces located on the second, third and fourth levels of the west side of a mixed-use building facility sited on Parcel 7 between Hanover, Congress and New Sudbury streets in Boston.

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

*Principal Installment* shall mean, as of any date of calculation and with respect to the Bonds of any Series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds (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 (determined as provided in the Metropolitan Highway System Trust Agreement) of any Sinking Fund Installments due on a future date for Bonds of such Series, plus the amount of the premium, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date, plus such applicable redemption premium, if any.

*Project* shall mean and be limited to the Metropolitan Highway System, any Extension or any part thereof.

*Project Cost*, with respect to any Project, shall include among other things (i) the costs incurred or to be incurred by the Authority in connection with the acquisition, design, construction, improvement, or reconstruction of such Project except to the extent such costs are funded from the proceeds of any indebtedness of the Authority, the payment of which is included as a Project Cost under clause (iii) below, (ii) amounts, if any, required by the Metropolitan Highway System Trust Agreement to be paid into any Fund or Account upon the issuance of any Series, (iii) payments when due on any indebtedness of the Authority (other than the Bonds) incurred for such Project, (iv) costs of equipment and supplies and initial working capital and reserves required by the Authority for the commencement of operation of such Project, (v) costs of acquisition by the Authority of real or personal property or any interest therein, and (vi) any other costs properly attributable to the acquisition, design, construction, improvement, or reconstruction of such Project.

*Project Management Agreement* shall mean the Central Artery/Ted Williams Tunnel Project Management Agreement dated as of July 1, 1997 by and between the Commonwealth, acting by and through the Massachusetts Department of Highways, and the Authority, as amended from time to time.

*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 Bonds, pursuant to agreement with or upon the request of the Authority.

*Put Bond* shall mean a 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, without regard to any refinement or gradation of such ratings, in the three highest categories of 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.

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

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

*Revenues* shall mean all (i) all rates, fees, tolls, rentals or other charges and other earned income and receipts as derived in cash by or for the account of the Authority from the Accepted Metropolitan Highway System or any Extension, (ii) Investment Income, (iii) any Supplemental Revenues, (iv) the proceeds of use and occupancy insurance on any portion of the Accepted Metropolitan Highway System or any Extension and of any other insurance which insures against loss of revenues therefrom payable to or for the account of the Authority, and (v) all amounts received by the Trustee for the account of the Authority under a Hedge Agreement. Notwithstanding the preceding sentence, however, Revenues shall not include (i) Dedicated Payments, (ii) amounts received under a Qualified Hedge Agreement which are deposited in a Debt Service Fund and have been relied upon in calculating Debt Service in accordance with the Metropolitan Highway System Trust Agreement, (iii) receipts from extraordinary, non-recurring events or sources attributable to the Accepted Metropolitan Highway System or any Extension, such as sale of property or air rights, (iv) rental income from leases of or licenses to use property or air rights attributable to the Accepted Metropolitan Highway System or any Extension unless pledged by the Authority pursuant to Schedule 501 to the Metropolitan Highway System Trust Agreement or, in the Authority's discretion, as Supplemental Revenues pursuant to a Supplemental Trust Agreement, (v) operating assistance, subsidy or other similar funding received from a governmental or other entity which is attributable to the Accepted Metropolitan Highway System or any Extension, unless pledged by the Authority, in its discretion, as Supplemental Revenues pursuant to a Supplemental Trust Agreement, or (vi)(a) all rates, fees, tolls, rentals or other charges and other earned income and receipts as derived in cash by or for the account of the Authority, (b) operating assistance, subsidy or other similar funding received from a governmental or other entity, and (c) the proceeds of use and occupancy insurance and of any other insurance which insures against loss of revenues therefrom payable to or for the account of the Authority, in each case with respect to portions of the Metropolitan Highway System other than the Accepted Metropolitan Highway System and unless pledged by the Authority, in its discretion, as Supplemental Revenues pursuant to a Supplemental Trust Agreement.

*S&P* means Standard & Poor's Ratings Services or any successor rating agency.

*Senior Debt Service Reserve Requirement* shall mean as of any date of calculation, with respect to Senior Bonds, an amount equal to the sum of the following amounts for the 1997 Series A Bonds, the 1997 Series C Bonds and any Series of Additional Senior Bonds: the least of (i) 10% of the original net proceeds from the sale of such Series, (ii) 125% of average annual Debt Service for such Series and (iii) the maximum amount of Debt Service due on the Bonds of such Series in any future Fiscal Year; provided that in the case that two or more Series of Bonds are treated as one issue for federal tax purposes, (a) the aggregate Senior and Subordinated Debt Service Reserve Requirements 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 Requirements and (b) any reduction in the aggregate Senior and Subordinated Debt Service Reserve Requirements 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 Senior and Subordinated Debt Service Reserve Requirements which would have applied but for such clause (a). The Estimated Average Interest Rate as of the date of issue for any Senior Variable Interest Rate Bonds shall be used to establish Debt Service on such Bonds for the purpose of the Senior Debt Service Reserve Requirement.

*Senior Net Debt Service* shall mean Debt Service payable on Senior Bonds less (i) the sum of (a) interest accrued or to accrue on such Bonds which is to be paid from deposits in the Senior Debt Service Fund made from the proceeds of Bonds (including amounts, if any, transferred to the Senior Debt Service Fund from the Bond Proceeds Fund) in accordance with a certificate of an Authorized Officer to the Trustee, (b) amounts transferred to the Senior Debt Service Fund from the General Fund at the Authority's direction, (c) Investment Income from the Senior Debt Service Reserve Fund and the Senior Debt Service Fund transferred to or retained in the Senior Debt Service Fund and (d) Dedicated Payments deposited in the Senior Debt Service Fund pursuant to the

Metropolitan Highway System Trust Agreement plus (ii) Debt Service payable on Bond Anticipation Notes issued in anticipation of Senior 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 Bonds authenticated and delivered on original issuance and designated as such by the Authority in a simultaneous transaction pursuant to the Metropolitan Highway System Trust Agreement and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to the Metropolitan Highway System Trust Agreement, regardless of variations in maturity, interest rate, sinking fund, or other provisions.

*Series 2019 Bonds* shall mean, collectively, the 2019 Series A Bonds and the 2019 Series B Bonds.

*Seventh Supplemental Trust Agreement* shall mean the Seventh Supplemental Metropolitan Highway System Trust Agreement dated as of March 1, 2010 by and between the Department and the Trustee.

*Sinking Fund Installment* shall mean, as of any date of calculation and with respect to any Bonds of a Series, so long as any Bonds thereof are Outstanding, the amount of money required by the Metropolitan Highway System Trust Agreement or a Supplemental Trust Agreement, to be paid on a single future date for the retirement of any Outstanding Bonds of said Series (or of another Series, if authorized by each applicable Supplemental Trust Agreement) which mature after said date, but does not include any amount payable by the Authority by reason only of the maturity of a 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.

*Subordinated Bonds* shall mean all Bonds authenticated and delivered pursuant to the provisions described under the heading "Additional Subordinated Bonds" below.

*Subordinated Debt Service Reserve Requirement* shall mean as of any date of calculation, with respect to Subordinated Bonds, an amount equal to the sum of the following amounts for the 1997 Series B Bonds, the 1999 Series A Bonds and any Series of Additional Subordinated Bonds: the least of (i) 10% of the original net proceeds from the sale of such Series, (ii) 125% of average annual Debt Service for such Series and (iii) the maximum amount of Debt Service due on the Bonds of such Series in any future Fiscal Year; provided that in the case that two or more Series of Bonds are treated as one issue for federal tax purposes, (a) the aggregate Senior and Subordinated Debt Service Reserve Requirements 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 Requirements and (b) any reduction in the aggregate Senior and Subordinated Debt Service Reserve Requirements 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 Senior and Subordinated Debt Service Reserve Requirements which would have applied but for such clause (a). The Estimated Average Interest Rate as of the date of issue for any Subordinated Variable Interest Rate Bonds shall be used to establish Debt Service on such Bonds for the purpose of the Subordinated Debt Service Reserve Requirement.

*Subordinated Net Debt Service* shall mean Debt Service payable on Subordinated Bonds less (i) the sum of (a) interest accrued or to accrue on such Bonds which is to be paid from Deposits in the Subordinated Debt Service Fund made from the proceeds of Bonds (including amounts, if any, transferred to the Subordinated Debt Service Fund from the Bond Proceeds Fund) in accordance with a certificate of an Authorized Officer to the Trustee, (b) amounts transferred to the Subordinated Debt Service Fund from the General Fund at the Authority's direction, (c) Investment Income from the Subordinated Debt Service Reserve Fund and the Subordinated Debt Service Fund transferred to or retained in the Subordinated Debt Service Fund and (d) Dedicated Payments deposited in the Subordinated Debt Service Fund pursuant to the Metropolitan Highway System Trust Agreement plus (ii) Debt Service payable on Bond Anticipation Notes issued in anticipation of Subordinated

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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 Revenues* shall mean any revenues of the Authority which are not Revenues as defined in the Trust Agreement as initially adopted which the Authority, in its discretion, subsequently pledges as additional security for its obligations under the Metropolitan Highway System Trust Agreement pursuant to a Supplemental Trust Agreement, including without limitation revenues described in clauses (iv), (v) or (vi) of the second sentence of the definition of Revenues.

*Supplemental Trust Agreement* shall mean any trust agreement supplemental to or amendatory of the Metropolitan Highway System Trust Agreement, adopted by the Authority in accordance with Article VIII of the Metropolitan Highway System Trust Agreement.

*Ted Williams Tunnel* shall mean all or any segments of the roadways, bridges, viaducts and tunnels for vehicular traffic that constitute the interstate highway route 90 extension and its connecting roadways and tunnels including (i) the harbor tunnel crossing beneath Boston Harbor, beginning at and including the interchange of State highway route 1A and the Logan Airport access and egress roadways with interstate highway route 90 and continuing beneath Boston Harbor to and including the interchange of interstate highway route 90 and South Boston Bypass road but excluding the Logan Airport access and egress roadways owned or to be owned by the Massachusetts Port Authority, (ii) the seaport access highway beginning at the interchange of interstate highway routes 90 and 93 and continuing to the interchange of interstate highway route 90 and South Boston Bypass Road, and (iii) South Boston Bypass Road, a portion of which is also known as the South Boston Haul Road, beginning at the interchange of interstate highway route 93 and South Boston Bypass Road and continuing to the interchange of the seaport access highway in the South Boston section of the City.

*Tender Date* shall have the meaning given such term in the Twelfth Supplemental Trust Agreement, or any other Supplemental Trust Agreement providing for the issuance of Variable Interest Rate Bonds, as applicable.

*Tender Price* shall have the meaning given such term in the Twelfth Supplemental Trust Agreement, or any other Supplemental Trust Agreement providing for the issuance of Variable Interest Rate Bonds, as applicable.

*Transfer Agreements* shall mean the Third Harbor Tunnel Transfer Agreement dated December 13, 1995, as amended, by and between the Commonwealth acting by and through the Massachusetts Department of Highways and the Authority and any transfer agreement entered into by the Commonwealth and the Authority with respect to the transfer to the Authority of an Ownership Interest in the Central Artery, the Central Artery North Area or any other portion of the Metropolitan Highway System.

*Trust Agreement* shall mean the Metropolitan Highway System Trust Agreement as supplemented and amended to date, and as further supplemented and amended by the Twelfth Supplemental Trust Agreement.

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

*Tunnels* shall mean the Sumner Tunnel, the Callahan Tunnel and the Ted Williams Tunnel.

*Turnpike* shall mean, the limited access express toll highway, designated as interstate highway route 90, and all bridges, tunnels, overpasses, underpasses, interchanges, parking facilities, entrance plazas, approaches, connecting highways, service stations, restaurants, tourist information centers and administration, storage, maintenance and other buildings that the Authority may own, construct or operate and maintain

pursuant to the Act, extending from the town of West Stockbridge on the Commonwealth's border with New York state to, but not including, the interchange of interstate highway route 90 and state highway route 128/I-95 in the town of Weston, and including in each case such real property and any improvements thereon, personal property, equipment, licenses, appurtenances and interests in land acquired or leased in connection with or incident to the construction, ownership, operation, rehabilitation, reconstruction, improvement, repair, maintenance or administration of such roadways and tunnels as are necessary for their safe and efficient operation and maintenance or which are otherwise convenient or desirable to carry out the purpose of the Act.

*Turnpike Revenues* shall mean (i) all rates, fees, tolls, rentals or other charges and other earned income and receipts derived from or with respect to the ownership, operation, lease, rent or other use or disposition of the Turnpike or any part thereof; and (ii) all other funds received by the Authority, from whatever source, relating to the Turnpike.

*Twelfth Supplemental Trust Agreement* shall mean the Twelfth Supplemental Metropolitan Highway System Trust Agreement dated as of January 1, 2019 by and between the Department and the Trustee.

*2019 Series A Bonds* shall mean the Department's Metropolitan Highway System Revenue Refunding Bonds (Subordinated), Commonwealth Contract Assistance Secured, Variable Rate 2019 Series A, issued pursuant the Metropolitan Highway System Trust Agreement, as amended and supplemented, and as further amended and supplemented by the Twelfth Supplemental Trust Agreement.

*2019 Series A Debt Service Reserve Requirement* shall mean zero dollars (\$0).

*2019 Series B Bonds* shall mean the Department's Metropolitan Highway System Revenue Refunding Bonds (Subordinated), Commonwealth Contract Assistance Secured, 2019 Series B, issued pursuant the Metropolitan Highway System Trust Agreement, as amended and supplemented to date, and as further amended and supplemented by the Twelfth Supplemental Trust Agreement.

*2019 Series B Debt Service Reserve Requirement* shall mean zero dollars (\$0).

*Valuation Date* shall mean with respect to any Capital Appreciation Bond the date or dates set forth in the Metropolitan Highway System Trust Agreement with respect to the 1997 Series A Bonds and the 1997 Series C Bonds or in the First Supplemental Trust Agreement with respect to the 1999 Series A Bonds or in a Supplemental Trust Agreement authorizing such Bond on which specific Accreted Values are assigned to the Capital Appreciation Bond and (ii) with respect to any Deferred Income Bond, the date or dates on or prior to the Interest Commencement Date set forth in the Supplemental Trust Agreement authorizing such Bond on which specific Appreciated Values are assigned to the Deferred Income Bond.

*Variable Interest Rate* shall mean a variable interest rate to be borne by any Bond. The method of computing such variable interest rate shall be specified in the Supplemental Trust Agreement authorizing such 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 Bond which bears interest at a Variable Interest Rate.

### **The Pledge Effected by the Metropolitan Highway System Trust Agreement**

The Bonds are special obligations of the Authority payable solely from the items pledged to the payment thereof pursuant to the terms of the Metropolitan Highway System Trust Agreement.

The Metropolitan Highway System Trust Agreement provides that there is irrevocably pledged for the payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for Senior Bonds, in accordance with their terms and the provisions of the Metropolitan Highway System Trust Agreement, subject only to the provisions of the Metropolitan Highway System Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Metropolitan Highway System Trust

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Agreement: (i) the proceeds of the sale of the Senior Bonds, (ii) the Revenues, (iii) Dedicated Payments allocated to Senior Bonds and interest earnings thereon, (iv) the rental income from certain leases between the Authority and certain third parties specifically listed in Schedule 501 to the Metropolitan Highway System Trust Agreement, as amended by the First Supplemental Trust Agreement, the Seventh Supplemental Trust Agreement or added by any other Supplemental Trust Agreement and (v) all Funds and Accounts established by the Metropolitan Highway System Trust Agreement (other than 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 Bonds above, and on the terms and conditions set forth therein with respect to such prior pledge, the property described in clauses (ii), (iv) and (v) above (except moneys or Investment Obligations in the Senior Debt Service Fund or the Senior Debt Service Reserve Fund) are further pledged, and the proceeds of the sale of Subordinated Bonds, Dedicated Payments allocated to Subordinated Bonds and interest earnings thereon, the Subordinated Debt Service Fund and the Subordinated Debt Service Reserve Fund are further pledged, to the payment of the Subordinated Bonds. (*Sections 201, 501*).

### Provisions for Issuance of Bonds

Senior 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 the 1996 Notes, or any other Authority bonds, notes or other obligations issued in connection with the Metropolitan Highway System, (ii) to refund Outstanding Bonds, (iii) to make payments to the Commonwealth related to the transfer to the Authority of all or a portion of the Metropolitan Highway System, (iv) to pay Project Costs, (v) to make a deposit to the Bond Proceeds Fund, the Operating Fund, the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Subordinated Debt Service Fund, the Subordinated Debt Service Reserve Fund, the Capital Reinvestment Fund or the General Fund, including any Accounts therein, and (vi) to pay or provide for the payment of the costs incurred in connection with the issuance of Bonds.

Subordinated Bonds of one or more Series may at any time or from time to time be authenticated and delivered upon original issuance (i) to refund Outstanding Subordinated Bonds, (ii) to make a deposit to the Subordinated Debt Service Fund or the Subordinated Debt Service Reserve Fund relating to such Refunding Bonds, including any Accounts therein, and (iii) to pay or provide for the payment of the costs incurred in connection with the issuance of such Refunding Bonds.

The Bonds of a Series authorized to be issued shall be executed by the Authority and delivered to the Trustee. Such 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 Metropolitan Highway System Trust Agreement, and the Metropolitan Highway System 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 Metropolitan Highway System Trust Agreement is required; (ii) the Metropolitan Highway System Trust Agreement creates the valid pledge of the items which it purports to pledge to the payment of the Bonds pursuant to the Metropolitan Highway System Trust Agreement, subject to the application of certain provisions of the Metropolitan Highway System Trust Agreement to the purposes and on the conditions permitted by the Trust Agreement; and (iii) the Bonds of such Series are valid and binding special obligations of the Authority as provided in the Metropolitan Highway System 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 Bonds have been duly and validly authorized and issued in accordance with law, including the Act, and in accordance with the Metropolitan Highway System 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 Bonds of such Series, signed by an Authorized Officer;

(3) Copies of the Metropolitan Highway System Trust Agreement as amended and supplemented and of the Supplemental Trust Agreement authorizing such Series if such Series are Additional Bonds, each certified by an Authorized Officer;

(4) If any 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 setting forth (i) the aggregate principal amount of all Bonds of all Series to be Outstanding immediately after such authentication and delivery, (ii) the Debt Service for such Bonds for the then current and each future Fiscal Year, and (iii) the greatest amount of Debt Service for the then current or any future Fiscal Year; and stating that the amount on deposit in the applicable 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 Bonds of such Series (and in the event that any Outstanding Bonds are then being redeemed, after such redemption) will be at least equal to the applicable Debt Service Reserve Requirement;

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

### **Additional Senior Bonds**

One or more Series of Additional Senior Bonds may be authenticated and delivered upon original issue for any of the purposes set forth in the provisions to the Metropolitan Highway System Trust Agreement.

The Additional Senior Bonds of such Series shall be authenticated only upon receipt by the Trustee of one of the following (in addition to the documents required by the provisions of the Metropolitan Highway System Trust Agreement): (i) a certificate of an Independent Consultant estimating that in each of the Fiscal Years following the issuance of the Additional Senior Bonds during which Senior Bonds will be Outstanding, Net Revenues will be at least equal to 1.20 times Senior Net Debt Service and 1.15 times Combined Net Debt Service; or (ii) a certificate of an Authorized Officer estimating that for at least 12 consecutive months during the last 18 months, assuming that such Additional Senior Bonds had been issued, Net Revenues would have been at least equal to 1.20 times the maximum amount of Senior Net Debt Service and 1.15 times the maximum amount of Combined Net Debt Service in the then current or any future Fiscal Year; or (iii) a certificate of an Independent Consultant that (a) in each of the Fiscal Years following the issuance of the Additional Senior Bonds preceding a particular future Fiscal Year designated for the purpose by the Authority, Net Revenues will be at least equal to 1.20 times the amount of Senior Net Debt Service and 1.15 times the amount of Combined Net Debt Service in each such Fiscal Year and (b) in such designated future Fiscal Year, Net Revenues will be at least equal to 1.20 times the maximum amount of Senior Net Debt Service and 1.15 times the maximum amount of Combined Net Debt Service in the then current or any subsequent Fiscal Year. For purposes of any projections in any such certificate, the Independent Consultant or the Authority may include estimated toll increases and Operating Expenses which are projected by the Authority to occur during the applicable period of projection, which projections are reasonable in the opinion of the Independent Consultant and projections of Debt Service and Revenues which shall be consistent with the provisions of the Metropolitan Highway System Trust Agreement (see "Covenants Regarding Calculation of Projected Debt Service and Revenues").

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In addition to the documents required by the provisions of the Metropolitan Highway System Trust Agreement, any Series of Additional Senior Bonds issued for any purpose other than refunding Bonds and paying termination amounts, if any, payable in respect of a Qualified Hedge Agreement, shall be authenticated only upon receipt by the Trustee of written confirmation from each Rating Agency that its rating of Outstanding Bonds will not be adversely affected by the issuance of such Additional Senior Bonds. (*Section 205*).

### **Additional Subordinated Bonds**

No Additional Subordinated Bonds may be issued under the Trust Agreement except: (i) Refunding Bonds issued pursuant to the Metropolitan Highway System Trust Agreement solely for the purpose of refunding any Subordinated Bonds or (ii) Bonds pursuant to the Metropolitan Highway System Trust Agreement in lieu of or in substitution for Bonds previously issued. The provisions described in the following paragraph shall only apply in the event of the issuance of Refunding Bonds pursuant to the provisions described in clause (5)(b) under the heading “Special Provisions for Refunding Bonds” below.

The Additional Subordinated Bonds of such Series shall be authenticated only upon receipt by the Trustee of one of the following (in addition to the documents required by the provisions of the Metropolitan Highway System Trust Agreement): (i) a certificate of an Independent Consultant estimating that in each of the Fiscal Years following the issuance of the Additional Subordinated Bonds, Net Revenues will be at least equal to 1.15 times Combined Net Debt Service; or (ii) a certificate of an Authorized Officer estimating that for at least 12 consecutive months during the last 18 months, assuming that such Additional Subordinated Bonds had been issued, Net Revenues would have been at least equal to 1.15 times the maximum amount of Combined Net Debt Service in the then current or any future Fiscal Year; or (iii) a certificate of an Independent Consultant that (a) in each of the Fiscal Years following the issuance of the Additional Subordinated Bonds preceding a particular future Fiscal Year designated for the purpose by the Authority, Net Revenues will be at least equal to 1.15 times the amount of Combined Net Debt Service in each such Fiscal Year and (b) in such designated future Fiscal Year, Net Revenues will be at least equal to 1.15 times the maximum amount of Combined Net Debt Service in the then current or any subsequent Fiscal Year. For purposes of any projections in any such certificate, the Independent Consultant or the Authority may include estimated toll increases and Operating Expenses which are projected by the Authority to occur during the applicable period of projection, which projections are reasonable in the opinion of the Independent Consultant and projections of Debt Service and Revenues which shall be consistent with the requirements of the provisions of the Metropolitan Highway System Trust Agreement (see “Covenants Regarding Calculation of Projected Debt Service and Revenues”). (*Section 206*).

### **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 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 the provisions of the Metropolitan Highway System Trust Agreement) of:

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

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

(3) If the Bonds to be refunded are to be deemed paid within the meaning and with the effect expressed in the provisions of the Metropolitan Highway System Trust Agreement relating to defeasance of Bonds, (i) moneys and/or (ii) Investment Obligations as shall be necessary to comply with the

Metropolitan Highway System Trust Agreement, which Investment Obligations and moneys shall be held in trust and used only as provided in the Metropolitan Highway System Trust Agreement;

(4) If the proceeds of such Series of Refunding Bonds are to be utilized by the Authority to purchase Bonds to be delivered to the Trustee in satisfaction of a Sinking Fund Installment or to defease a portion of the Bonds which are the subject of a Sinking Fund Installment in accordance with the Metropolitan Highway System Trust Agreement, a certificate of an Authorized Officer of the Authority specifying (i) the principal amount, Series, maturity, interest rate and number of the Bonds to be so delivered, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Bonds are to be so delivered, (iii) the aggregate principal amount of the Bonds to be so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of the 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 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 certificates provided for in the Metropolitan Highway System 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 Senior Bonds issued pursuant to the Metropolitan Highway System Trust Agreement or Subordinated Bonds issued pursuant to the Metropolitan Highway System Trust Agreement, as applicable, and (ii) that the Bonds to be refunded are no longer Outstanding. (*Section 207*).

### **Bond Anticipation Notes**

Whenever the Authority shall have, by Supplemental Trust Agreement, authorized the issuance of a Series of Bonds, the Authority may by trust agreement, resolution or other action authorize the issuance of Bond Anticipation Notes in anticipation of the sale of such authorized Series of Bonds in a principal amount not exceeding the principal amount of the Bonds of such Series so authorized. No such Bond Anticipation Notes shall be issued unless at the time of issuance the Authority satisfies the requirements for the issuance of a Series of Bonds set forth in the provisions of the Metropolitan Highway System Trust Agreement assuming for the purposes of such requirements that (i) on the date of issuance of such Bond Anticipation Notes the Authority issues Bonds in an amount sufficient to pay the principal of and interest on such Bond Anticipation Notes, (ii) such Bonds were issued on the date of calculation, (iii) no such Bond matures later than the maturity date next preceding the fortieth anniversary of the assumed date of issuance, (iv) such Bonds bear interest at such rates as an Authorized Officer shall determine to be required to have sold such Bonds at a price equal to the principal amount thereof, (v) interest on such Bonds is payable on the interest payment date, commencing on the first such date next succeeding the assumed date of issuance and (vi) the principal, Sinking Fund Installments and interest payable during any Fiscal Year after the assumed date of issuance is substantially equal to the principal, Sinking Fund Installments and interest payable during any other such Fiscal Year.

The principal of and interest on such Bond Anticipation Notes and any renewals of such Notes shall be payable only (i) from the proceeds of any renewals of such Bond Anticipation Notes issued to repay such Bond Anticipation Notes, (ii) from the proceeds of the sale of the Series of Bonds in anticipation of which such Notes are issued, (iii) from the proceeds of such Bond Anticipation Notes deposited in the Bond Proceeds Fund, (iv) from amounts available in the General Fund or (v) from any moneys of the Authority available therefor and not pledged under the Metropolitan Highway System Trust Agreement. Such proceeds set forth in clauses (ii) and (iii) may be pledged for the payment of the principal of and interest on such Bond Anticipation Notes and any such pledge shall have priority over any other pledge created by the Metropolitan Highway System Trust Agreement. In any case, such Bond Anticipation Notes shall be retired or defeased not later than the date of authentication and delivery of the Bonds in anticipation of which they are issued.

The proceeds of the sale of Bond Anticipation Notes other than any renewals thereof shall be applied to the purposes for which the Bonds anticipated by such Bond Anticipation Notes are authorized and shall be deposited in the appropriate Fund or Account established by the Metropolitan Highway System Trust Agreement for such purposes and, if so provided in the trust agreement, resolution or other action authorizing

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the issuance of Bond Anticipation Notes to pay outstanding Bond Anticipation Notes, applied directly to such payment. (*Section 208*).

### Additional Obligations

The Authority reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Authority, including without limitation General Fund Indebtedness, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as provided in the Metropolitan Highway System Trust Agreement, entitled to a charge or lien or right with respect to the Revenues or the Funds and Accounts created under the Metropolitan Highway System Trust Agreement or pursuant thereto. (*Section 209*).

Hedging Transactions

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

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

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

(4) fees and termination payments, if any, payable to the Provider may be deemed to be Debt Service and paid from amounts on deposit in the Senior Debt Service Fund or the Subordinated Debt Service Fund if and to the extent expressly provided in the Qualified Hedge Agreement (otherwise such fees and termination payments shall be payable solely from amounts on deposit in the General Fund).

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

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

(2) any and all payments required to be made by the Authority to the Provider pursuant to such Hedge Agreement (including any fee and termination payments) shall be made only from amounts on deposit in the General Fund; and

(3) any payments received by the Authority from the Provider pursuant to such Hedge Agreement shall be treated as Revenues and shall be deposited in the Revenue Fund. (*Section 104*).

**Redemption of Bonds**

Additional Bonds subject to redemption prior to maturity pursuant to a Supplemental Trust Agreement shall be redeemable, upon notice as provided in the Metropolitan Highway System Trust Agreement, at such times, at such Redemption Prices and upon such terms in addition to and consistent with the terms contained in the Metropolitan Highway System Trust Agreement as may be specified in the Metropolitan Highway System Trust Agreement or in the Supplemental Trust Agreement authorizing such Series.

In the case of any redemption of Bonds otherwise than out of any Sinking Fund Installments, 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 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 the Metropolitan Highway System Trust Agreement or any Supplemental Trust Agreement).

In the case of any redemption of Bonds out of Sinking Fund Installments, the Authority shall, in the case of each Sinking Fund Installment, give written notice to the Trustee of the date of such Sinking Fund Installment, the unsatisfied balance of such Sinking Fund Installment, as provided in the Metropolitan Highway System Trust Agreement, the particular Series and maturity of the Bonds entitled to such Sinking Fund Installment, and the principal amount of such Bonds to be redeemed out of such Sinking Fund Installment. Such notice shall be given at least 45 days prior to the date of such Sinking Fund Installment, or such shorter period as shall be acceptable to the Trustee. The Authority covenants that it will, prior to the date of such Sinking Fund Installment, pay to the appropriate Paying Agent an amount in cash which will be sufficient to redeem all of the Bonds which are to be redeemed out of such Sinking Fund Installment, at the Redemption Price thereof, plus interest accrued and unpaid to the date of the Sinking Fund Installment.

Except as otherwise provided in a certificate of an Authorized Officer with respect to the Initial Bonds or in a Supplemental Trust Agreement authorizing the issuance of the Series of Additional Bonds, if fewer than all of the Bonds of like maturity of any Series shall be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate subject to any limitation with respect thereto contained in any Supplemental Trust Agreement.

The Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed and the respective portions of the principal amount thereof to be redeemed. The notice shall further state that on the redemption date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of registered Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. The Trustee shall mail a copy of such notice not less than thirty (30) days nor more than sixty (60) days before the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed. In addition, at the request of the Authority, the Trustee shall also mail a copy of any such notice of election to redeem pursuant to the Metropolitan Highway System Trust Agreement to the registered owners of the Bonds in the manner described in the preceding sentence on such earlier date or dates prior to the redemption date as the Authority may specify, which earlier notice may be conditional as specified by the Authority; provided that notice in accordance with the preceding sentence shall still be given when due. Failure of the registered Owner of Bonds which are to be redeemed to receive any such notice shall not affect the validity of the proceedings for the redemption of Bonds. If, at the time of mailing of the notice of optional redemption, moneys have not been deposited with the Trustee in an amount sufficient to redeem all of the Bonds called for redemption, such notice may state that it is conditional, i.e., subject to the deposit of sufficient moneys not later than the opening

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of business on the redemption date, and any such notice shall be of no effect unless such moneys are deposited. (*Article IV*).

### **Establishment of Funds and Accounts**

The Metropolitan Highway System Trust Agreement establishes the following Funds and Accounts, which shall be held and administered by the Trustee:

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

The Metropolitan Highway System Trust Agreement establishes the following Funds and Accounts, which shall be held and administered by the Authority:

(1) Bond Proceeds Fund, which shall include a Metropolitan Highway System Capital Account, a Commonwealth Payment Account, an Extension Account and such other Accounts as the Authority may create by Supplemental Trust Agreement;

(2) Operating Fund, which shall include an Operations and Maintenance Account and an Operating and Maintenance Reserve Account;

- (3) Rebate Fund;
- (4) Capital Reinvestment Fund; and
- (5) General Fund.

*(Section 502)*

The Twelfth Supplemental Trust Agreement establishes the following Funds and Accounts, which shall be held and administered by the Trustee: 2019A Bond Purchase Fund, which shall include a 2019A Liquidity Facility Purchase Account, a 2019A Credit Facility Purchase Account, a 2019A Remarketing Account and a 2019A Department Purchase Account.

The Twelfth Supplemental Trust Agreement establishes the following Accounts within the Subordinated Debt Service Fund, which shall be held and administered by the Trustee: 2019A Bank Payment Subaccount.

The Twelfth Supplemental Trust Agreement establishes the following Accounts within the Subordinated Debt Service Reserve Fund, which shall be held and administered by the Trustee: 2019A Account and 2019B Account.

*(Section 401 of the Twelfth Supplemental Trust Agreement)*

### **Bond Proceeds Fund**

The Authority shall deposit into the Metropolitan Highway System Capital Account the net proceeds of all Bonds, other than Refunding Bonds, issued for direct expenditures to be made by the

Authority other than for Extensions, which net proceeds shall be in the amount and applied as set forth in the Metropolitan Highway System Trust Agreement with respect to the Initial Bonds or in the applicable Supplemental Trust Agreement authorizing the issuance of a Series of Additional Bonds.

The Authority shall deposit into the Commonwealth Payment Account the net proceeds of all Bonds, other than Refunding Bonds, issued for payments to be made to the Commonwealth under the Act or other law, which net proceeds shall be in the amount and applied as set forth in the Metropolitan Highway System Trust Agreement with respect to the Initial Bonds or in the applicable Supplemental Trust Agreement authorizing the issuance of a Series of Additional Bonds.

The Authority shall deposit into the Extension Account the net proceeds of all Bonds issued for Extensions, which net proceeds shall be in the amount set forth in the applicable Supplemental Trust Agreement. Sub-accounts for each Series of Bonds may be established by the Authority within the Extension Account. Amounts on deposit in the Extension Account shall be applied to the payment of the Project Cost of the Extension for which such deposit was made in the manner and upon such conditions as the Authority may provide in such Supplemental Trust Agreement. Amounts remaining on deposit in the Extension Account upon the Date of Completion of the Extension or Extensions for which such deposit was made or if the acquisition, design, construction, improvement, reconstruction, renewal, rehabilitation or improvement of such Extension or Extensions is abandoned prior to completion, shall, at the discretion of the Authority (i) be transferred to the applicable Debt Service Fund and applied toward the purchase or redemption of Bonds, or (ii) be deposited in any other Account established within the Bond Proceeds Fund.

*(Section 503).*

### **Revenue Fund and Application Thereof**

The Authority shall, immediately following the issuance and delivery of any Bonds under the Metropolitan Highway System Trust Agreement, transfer to the Trustee for payment into the Revenue Fund all Revenues as received, except Investment Income required by the terms of the Metropolitan Highway System Trust Agreement to be deposited in another Fund or Account. Amounts in the 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 Revenue Fund and on or before the twenty-fifth (25th) day of each month thereafter, the following Funds and Accounts, in the amounts and in the order and priority, as follows:

(1) To the Authority for deposit into the Operating Fund, (i) for credit to the Operating and Maintenance Account, such amount as the Authority shall estimate is required consistent with the Annual Budget, together with amounts then on deposit therein, to provide for the payment of Operating Expenses (other than Operating Expenses for credit to the Operating and Maintenance Reserve Account) estimated to be paid through the next month and (ii) for credit to the Operating and Maintenance Reserve Account, such amount, if any, as shall be required to bring the amount on deposit therein to the level required therefor by the then current Annual Budget;

(2) Into the Senior Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Debt Service for Senior Bonds and the fees and charges related to Credit Facilities, Liquidity Facilities, and Qualified Hedge Agreements entered into in connection with Senior Bonds accruing prior to the twenty-fifth day of the next succeeding month; provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be excluded from the balance of said Fund the amount, if any, set aside in said Fund from the proceeds of Senior Bonds (including amounts, if any, transferred thereto from the Bond Proceeds Fund) or otherwise for the payment of interest on Senior Bonds which is to be applied in accordance with the instructions set forth in a certificate of an Authorized Officer of the Authority delivered to the Trustee to the payment of interest to accrue on Senior Bonds on or after the twenty-fifth day of the next succeeding month;

(3) 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 Metropolitan Highway System Trust Agreement and subject to the provisions thereto, to equal the Senior Debt Service Reserve Requirement as of the last day of the then

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current month (provided, however, that the provisions described under “Senior Debt Service Reserve Fund” shall govern any restoration required after a withdrawal from such Fund or as a result of a valuation of such Fund);

(4) Into the Subordinated Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Debt Service for Subordinated Bonds and the fees and charges related to Credit Facilities, Liquidity Facilities and Qualified Hedge Agreements entered into in connection with Subordinated Bonds accruing prior to the twenty-fifth day of the next succeeding month; provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be excluded from the balance of said Fund the amount, if any, set aside in said Fund from the proceeds of Subordinated Bonds (including amounts, if any, transferred thereto from the Bond Proceeds Fund) or otherwise for the payment of interest on Subordinated Bonds which is to be applied in accordance with the instructions set forth in a certificate of an Authorized Officer of the Authority delivered to the Trustee to the payment of interest to accrue on Subordinated Bonds on or after the twenty-fifth day of the next succeeding month;

(5) 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 Metropolitan Highway System Trust Agreement and subject to the provisions thereto, to equal the Subordinated Debt Service Reserve Requirement as of the last day of the then current month (provided, however, that the provisions described under “Subordinated Debt Service Reserve Fund” shall govern any replenishment required after a withdrawal from such Fund);

(6) To the Authority for credit to the Rebate Fund, notwithstanding any other provisions of Article V of the Metropolitan Highway System Trust Agreement, such Revenues at such times and in such amounts as shall be set forth in a certificate of an Authorized Officer;

(7) To the Authority for deposit into the Capital Reinvestment Fund, one-twelfth of the Capital Reinvestment Requirement established by the Authority for the Fiscal Year in the Authority’s then current Annual Budget, or such greater portion of such Requirement as the Trustee may be directed to so deposit by a certificate of an Authorized Officer; and

(8) To the Authority for deposit into the General Fund, the moneys remaining on deposit in the Revenue Fund after making the foregoing deposits. (*Section 504*).

### Operating Fund

Amounts credited to the Operating and Maintenance Account shall be applied from time to time by the Authority to the payment of Operating Expenses of the Accepted Metropolitan Highway System and any Extensions.

Amounts credited to the Operating and Maintenance Account which the Authority at any time determines to be in excess of the requirements of such Account shall be applied to make up any deficiencies in the following Funds and Accounts in the order stated: Senior Debt Service Fund; Senior Debt Service Reserve Fund; Subordinated Debt Service Fund; Subordinated Debt Service Reserve Fund; Rebate Fund and Capital Reinvestment Fund. Any balance of such excess not so applied shall be credited to any Fund or Account specified by the Authority.

Amounts credited to the Operating and Maintenance Reserve Account shall, at the direction of the Authority, be applied to the payment of Operations Expenses to the extent unavailable from the Operating Fund.

Amounts credited to the Operating and Maintenance Reserve Account which the Authority at any time determines to be in excess of the requirements of such Account shall be applied to make up any deficiencies in the following Funds and Accounts in the order stated: Senior Debt Service Fund; Senior Debt Service Reserve Fund; Subordinated Debt Service Fund; Subordinated Debt Service Reserve Fund; Rebate Fund; and Capital



Reinvestment Fund. Any balance of such excess shall be credited to any Fund or Account specified by the Authority. (*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 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 Bonds payable on such due date; and (iii) on or before any redemption date for the Senior Bonds, the amount required for the payment of the Redemption Price of and interest on the Senior Bonds then to be redeemed.

In the event of the refunding of any Senior 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 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 Bonds being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter Senior Bonds being refunded shall be deemed to have been paid pursuant to the Metropolitan Highway System 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 Metropolitan Highway System 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 Bonds being refunded and deposit such amounts in any Fund or Account under the Metropolitan Highway System 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 Metropolitan Highway System Trust Agreement (other than the Fund or Account into which such amount is being transferred). (*Section 507*).

**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 paragraph (2) under the heading “Revenue Fund and Application Thereof,” the Trustee shall transfer to the Senior Debt Service Fund (in such order) amounts from the General Fund, the Senior Debt Service Reserve and the Capital Reinvestment Fund equal to the deficiency.

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 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.

In the event of the refunding of any Senior 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 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 Bonds being refunded, subject to continued satisfaction of the Debt Service Reserve Requirement.

Regardless of any other provisions of the Metropolitan Highway System 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 under this heading, shall be less than the Senior Debt Service Reserve Requirement as a result of any withdrawal from

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said Fund or as a result of the valuation of such fund performed in accordance with the Metropolitan Highway System 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 under this heading, to the Senior 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 508*).

### 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 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 Bonds payable on such due date; and (iii) on or before any redemption date for the Subordinated Bonds, the amount required for the payment of the Redemption Price of and interest on the Subordinated Bonds then to be redeemed.

In the event of the refunding of any Subordinated 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 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 Bonds being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter Subordinated Bonds being refunded shall be deemed to have been paid pursuant to the Metropolitan Highway System 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 Metropolitan Highway System 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 Bonds being refunded and deposit such amounts in any Fund or Account under the Metropolitan Highway System 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 Metropolitan Highway System Trust Agreement (other than the Fund or Account into which such amount is being transferred). (*Section 509*).

### 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, the Trustee shall transfer to the Subordinated Debt Service Fund (in such order) amounts from the General Fund, the Subordinated Debt Service Reserve Fund and the Capital Reinvestment Fund equal to the deficiency.

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 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.

In the event of the refunding of any Subordinated 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 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 Bonds being refunded, subject to continued satisfaction of the Debt Service Reserve Requirement.

Regardless of the provisions of the Metropolitan Highway System 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 under this heading, 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 Metropolitan Highway System 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 provisions described in the second paragraph under this heading, 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) monthly installments commencing thirty (30) days after such valuation.

Notwithstanding anything in the Trust Agreement to the contrary, with respect to the 2019 Series A Bonds, references to the Subordinated Debt Service Reserve Fund shall be deemed to refer to the 2019 Series A Account within the Subordinated Debt Service Reserve Fund and references to the Subordinated Debt Service Reserve Requirement shall be deemed to refer to the 2019 Series A Debt Service Reserve Requirement. Notwithstanding anything in the Trust Agreement to the contrary, with respect to the 2019 Series B Bonds, references to the Subordinated Debt Service Reserve Fund shall be deemed to refer to the 2019 Series B Account within the Subordinated Debt Service Reserve Fund and references to the Subordinated Debt Service Reserve Requirement shall be deemed to refer to the 2019 Series B Debt Service Reserve Requirement.

The amounts on deposit in the 2019 Series A Account within the Subordinated Debt Service Reserve Fund may be transferred to the Subordinated Debt Service Fund at any time at the direction of the Department, as evidenced by a certificate of an Authorized Officer delivered to the Trustee, to be applied to debt service on the 2019 Series A Bonds if said Authorized Officer has determined that the payments reasonably expected to be made to the Department by the Provider of any Qualified Hedge Agreement with respect to any 2019 Series A Bonds is less than the actual, accrued interest payments due on such 2019 Series A Bonds. The amounts on deposit in the 2019 Series A Account within the Subordinated Debt Service Reserve Fund may otherwise be applied in accordance with the other provisions of the Trust Agreement relating to the Subordinated Debt Service Reserve Fund without the delivery of the certificate of an Authorized Officer referenced above. As provided in the Trust Agreement, the income from any Investment Obligations in the 2019 Series A Account within the Subordinated Debt Service Reserve Fund shall be credited to the Subordinated Debt Service Fund, but only to the extent not needed to cause the balance in the 2019 Series A Account within the Subordinated Debt Service Reserve Fund to be equal to the 2019 Series A Debt Service Reserve Requirement. (*Section 510*).

### **Capital Reinvestment Fund**

Amounts in the Capital Reinvestment Fund shall be applied to payment of the costs of equipment, major renewals, replacements, repairs, rehabilitation, additions, betterments and improvements with respect to the Accepted Metropolitan Highway System and any Extensions necessary to keep the same in good operating condition or to prevent a loss of Revenues therefrom, or required by any governmental agency having jurisdiction over the Projects or any part thereof, including the prevention or correction of any unusual loss or damage, in connection with the Accepted Metropolitan Highway System and any Extensions, to the extent not provided from the proceeds of Bonds.

If and to the extent provided in the Metropolitan Highway System Trust Agreement with respect to the Initial Bonds or in a Supplemental Trust Agreement authorizing Additional Bonds, amounts from the proceeds of such Bonds may be credited to the Capital Reinvestment Fund and applied as specified in the Metropolitan Highway System Trust Agreement or the Supplemental Trust Agreement, as applicable, for any purpose of such Fund.

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If at any time, the amount in the Senior Debt Service Fund shall be less than the amount then required to be on deposit in such Fund, 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, 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 the Capital Reinvestment Fund to the credit of the respective Funds (in the order set forth in the Metropolitan Highway System Trust Agreement) the amount necessary (or all the moneys credited to the Capital Reinvestment Fund if less than the amount necessary) to make up such deficiency. (*Section 511*).

### **Application of 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, 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 deficiency as required above, 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 Metropolitan Highway System 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 512*).

### **Investment of Funds**

Amounts in the Funds and Accounts established by the Metropolitan Highway System Trust Agreement may be invested by the Trustee at the direction of the Authority or by the Authority, as the case may be, only in Investment Obligations; except that (i) no moneys in the Revenue Fund, the Senior Debt Service Fund, the Subordinated Debt Service Fund, the Senior Debt Service Reserve Fund or the Subordinated Debt Service Reserve Fund shall be invested in any Investment Obligation described in clause (xiv) of the definition of Investment Obligations and (ii) no moneys in the Senior Debt Service Reserve Fund and Subordinated Debt Service Reserve Fund shall be invested in Investment Obligations of greater than a five year maturity, except for Investment Obligations described in clauses (x), (xi) or (xiv) of such definition which, if any Insured Bonds are outstanding, have been approved by the Insurer. Notwithstanding clause (ii) of the immediately preceding sentence, moneys on deposit in the Senior Debt Service Reserve Fund may be invested in Investment Obligations in clause (i) of such definition with maturities of up to ten years from the date of deposit into such Fund. To the extent not used to meet the requirement of such Funds and Accounts, income from such Investment Obligations shall be paid to the Trustee as received for deposit in the Revenue Fund; provided that (i) 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, except as may be provided in a Supplemental Trust Agreement with respect to Additional Bonds, shall be held in such Fund, Account or sub-account for the purposes thereof, (ii) the income from any Investment Obligations in the Senior Debt Service Fund or the Subordinated Debt Service Fund shall be held in such Funds for the purposes thereof and (iii) the income from any Investment Obligations in the Senior Debt Service Reserve Fund and the Subordinated Debt Service Reserve Fund shall be credited to the Senior Debt Service Fund and the Subordinated Debt Service Fund, respectively. 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; except that seventy-five percent (75%) of the investments in the Senior Debt Service Reserve Fund and Subordinated Debt Service Reserve Fund shall be valued at market annually on

each January 1 beginning January 1, 1999. Accrued interest received upon the sale of any Investment Obligation shall be treated as income from such Investment Obligation. Notwithstanding any provision of the Trust Agreement to the contrary, for the period from January 1, 2037 to the last maturity date of all Subordinated Bonds then Outstanding, amounts held for the credit of the Subordinated Debt Service Reserve Fund shall only be invested in Investment Obligations permitted for the Subordinated Debt Service Reserve Fund and which shall be rated no lower than the rating, if any, then applicable to the Subordinated Bonds from Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

Each investment of any moneys in any Fund or Account established under the Metropolitan Highway System 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. (*Section 513*).

### **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 the Senior Debt Service Fund or Subordinated Debt Service Fund with respect to interest on the Bonds for which such Sinking Fund Installment was established) by the Trustee at the direction of the Authority prior to the forty-fifth day preceding the due date of such Sinking Fund Installment to the purchase or the redemption of Bonds to be redeemed from such Sinking Fund Installment at prices (including any brokerage and other charges) not exceeding the principal amount of such Bonds plus unpaid interest accrued to the date of purchase.

Upon the purchase or redemption of any Series of Bonds for which Sinking Fund Installments shall have been established, an amount equal to the principal amount of the Bonds so purchased or redeemed shall be credited toward future Sinking Fund Installments in such order as the Authority shall determine. 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, Bonds purchased or redeemed, except Bonds purchased or redeemed pursuant to the first paragraph under this heading, of the Series and maturity entitled to such Sinking Fund Installment. All 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 Bonds.

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 Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment). (*Section 514*).

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

#### **Payment of Bonds**

The Authority shall duly and punctually pay or cause to be paid the principal or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner mentioned in the 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 otherwise provided in the Metropolitan Highway System Trust Agreement, the principal or Redemption Price of such Bonds and the interest thereon are payable solely from Revenues which Revenues are pledged under the Metropolitan Highway System Trust Agreement to the payment thereof in the manner and to the extent particularly specified under this heading, and nothing in the Bonds or in the Metropolitan Highway System Trust Agreement shall be construed as obligating the Commonwealth or any political subdivision thereof to pay the Bonds or the interest thereon except from such Revenues or as pledging the faith and credit or taxing power of the Commonwealth or of any such political subdivision. (*Section 601*).

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### **Power to Construct and Operate Projects and Collect Tolls and Charges**

Pursuant to the Act, the Authority has and continues to have good right and lawful power to construct, reconstruct, maintain, repair and operate the Accepted Metropolitan Highway System, any Extension and any other Project for which it expends Revenues or incurs Indebtedness under the Metropolitan Highway System Trust Agreement, and to fix and revise from time to time and charge and collect tolls, fees, rates, rents, or other charges for the use thereof as provided in the Metropolitan Highway System Trust Agreement and its covenants shall run to the Bondowners for so long as any Bonds are Outstanding. (*Section 605*).

### **Dedicated Payments**

In the Authority's discretion, revenues of the Authority which are not Revenues as defined in the Metropolitan Highway System Trust Agreement as initially adopted may be pledged and designated as Dedicated Payments by Supplemental Trust Agreement, 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 Bonds or demonstrating compliance with covenants of the Metropolitan Highway System Trust Agreement 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 Bonds or demonstrating compliance with covenants under the Metropolitan Highway System Trust Agreement and (b) the manner of determining the amounts to be derived from such arrangement is not subject to change or revision during such period. Notwithstanding the source of funding, if the Authority has received a written confirmation from each Rating Agency that its rating of Outstanding Bonds will not be adversely affected, the Authority may, in its sole discretion, designate any revenues which are not Revenues, as defined in the Metropolitan Highway System Trust Agreement as initially adopted, described prior to the proviso in the first sentence of this paragraph as Dedicated Payments.

Any Supplemental Trust Agreement pledging and designating Dedicated Payments shall be supported by a Certificate of an Authorized Officer, demonstrating satisfaction of the requirements of the paragraph above. 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 Supplemental Trust Agreement and any determination to deposit Dedicated Payments in a particular Debt Service Fund may be reversed or modified by Certificate of an Authorized Officer, in each case 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 Bonds and the Authority will be in compliance with the provisions of the Metropolitan Highway System Trust Agreement and receipt by the Authority and the Trustee prior to the effective date of any reversal or modification of a written confirmation from each Rating Agency that its rating of Outstanding Bonds will not be adversely affected. (*Section 606*).

### **Creation of Liens; Sale, Lease and Transfer of Property**

Until the pledge of the Metropolitan Highway System Trust Agreement shall be discharged and satisfied, as described under the heading "Defeasance," the Authority shall not, except as provided below, (i) issue any bonds or other evidences of indebtedness, other than Bonds secured by a pledge of the Revenues or other moneys, securities or funds and accounts held or set aside by the Authority or by the Fiduciaries under the Metropolitan Highway System Trust Agreement, nor create or cause to be created any lien or charge on the Revenues, or such moneys, securities or funds and accounts, (ii) at any time when the Authority is in default in making any payment required to be made under the Metropolitan Highway System Trust Agreement or

maintaining any Fund or Account required to be maintained in the amount required therefor by the Metropolitan Highway System Trust Agreement, set apart or appropriate and pay any amount out of the General Fund except as required by the Metropolitan Highway System Trust Agreement, or (iii) issue any bonds or other evidences of indebtedness, other than Bonds secured by a pledge of any tolls, revenues, rates, fees, charges, rentals (other than rental payments or license payments not pledged as Revenues under the Metropolitan Highway System Trust Agreement) or other earned income or receipts, as derived in cash by or for the account of the Authority, from the Accepted Metropolitan Highway System; provided, however, that nothing contained in the Metropolitan Highway System Trust Agreement shall prevent the Authority from at any time issuing Bond Anticipation Notes secured as provided in the Metropolitan Highway System Trust Agreement; provided further, however, that this heading shall not apply to, and shall not be construed to apply to, any right or interest of the Authority in any project which is not part of the Accepted Metropolitan Highway System unless and until the Authority designates such project as part of the Accepted Metropolitan Highway System in accordance with the terms of the Metropolitan Highway System Trust Agreement.

No part of the Accepted Metropolitan Highway System or any Extension shall be sold, mortgaged, leased or otherwise disposed of or encumbered, except that the Authority may (i) sell, exchange or otherwise dispose of at any time and from time to time any property or facilities constituting part of the Accepted Metropolitan Highway System or any Extension (a) not useful or no longer needed, in the opinion of the Authority, in the construction, maintenance or operation thereof or (b) if the Authority shall certify that following such sale exchange or disposition, the Authority will meet the test for incurring \$1 (one dollar) of Additional Senior Bonds and the Authority will be in compliance with the toll covenant described under the heading "Tolls and Charges"; (ii) lease or make contracts or grant licenses for the operation of, or grant easements or other rights, including, without limitation, air rights with respect to, any part of the Accepted Metropolitan Highway System or any Extension, if such lease, contract, license, easement or right does not, in the opinion of the Authority (a) impede or restrict the operation by the Authority of the Accepted Metropolitan Highway System or (b) materially adversely affect the ability of the Authority to, comply with the covenants described under the heading "Tolls and Charges" or (c) otherwise run contrary to the best interests of the Authority; or (iii) sell or transfer to the Massachusetts Port Authority in furtherance of such authority's traffic management or safety purposes, at any time and from time to time, a portion of the Accepted Metropolitan Highway System which is not subject to a toll, rental or other charge for the use thereof.

The net proceeds of any award, condemnation or taking by eminent domain which are not deposited in the Capital Reinvestment Fund to be used for the repair and improvement of the applicable Project shall be deposited in the discretion of an Authorized Officer in the Senior Debt Service Fund or the Subordinated Debt Service Fund and applied to the purchase or redemption of Senior Bonds or Subordinated Bonds, respectively, or in the Revenue Fund.

Nothing contained in the Metropolitan Highway System Trust Agreement shall be used to prohibit the Authority from (i) entering into a purchase money mortgage, lease-purchase agreement or capitalized lease with respect to its property or equipment or (ii) creating or permitting to be created a lien, mortgage or other security interest in its property or equipment in connection with such purchase money mortgage, lease-purchase agreement or capitalized lease provided that such lien, mortgage or other security interest shall not be equal or prior to the pledge created by the Metropolitan Highway System Trust Agreement. (*Section 607*).

### **Acceptance of Metropolitan Highway System**

The Authority shall not accept additional portions of the Metropolitan Highway System for inclusion in the Accepted Metropolitan Highway System unless there has been submitted to the Trustee the following certificates:

(1) a certificate of an Authorized Officer setting forth (i) that the Authority has determined to accept for inclusion in the Accepted Metropolitan Highway System such portion of the Metropolitan Highway System, (ii) that, in the determination of the Authority, such portion of the Metropolitan Highway System meets the standards for travel as specified in the Act, (iii) that there are no material unmet capital expenditures

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with respect to such portion of the Metropolitan Highway System and (iv) that the Authority has an Ownership Interest in such portion of the Metropolitan Highway System; and

(2) a certificate of the Authority that following the inclusion of such portion of the Metropolitan Highway System in the Accepted Metropolitan Highway System, the Authority will meet the test for incurring \$1 (one dollar) of Additional Senior Bonds and the Authority will be in compliance with the provisions under the heading “Tolls and Charges” below. (*Section 607*).

In the First Supplemental Trust Agreement, the Authority determined to accept the Parcel 7 Parking Garage for inclusion in the Accepted Metropolitan Highway System.

### Operation and Maintenance of Projects

The Authority shall at all times operate or cause to be operated the Accepted Metropolitan Highway System, any Extension and any other Project, to the extent subject to the control of the Authority, properly and in a safe, sound and economical manner and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of such Projects may be properly and efficiently conducted. Neither the Revenues nor the amounts in the Operating Fund shall be applied to the payment of any operating or maintenance expenses other than as permitted by the terms of the Metropolitan Highway System Trust Agreement. (*Section 609*).

### Tolls and Charges

The Authority shall at all times establish, levy, maintain and collect such tolls, rentals and other charges in connection with the Accepted Metropolitan Highway System, any Extension and other Projects as shall always be sufficient in the aggregate to provide Revenues in each Fiscal Year to satisfy the following requirements of paragraphs (1) and (2) below:

- (1) Revenues for each Fiscal Year shall be at least sufficient for the payment of the sum of:
  - (a) Operating Expenses for such Fiscal Year;
  - (b) An amount equal to the Aggregate Debt Service for such Fiscal Year less the amount of Debt Service, if any, payable from Dedicated Payments and any other amounts applied to the reduction of Debt Service, as set forth in the definition of Senior Net Debt Service and Subordinated Net Debt Service, as applicable, and not otherwise included in the definition of Revenues;
  - (c) The amount, if any, to be paid during such Fiscal Year into the Senior Debt Service Reserve Fund (other than amounts required to be paid into such Fund out of the proceeds of Senior Bonds);
  - (d) The amount, if any, to be paid during such Fiscal Year into the Subordinated Debt Service Reserve Fund (other than amounts required to be paid into such Fund out of the proceeds of Subordinated Bonds);
  - (e) The Capital Reinvestment Requirement for such Fiscal Year; and
  - (f) To the extent not otherwise provided for, the amount which, together with any other lawfully available funds received by the Authority, shall be sufficient to provide for the payment of all other obligations of the Authority allocable to the Accepted Metropolitan Highway System, or any Extension.
- (2) Net Revenues for such Fiscal Year shall equal at least the greater of (i) 1.20 times the Senior Net Debt Service for such Fiscal Year, (ii) 1.15 times the Combined Net Debt Service for such Fiscal Year



and (iii) 1.00 times the Combined Net Debt Service plus the Capital Reinvestment Requirement for the Fiscal Year.

The Authority may, to the extent permitted by law, with respect to Accepted Metropolitan Highway System, any Extension or any portion of the Metropolitan Highway System which is not part of the Accepted Metropolitan Highway System, at any time convert to methods of toll collection other than those presently utilized, provided that it shall comply with the above; provided that prior to instituting any commuter discount program or toll suspension during holidays (other than the toll suspension on Wednesday, November 26 and Thursday, November 27, 1997 as required pursuant to Chapter 11 of the Acts of 1997 of the Commonwealth), the Authority shall deliver to the Trustee a certificate of an Independent Consultant estimating that in each of the Fiscal Years following the implementation of such discount program or toll suspension during which Senior Bonds will be Outstanding, Net Revenues will be at least equal to 1.20 times Senior Net Debt Service and 1.15 times Combined Net Debt Service; or (ii) a certificate of an Independent Consultant that (a) in each of the Fiscal Years following the implementation of the discount program or toll suspension preceding a particular future Fiscal Year designated for the purpose by the Authority, Net Revenues will be at least equal to 1.20 times the amount of Senior Net Debt Service and 1.15 times the amount of Combined Net Debt Service in each such Fiscal Year and (b) in such designated future Fiscal Year, Net Revenues will be at least equal to 1.20 times the maximum amount of Senior Net Debt Service and 1.15 times the maximum amount of Combined Net Debt Service in the then current or any subsequent Fiscal Year. For purposes of any projections in any such certificate, the Independent Consultant or the Authority may include estimated toll increases and Operating Expenses which are projected by the Authority to occur during the applicable period of projection, which projections are reasonable in the opinion of the Independent Consultant and projections of Debt Service and Revenues shall be consistent with the requirements of the covenant regarding projected calculations of Debt Service and Revenues under the Metropolitan Highway System Trust Agreement.

On or before the 180<sup>th</sup> and the 360<sup>th</sup> day of each Fiscal Year, the Authority shall determine whether the calculations required above (on an annualized basis) indicate that Revenues are reasonably expected to be at or above the required levels at such time. In the event that Revenues are not at or reasonably expected to be at or above the required levels, the Authority shall within 30 days retain an Independent Consultant for the purpose of estimating whether the Revenues in each of the two subsequent Fiscal Years will be sufficient, together with other moneys available therefor, to meet all requirements as specified above. Such review shall be evidenced by a certificate of an Independent Consultant which shall be filed with the Trustee on or before the 60<sup>th</sup> day after retention of the Independent Consultant and shall set forth a reasonably detailed statement of the actual and estimated Revenues, Operating Expenses, and other pertinent information for such year upon which such determination was made. If any such statement shows that such Revenues may not be sufficient to meet the requirements above, the Independent Consultant shall recommend and the Authority shall promptly fix and establish such tolls, rentals and other charges and take such other action as shall be necessary and sufficient to comply as nearly as practicable with the covenants above, as evidenced by a certificate of an Authorized Officer filed with the Trustee. Failure to comply with the above will not constitute a default if the Independent Consultant is of the opinion that a schedule of tolls, rentals and other charges which will comply with such covenants is impracticable at that time and the Authority establishes a schedule of tolls, rentals and other charges which is recommended by the Independent Consultant to comply as nearly as practicable with such covenants; for purposes of such opinion, "impracticable" shall mean that in the view of the Independent Consultant providing such opinion the level of tolls, rentals and other charges which will comply with such covenants would likely produce a lesser amount of collections than the level of tolls, rentals and other charges being recommended by such Independent Consultant.

## Extensions

The Authority may expend Revenues on the Operating Expenses or incur any Indebtedness to finance the Project Cost of:

(1) an Extension then subject to a toll, rent or other charge for the use thereof, upon the earliest of the date the Authority (a) acquires an Ownership Interest in, (b) incurs any Indebtedness with respect to or (c) enters in to a binding agreement for the acquisition, design, construction, improvement, reconstruction, renewal or rehabilitation with respect to such Extension; or

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(2) an Extension not then, but expected to be, subject to a toll, rent or other charge for the use thereof, upon the earlier of (a) 12 months after the date the Authority acquires an Ownership Interest in, incurs any Indebtedness with respect to or enters into a binding agreement for the acquisition, design, construction, improvement, reconstruction, renewal or rehabilitation with respect to such Extension or (b) the Date of Completion of all work necessary to impose a toll, rent or other charge with respect to such Extension;

Each of the above dates is referred to as a “Determination Date.”

Notwithstanding the foregoing, the Authority shall not expend any Revenues on the Operating Expenses or incur any Indebtedness to finance the Project Cost of any Extension unless there has been submitted to the Trustee the following certificates and opinion:

(1) A certificate of an Independent Consultant setting forth that, in the opinion of such Independent Consultant, for each of two successive 12-month periods, the earliest of which begins on a quarterly date not more than 60 days immediately following the Determination Date, the revenues to be derived from the operation of such Extension, including revenues to be derived from any Dedicated Payments which are dedicated at the time of, but not earlier than, the Determination Date, will exceed the sum of the projected operating expenses and the projected renewal and replacement costs, if any, for such Extension during such period;

(2) A certificate of an Independent Consultant setting forth (A) the projected total Revenues and Operating Expenses of the Authority for the two 12-month periods described in paragraph (1); provided that in such certificate (a) the Revenues and Operating Expenses, respectively, shall be increased by the projected revenues and Operating Expenses of such Extension for such 12-month period, (b) if on the Determination Date the toll rate for any classification of vehicles using any vehicular toll Project shall be less than it was during any part of the periods covered by such certificate, the Revenues for such part of such period shall be decreased by an amount equal to the difference in such toll rate multiplied by the number of such vehicles which used such Project during such part of such period, and (c) the Revenues shall be increased to reflect any toll increase scheduled to be imposed during such periods and any increase in the number of vehicles using the Accepted Metropolitan Highway System projected for such periods and (B) that for each such 12-month period the Net Revenues, as calculated pursuant to clause (A) of this paragraph (2), are at least sufficient to comply with the requirement of the toll covenant described under the heading “Tolls and Charges” during each such period;

(3) A certificate of an Independent Consultant setting forth (A) the Revenues of the Authority for the two 12-month periods set forth in paragraph (1) calculated in the manner set forth in paragraph (2), (B) the sum of the amounts set forth in clauses (a) through (f), inclusive, of paragraph (1) under the heading “Tolls and Charges” above for each such 12-month period and (C) that for each such 12-month period the Revenues, as calculated pursuant to clause (A) of this paragraph (3), are at least equal to the amounts calculated pursuant to clause (B) of this paragraph (3).

(4) a certificate of the Authority that the Authority will meet the test for incurring \$1 (one dollar) of Additional Senior Bonds and the Authority will be in compliance with the toll covenant described under “Tolls and Charges” above. (*Section 611*).

### 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 its transactions relating to the Accepted Metropolitan Highway System, any Extensions and any other Project undertaken under the Metropolitan Highway System Trust Agreement, Funds established by the Metropolitan Highway System Trust Agreement, and which, together with all other books and papers of the Authority, including insurance policies, relating to such property and such Funds, 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 Bonds then Outstanding and/or the Owners of an aggregate of not less than twenty-five percent (25%) in

principal amount of Subordinated Bonds Outstanding or their respective 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. Annually within thirty (30) days after receipt by the Authority of the report of such audit, a signed copy of such report shall be furnished to the Trustee.

The Authority shall annually, within one hundred twenty days (120) after the close of each Fiscal Year, deliver a Certificate of an Authorized Officer setting forth (i) a description in reasonable detail of the insurance then in effect pursuant to the requirements described under the heading "Insurance" below and that the Authority has complied in all material respects with the requirements described under said heading and (ii) whether or not to the knowledge of the signer, the Authority is in default with respect to any of the covenants, agreements or conditions on its part contained in the Metropolitan Highway System Trust Agreement and, if so, the nature of such default. (*Section 612*).

### **Insurance**

The Authority shall maintain or cause to be maintained with responsible insurers all required and reasonably obtainable insurance in such amount or amounts, if any, as shall be recommended by the Insurance Consultant to provide, with respect to the Metropolitan Highway System, any Extension and its interest in any other Projects, against (i) loss or damage and loss of revenues and (ii) public liability to the extent necessary to protect the interest of the Authority and the Bondowners.

No provision under this heading shall be construed to prohibit the Authority from self-insuring against any risk at the recommendation or approval of the Insurance Consultant; provided, however, that the Authority shall provide adequate funding of such self-insurance if and to the extent recommended by the Insurance Consultant. (*Section 613*).

### **Independent Consultant**

The Authority shall employ one or more independent consultants or consulting firms, financial or otherwise, independent engineers or engineering firms or corporations having favorable reputations for skill and experience in such work for the purposes of performing services of an Independent Consultant, intended under the Metropolitan Highway System Trust Agreement until the Bonds and the interest thereon shall have been paid or provision for such payment shall have been made. In rendering any report, certificate or opinion required pursuant to the Metropolitan Highway System Trust Agreement, an Independent Consultant may rely upon information, certificates, opinions or reports required to be provided by others pursuant to the Metropolitan Highway System Trust Agreement, and upon other sources which an Independent Consultant considers reliable, and other considerations and assumptions as deemed appropriate by the Independent Consultant, respectively.

The Authority shall cause an Independent Consultant, among such other duties as may be imposed upon them by the Authority or by the Metropolitan Highway System Trust Agreement, to make an inspection of the Accepted Metropolitan Highway System and any Extension at least every three Fiscal Years, or more frequently, if required by law, on or before the first day of October in each Fiscal Year, to submit to the Authority a report setting forth (i) their findings whether the Accepted Metropolitan Highway System and any Extension have been maintained in safe and good repair, working order and condition and (ii) their recommendations as to the proper maintenance, repair and operation of the Accepted Metropolitan Highway System during the ensuing three Fiscal Years and an estimate of the amount of money necessary for such purposes.

The Authority shall, promptly after the receipt of each such report, file copies thereof with the Trustee. If any such report shall set forth that the Accepted Metropolitan Highway System or any Extension, or any part thereof, has not been maintained in safe and good repair, working order and condition, the Authority shall promptly restore the same to safe and good repair, working order and condition with all expedition practicable in accordance with the recommendations of an Independent Consultant. (*Section 614*).

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### Annual Budget

No later than the beginning of each Fiscal Year, the Authority shall prepare and file with the Trustee an Annual Budget for such Fiscal Year which shall set forth in reasonable detail the estimated Revenues and Operating Expenses, capital expenditures and other expenditures of the Authority for such Fiscal Year and shall establish the Capital Reinvestment Requirement for such Fiscal Year. Such Annual Budget also may set forth such additional material as the Authority may determine. Following the end of the first half of its Fiscal Year, the Authority shall review its estimates set forth in the Annual Budget for such Fiscal Year, and in the event such estimates do not substantially correspond with actual Revenues, Operating Expenses, capital expenditures or other requirements, or if there are at any time during any such Fiscal Year extraordinary receipts or payments of unusual costs, the Authority shall, to the extent necessary or appropriate to assure compliance with the requirement of the rate covenant summarized under the heading "Tolls and Charges," prepare an amended Annual Budget for the remainder of such Fiscal Year. The Authority also may at any time adopt an amended Annual Budget for the remainder of the then current Fiscal Year. Any amended Annual Budget shall be filed with the Trustee promptly upon its adoption. (*Section 615*).

### Covenants Regarding Calculation of Projected Debt Service and Revenues

Anything in the Trust Agreement to the contrary notwithstanding, in making any calculation required under the Metropolitan Highway System Trust Agreement relating to certain Additional Bonds and the covenants described under the heading "Tolls and Charges" above:

1. Debt Service shall include:

(1) in the case of Projects funded from Bond proceeds which do or are projected to produce Revenues, the principal and Sinking Fund Installments of and interest on an aggregate principal amount of Bonds equal to the difference between (a) the total capital expenditures or costs projected to be made by the Authority from the proceeds of Bonds, and (b) the principal amount of Bonds issued to finance such expenditures or costs assuming that (i) such Bonds were issued on the date of calculation, (ii) no such Bond matures later than the maturity date calculated from the assumed date of issuance to the latest maturity date permitted under the Act, (iii) such Bonds bear interest at such rates as an Authorized Officer shall determine to be required to have sold such Bonds at a price equal to the principal amount thereof, (iv) interest on such Bonds is payable on interest payment dates of each year commencing on the first such date next succeeding the assumed date of issuance and (v) the principal, Sinking Fund Installments and interest payable during any Fiscal Year after the assumed date of issuance is substantially equal to the principal, Sinking Fund Installments and interest payable during any other such Fiscal Year;

(2) the principal and Sinking Fund Installments of and interest on an aggregate principal amount of Bonds issued or expected to be issued in an amount sufficient to pay the principal of and interest on any Bond Anticipation Notes then Outstanding assuming with respect to such Bonds the assumptions set forth in the Metropolitan Highway System Trust Agreement;

(3) if at the time of calculation the Authority then has Outstanding any Variable Interest Rate Bonds secured by a Credit Facility the reimbursement obligation under which is payable on a subordinate basis to Debt Service on Bonds, Debt Service on such Variable Interest Rate Bonds assuming such Bonds bear interest at the Estimated Average Interest Rate; and

(4) if at the time of calculation the Authority then has Outstanding any Bank Bonds, Debt Service on such Bank Bonds assuming the principal amount of such Bonds is equal to the reimbursement obligation under the Credit Facility from which such Bonds are payable, the interest rate on such Bonds is the interest rate set forth in, or determined in the manner set forth in, such Credit Facility, and the principal of such Bonds will be payable at the time the reimbursement obligation comes due under such Credit Facility.

2. Projected Revenues shall not include:

(1) any operating assistance, subsidy and other similar funding from a governmental or other entity which may be pledged and designated as Supplemental Revenues after the date of adoption of the Metropolitan Highway System Trust Agreement unless such Supplemental Revenues have been received at the time of the projection or satisfy the conditions set forth in the Metropolitan Highway System Trust Agreement even though the Authority has not designated such Supplemental Revenues as Dedicated Payments. Any such Supplemental Revenues, together with any Dedicated Payments, may be projected to be available in accordance with the terms of any arrangements governing the same or, if applicable, the terms, if any, of each written confirmation from each Rating Agency received pursuant to the conditions set forth in the Metropolitan Highway System Trust Agreement (see “Dedicated Payments” above).

(2) any Revenues from leases, licenses or other similar agreements with third parties other than those required by the terms of written agreements which are in full force and effect; provided that in the case of any such agreements which expire during the period of the projection the Authority or an Independent Consultant may project continued Revenues (i) at the level in effect immediately prior to such expiration if the Authority certifies that it reasonably expects it will be able to achieve such Revenues under renewal or replacement agreements under then current market conditions or (ii) at such higher level as the Authority certifies that it expects and an Independent Consultant provides its opinion that the Authority’s expectation is reasonable. *(Section 617).*

### **Certain Lease Payments**

Pursuant to the Metropolitan Highway System Trust Agreement, the rental payments under a certain Lease Agreement dated December 22, 1978, amended and restated as of January 1, 1980, as amended from time to time between the Authority and Urban Investment and Development Company (the “Copley Lease”) are pledged as Revenues. Under the terms of the Copley Lease, certain amounts held in escrow for the benefit of the Authority in the principal amount of \$15,800,000 (the “Copley Lease Escrow”) will become available to the Authority for any lawful purpose on and after February 15, 2002.

Unless the moneys in the Copley Lease Escrow are otherwise required to meet the Authority’s obligations under the Metropolitan Highway System Trust Agreement, the Authority covenants to reinvest such moneys in Investment Obligations on or about February 15, 2002, in such manner as to provide, as nearly as practicable, level annual payments which will constitute Revenues in each of the Fiscal Years from and including 2003 through and including 2008. At all times, the Authority shall invest the Copley Lease Escrow in such manner, and make such payments to the Internal Revenue Service on account of such investment income as may be required under the Code, if any, to preserve the exclusion from gross income for federal income tax purposes of the interest on the Initial Bonds and any Additional Bonds. *(Section 618).*

### **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 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 Bonds, the interest on which is not includable in the gross income of the holder thereof for Federal income tax purposes, including any funds considered proceeds within the meaning of section 148 of the Code, to be used to acquire any investment property the acquisition of which would cause such Bonds to be “arbitrage bonds” within the meaning of said section 148. *(Section 619)*

### **Trustee and Paying Agents**

The Metropolitan Highway System Trust Agreement appoints United States Trust Company of New York, New York, New York as Trustee under the Metropolitan Highway System Trust Agreement. United States Trust Company of New York, New York, New York is appointed Paying Agent for the Initial Bonds

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and the 1999 Series A Bonds. The Authority shall appoint one or more Paying Agents for Additional Bonds of any Series in the Supplemental Trust Agreement authorizing such 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 Metropolitan Highway System 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 Metropolitan Highway System Trust Agreement by giving not less than 30 days written notice. The Trustee may be removed at any time by an instrument signed by the Owners of a majority in principal amount of the Senior Bonds and the Subordinated Bonds then Outstanding and the Trustee may also be removed at any time, other than during the continuance of an event of default under the Metropolitan Highway System Trust Agreement, by the Authority, by an instrument in writing signed and acknowledged by an Authorized Officer 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 \$50,000,000. (Sections 701, 702, 707, 708, 709).

### Supplemental Trust Agreements

The Authority may adopt without the consent of the Trustee or Bondowners Supplemental Trust Agreements for, among other things:

- (1) To authorize Additional Bonds of a Series;
- (2) To designate or confirm the designation of any Project as part of the Accepted Metropolitan Highway System permitted under the Metropolitan Highway System Trust Agreement;
- (3) To pledge and designate any revenues of the Authority which are not Revenues as defined in the Metropolitan Highway System Trust Agreement as initially adopted as Supplemental Revenues or as Dedicated Payments and to reverse or modify any such pledge and designation of Dedicated Payments; provided that any such pledge and designation of Dedicated Payments, or reversal or modification thereof, shall be subject to the provisions of the Metropolitan Highway System Trust Agreement;
- (4) To establish for any Series of Additional Bonds a separate account in the Senior Debt Service Reserve Fund or Subordinated Debt Service Reserve Fund, as applicable, which shall be permitted to be applied solely to the payment of Senior Bonds or Subordinated Bonds, as applicable, of such Series provided that (i) the Bonds of such Series shall have no claim or lien on nor be payable from any other amounts in the Senior Debt Service Reserve Fund or Subordinated Debt Service Reserve Fund, as applicable, (ii) the Bonds of such Series shall be excluded from the calculation of the Senior Debt Service Reserve Requirement or Subordinated Debt Service Reserve Requirement, as applicable, and (iii) the amount required to be on deposit in such account shall be specified *in* the Supplemental Trust Agreement authorizing the Bonds of such Series; and
- (5) To add to the Metropolitan Highway System Trust Agreement any provisions relating to the application of interest earnings in any Fund or account under the Metropolitan Highway System Trust Agreement required by law to preserve the exclusion from gross income for Federal income tax purposes of interest received on the Bonds then Outstanding or to be issued or the exemption of interest received on such Bonds from Commonwealth income taxation;
- (6) To modify any of the provisions of the Metropolitan Highway System Trust Agreement in any respect whatsoever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption 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 Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Trust Agreement and of Bonds issued in exchange therefor or in place thereof.

The Authority may adopt with the consent of the Trustee a Supplemental Trust Agreement:

- (1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Metropolitan Highway System Trust Agreement;
- (2) To insert such provisions clarifying matters or questions arising under the Metropolitan Highway System Trust Agreement as are necessary or desirable and are not contrary to or inconsistent with the Metropolitan Highway System Trust Agreement as theretofore in effect; or
- (3) To make any other modification or amendment of the Metropolitan Highway System Trust Agreement which the Trustee shall in its sole discretion determine will not have a material adverse effect on the interest of Bondowners. (*Sections 801, 802*).

### **Amendments**

Any modification or amendment of the Metropolitan Highway System Trust Agreement and of the rights and obligations of the Authority and of the Owners of the Bonds and coupons thereunder may be made by a Supplemental Trust Agreement, with the written consent given as provided in the Metropolitan Highway System Trust Agreement, (i) of the Owners of at least a majority in principal amount of the Senior Bonds Outstanding or, if no Senior Bonds are Outstanding, at least a majority in principal amount of the Subordinated Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the Senior Bonds, or if no Senior Bonds are Outstanding, less than all of the Subordinated Bonds, then Outstanding are affected by the modification or amendment, of the Owners of at least a majority in principal amount of the Senior Bonds, or if no Senior Bonds are Outstanding, Subordinated 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 Bonds remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this heading. No such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal of any Outstanding Senior Bond or any Outstanding Subordinated Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, (b) permit the creation of any pledge, lien, charge or encumbrance of or upon any of the items purported to be pledged pursuant to the Metropolitan Highway System Trust Agreement, which pledge, lien, charge or encumbrance would be prior to, or of equal rank with, the pledge or source of payment for the Bonds created by the Metropolitan Highway System Trust Agreement, without the consent of the Owners of all Outstanding Bonds affected by such change, or deprive any Owner of any Outstanding Bond of the benefit of such pledge or source of payment for the Bonds, without the consent of such Owner, (c) create, with respect to the pledge of the Metropolitan Highway System Trust Agreement, a preference or priority of any Senior Bond over any other Senior Bond without the consent of each Owner of a Senior Bond affected by such change, (d) reduce the percentages or otherwise affect the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (e) change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. (*Section 902*).

### **Events of Default**

Each of the following events are declared an “Event of Default” with respect to Senior Bonds and Subordinated Bonds under the Metropolitan Highway System Trust Agreement.

- (1) (1) Payment of the principal and redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or
- (2) Failure to pay the Tender Price of any Bond when due and payable; provided, however, that if a Liquidity Facility or Credit Facility is in effect and the Provider thereof defaults in its obligation to provide money to purchase any tendered Bond, no Event of Default under this

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subsection (2) shall be deemed to have occurred or to exist if the Tender Price of such Bond is paid within 365 days after the Tender Date; or

(2) Payment of any installment of interest on any of the Bonds shall not be made within five (5) days after the same shall become due and payable; or

(3) Any part of the Accepted Metropolitan Highway System or any Extension shall be destroyed or damaged to the extent of impairing its efficient operation and materially adversely affecting the Revenues and the Authority shall not have taken reasonable steps to promptly repair, replace, reconstruct, or provide a reasonable substitute for the damaged or destroyed part of the Accepted Metropolitan Highway System or Extensions (whether such failure promptly to repair, replace or reconstruct or provide a substitute for the same be due to the impracticability of such repair, replacement, reconstruction or substitution or to lack of funds therefor or for any other reason); or

(4) an order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver or receivers of all or any portion of the Accepted Metropolitan Highway System or any Extension or of the tolls or other revenues thereof, or if such order or decree, having been entered without the consent or acquiescence of the Authority, shall not be vacated or discharged or stayed on appeal within sixty (60) days after the entry thereof; or

(5) any proceeding shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the revenues of the Accepted Metropolitan Highway System or any Extension; or

(6) the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Metropolitan Highway System Trust Agreement on the part of the Authority to be performed, and such default shall continue for sixty (60) 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 Bonds then Outstanding. (*Section 1001*).

### Remedies

Upon the happening 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 Bonds or Subordinated Bonds then Outstanding under the Metropolitan Highway System 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 Metropolitan Highway System 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 Metropolitan Highway System Trust Agreement or in aid or execution of any power 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 is continuing if there are Outstanding Subordinated Bonds and Senior Bonds, the registered owners of the Subordinated Bonds shall be entitled to the appointment of a trustee to act on their behalf in any suit, action or proceeding and to otherwise exercise on their behalf any of their rights under the Metropolitan Highway System Trust Agreement; provided, however, that such trustee shall not be entitled to hold any Funds or Accounts which shall continue



to be held under the Metropolitan Highway System Trust Agreement by the Trustee. During such period the Trustee shall then act exclusively on behalf of the registered owners of Senior Bonds Outstanding; provided, however, the Trustee shall continue to bear its fiduciary obligation to all Bondowners as provided in the Metropolitan Highway System Trust Agreement with respect to any Funds or Accounts or any other amounts held in trust. Any such trustee may be appointed with the consent of a majority in principal amount Outstanding of Subordinated 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 Bonds. To the extent applicable, such trustee's duties shall be governed by Article VII of the Metropolitan Highway System Trust Agreement. (*Section 1003*).

### **Priority of Payments After Default**

If the funds held by the Fiduciaries are insufficient for the payment of interest and principal or Redemption Price then due on the Bonds, such funds (excluding funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Fiduciaries after making provision for the payment of any expenses necessary in the opinion of the Trustee to preserve the continuity of the Revenues, or otherwise to protect the interests of the Owners of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Fiduciaries in the performance of their duties under the Metropolitan Highway System Trust Agreement, shall be in the following order: (i) to the payment to the persons entitled thereto of all installments of interest then due on any Senior Bonds in the order of the maturity of such installments; (ii) to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Senior Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates; (iii) to the payment to the persons entitled thereto of all installments of interest then due on Subordinated Bonds in the order of the maturity of such installments; and (iv) to the payment to the persons entitled thereto of unpaid principal or Redemption Price of any Subordinated Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates. (*Section 1004*).

### **Defeasance**

If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all 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 Metropolitan Highway System 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 Fiduciaries shall pay over or deliver to the Authority all money, securities and funds held by them pursuant to the Metropolitan Highway System Trust Agreement which are not required for the payment or redemption of 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 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 Metropolitan Highway System Trust Agreement, such Bonds shall cease to be entitled to any lien, benefit or security under the Metropolitan Highway System Trust Agreement, and all covenants, agreements and obligations of the Authority to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Notwithstanding any other provisions of the Metropolitan Highway System Trust Agreement, certain provisions, including those related to the redemption of Bonds, execution and authentication of Bonds, negotiability, transfer and registry of Bonds, satisfaction of Sinking Fund Installments, appointment of Trustee and Paying Agents, appointment of successor Trustee and Paying Agents and compensation of Fiduciaries, shall, within limits, survive the defeasance of the Bonds.

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 the fifth and ninth paragraphs under this heading, any Outstanding Bond shall prior to the maturity or redemption date thereof be defeased if (a) in case any of said 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 notice of redemption of such Bonds (other than Bonds which have been purchased by the Trustee at the

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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 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 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the Trustee irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such 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 Bonds are defeased and stating such maturity or redemption date upon which moneys are expected, subject to the provisions under this heading, to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds (other than 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) under this paragraph). The Trustee shall, as and to the extent necessary, apply moneys held by it under this heading to the retirement of said Bonds in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Bonds, all in the manner provided in the Metropolitan Highway System Trust Agreement. The Trustee shall, if so directed by the Authority (i) prior to the maturity date of defeased 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 Bonds which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect to such Bonds and redeem or sell Investment Obligations so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds as arranged and directed by the Authority and the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however, that the moneys and Investment Obligations remaining on deposit with the Trustee after the purchase and cancellation of such 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 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 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 Bonds which are to be redeemed on any date prior to their maturity, the Authority shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee shall be accompanied by directions from the Authority to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay or redeem defeased Bonds; all in accordance with the Metropolitan Highway System Trust Agreement.

In the event that on any date as a result of any purchases, acquisitions and cancellations of 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 Bonds in order to defease such 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 Bonds or otherwise existing under the Metropolitan Highway System Trust Agreement. Except as otherwise provided under this heading, neither Investment Obligations nor moneys deposited with the Trustee pursuant to the provisions described 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 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 Bonds or otherwise existing under the Metropolitan Highway System 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 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 Bonds or otherwise existing under the Metropolitan Highway System Trust Agreement. 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, in accordance with the Metropolitan Highway System Trust Agreement if such Variable Interest Rate Bonds have borne interest at less than such maximum rate for any period, the excess amount deposited with the Trustee in order to defease such Bonds for such period shall, if requested, by the Authority, be paid to the Authority free and clear of any trust, lien, security interest, pledge or assignment securing the Bonds or otherwise existing under the Metropolitan Highway System Trust Agreement.

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 in accordance with the Metropolitan Highway System Trust Agreement if such Variable Interest Rate Bonds have borne interest at less than such maximum rate for any period, the excess amount deposited with the Trustee in order to defease such Bonds for such period shall, if requested by the Authority, be paid to the Authority free and clear of any trust, lien, security interest, pledge or assignment securing the Bonds or otherwise existing under the Metropolitan Highway System Trust Agreement.

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 Bonds which could become payable to the Owners of such Bonds upon the exercise of any options provided to the Owner of such Bonds unless the options originally exercisable by the Owner of a Put Bond are no longer exercisable. 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 Bonds or otherwise existing under the Metropolitan Highway System Trust Agreement.

In the event that after compliance with the provisions under this heading the Investment Obligations described under this heading are included in the Investment Obligations deposited with the Trustee in order to satisfy the requirements of 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 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 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 the provisions 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 the provisions under this heading would be sufficient to pay when due the principal and Redemption Price, if applicable, and interest on all Bonds deemed to have been paid in accordance with the provisions under this heading which have not as yet been paid.

Unless waived by the Authority at the time 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 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 Bonds deemed to have

## APPENDIX B

been defeased upon their maturity date or dates, in both cases in accordance with the Metropolitan Highway System Trust Agreement.

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 Bonds to be “Arbitrage Bonds.”

Any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for three years (or such other period as may from time to time be prescribed by the laws of the Commonwealth) after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for three years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall automatically revert from the Fiduciary to the Commonwealth once the Fiduciary has complied with the publication and reporting requirements as prescribed in accordance with the laws of the Commonwealth; provided, however, if no provision of Commonwealth law shall require that such funds be paid to the Commonwealth, such moneys shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondowners shall look only to the Commonwealth, if paid to the Commonwealth, or the Authority, if paid to the Authority, for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Fiduciary shall cause to be published at least twice, at an interval of not less than 7 days between publications, in an Authorized Newspaper, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Authority.

Anything in the Trust Agreement to the contrary notwithstanding, in case any 2010 Series A Bonds or 2019 Series A Bonds are to be defeased in accordance with the provisions described in this section, such 2010 Series A Bonds or 2019 Series A Bonds shall not be deemed to be defeased unless (i) the other applicable requirements described in this section shall have been satisfied and (ii) the Trustee shall have received written confirmation from S&P, if S&P then maintains a rating on the 2010 Series A Bonds or the 2019 Series A Bonds, as the case may be, that the proposed defeasance will not in and of itself cause a reduction or withdrawal of the rating then in effect on such 2010 Series A Bonds or 2019 Series A Bonds. (*Section 1005*).

### **Bond Insurance**

Certain of the Initial Bonds (the “Initial Insured Bonds”) are insured as to the timely payment of principal and interest thereon under a financial guaranty insurance policy (the “Initial Insurance Policy”) issued by MBIA Insurance Corporation (the “Initial Bond Insurer”). The Metropolitan Highway System Trust Agreement provides that the Initial Bond Insurer’s consent is required for any Supplemental Trust Agreement requiring the consent of the Trustee or the consent of the Bondowners. The Initial Bond Insurer is deemed to be the Owner of the Initial Insured Bonds for the purpose of giving any approval or consent to the execution and delivery of any Supplemental Trust Agreement which requires the written approval or consent of the Owners of at least a majority in the aggregate principal amount of Bonds Outstanding. In the event of a claim against the Initial Insurance Policy, the Initial Bond Insurer shall be designated to act as agent for the Owners of the Initial Insured Bonds in any legal proceeding related to claims for the payment of principal and/or interest on such Bonds. (*Section 907 and Article XI*).

## CERTAIN VARIABLE RATE BOND DEFINITIONS

*Set forth below are certain definitions contained in the Twelfth Supplemental Trust Agreement that are not elsewhere defined in this Official Statement.*

The following are definitions in summary form of certain terms contained in the Twelfth Supplemental Trust Agreement and used in this Official Statement.

*Bank Purchase Rate* means a variable rate of interest for the Series A Bonds to be applicable during a Bank Purchase Rate Period, as determined in accordance with the Twelfth Supplemental Trust Agreement.

*Bank Purchase Rate Period* means each period during which a Bank Purchase Rate is in effect for the Series A Bonds.

*Bond Interest Term* means, with respect to any Series A Bond, each period established in accordance with the Twelfth Supplemental Trust Agreement during which such Series A Bond bears interest at a Bond Interest Term Rate.

*Bond Interest Term Rate* means, with respect to each Series A Bond, a non-variable interest rate on such Series A Bond established periodically in accordance with the Twelfth Supplemental Trust Agreement.

*Computation Date* means with respect to Bank Purchase Rate Bonds or Index Rate Bonds, Wednesday of each week, or if any Wednesday is not a Business Day, the immediately preceding Business Day.

*Daily Interest Rate* means a variable interest rate for the Series A Bonds established in accordance with the Twelfth Supplemental Trust Agreement.

*Daily Interest Rate Period* means each period during which a Daily Interest Rate is in effect for the Series A Bonds.

*EFFR Index* means, on any date, the Effective Federal Funds Rate (EFFR) calculated and published by the Federal Reserve Bank of New York (the “New York Fed”) as a volume-weighted median of overnight federal funds transactions reported in the FR 2420 Report of Selected Money Market Rates. The New York Fed publishes the EFFR for the prior Business Day on the New York Fed’s website at approximately 9:00 a.m. (Eastern Time).

*EFFR Index Rate* means a per annum rate of interest established on each Computation Date equal to the sum of (a) the Applicable Spread (as defined in the Twelfth Supplemental Trust Agreement) plus (b) the product of (i) the EFFR Index multiplied by (ii) the Applicable Factor (as defined in the Twelfth Supplemental Trust Agreement), if any.

*EFFR Index Rate Period* means each period during which an EFFR Index Rate is in effect for the Series A Bonds.

*Index Rate* means the EFFR Index Rate, LIBOR Index Rate, SIFMA Index Rate or the SOFR Index Rate, as applicable.

*Index Rate Period* means each period during which an Index Rate is in effect for Series A Bonds.

*Interest Rate Period* means each Daily Interest Rate Period, Weekly Interest Rate Period, Bank Purchase Rate Period, Index Rate Period, Short Term Interest Rate Period or Long-Term Interest Rate Period.

*Long-Term Interest Rate* means a term, non-variable interest rate established in accordance with the Twelfth Supplemental Trust Agreement, including the Initial Term Rate.

*Long-Term Interest Rate Period* means each period during which a Long-Term Interest Rate is in effect, including the Initial Term Rate Period.

*SIFMA Index* means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the

## APPENDIX C

Securities Industry & Financial Markets Association (formerly the Bond Market Association) (“SIFMA”) or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Trustee and effective from such date.

*SIFMA Index Rate* means a per annum rate of interest established on each Computation Date equal to the sum of (a) the Applicable Spread plus (b) the product of (i) the SIFMA Index multiplied by the (ii) Applicable Factor, if any.

*SIFMA Index Rate Period* means each period during which a SIFMA Index Rate is in effect for the Series A Bonds.

*SOFR Index* means, on any date, the Secured Overnight Financing Rate on the Federal Reserve’s Website as of 4:00 p.m. (Eastern Time) on the Business Day immediately preceding the SOFR Index Reset Date. If such index is not published or otherwise made available, then all references to the “SOFR Index” shall be deemed to be references to the rate that the Federal Reserve recommended as the replacement for the Secured Overnight Financing Rate. If no such replacement index has been established, then all references to the “SOFR Index” shall be deemed to be references to the EFFR Index.

*SOFR Index Rate* means a per annum rate of interest established on each Computation Date equal to the sum of (a) the Applicable Spread plus (b) the product of (i) the SOFR Index multiplied by (ii) the Applicable Factor, if any.

*SOFR Index Rate Period* means each period during which a SOFR Index Rate is in effect for the Series A Bonds.

*Weekly Interest Rate* means a variable interest rate for the Series A Bonds established in accordance with the Twelfth Supplemental Trust Agreement.

*Weekly Interest Rate Period* means each period during which a Weekly Interest Rate is in effect for the Series A Bonds.



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### Proposed Form of Opinion of Bond Counsel

[Date of Delivery]

Massachusetts Department of Transportation  
 Boston, Massachusetts

\$ \_\_\_\_\_  
 Massachusetts Department of Transportation  
 Metropolitan Highway System Revenue Refunding Bonds (Subordinated)  
 Commonwealth Contract Assistance Secured  
 consisting of  
 \$ \_\_\_\_\_ Variable Rate, 2019 Series A ("Series A Bonds"), \$ \_\_\_\_\_ 2019 Series B-1  
 ("Series B-1 Bonds") and \$ \_\_\_\_\_ 2019 Series B-2 (Federally Taxable) ("Series B-2  
 Bonds")  
 Dated the Date of Delivery

We have acted as bond counsel to the Massachusetts Department of Transportation (the "Department") in connection with the issuance by the Department of the above-referenced bonds (collectively, the "Bonds") pursuant to Chapter 6C of the General Laws of The Commonwealth of Massachusetts, as amended (the "Act"), the Metropolitan Highway System Trust Agreement dated as of September 1, 1997 by and between the Massachusetts Turnpike Authority, predecessor to the Department, and The Bank of New York Mellon, as successor Trustee, as amended and supplemented to date (the "Trust Agreement"), and as further amended and supplemented by the Twelfth Supplemental Metropolitan Highway System Trust Agreement dated as of January 1, 2019, by and between the Department and The Bank of New York Mellon, as Trustee (the "Twelfth Supplemental Agreement" and together with the Trust Agreement, the "Agreement"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the Department contained in the Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

## APPENDIX D

Massachusetts Department of Transportation

[Date of Delivery]

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Based on our examination, we are of the opinion, under existing law, as follows:

1. The Department is duly created and validly existing under the Act as a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (the “Commonwealth”) and has the right and power under the Act to adopt the Twelfth Supplemental Agreement and to authorize, issue and deliver the Bonds.

2. The Twelfth Supplemental Agreement has been duly and lawfully authorized, executed and delivered by the Department, is in full force and effect and is a valid and binding agreement of the Department enforceable in accordance with its terms.

3. The Bonds have been duly authorized, executed, issued and delivered by the Department in accordance with the Act and the Agreement and constitute valid and binding special obligations of the Department, which has no taxing power, enforceable in accordance with their terms and the terms of the Agreement and entitled to the benefits of the Act and the Agreement. The Bonds are secured by the Agreement and a pledge of the Revenues (as defined therein) received by or for the account of the Department and moneys on deposit in the funds and accounts pledged as security therefor under the Agreement. The Agreement creates the valid pledge and lien which it purports to create for the benefit of the holders of the Bonds, subject to the application of such pledged Revenues and moneys to the purposes and on the conditions permitted by the Trust Agreement.

4. Interest on the Series A Bonds and the Series B-1 Bonds (collectively, the “Tax-Exempt Bonds”) is excluded from the gross income of the owners of the Tax-Exempt Bonds for federal income tax purposes. In addition, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Department with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Department has covenanted to comply with all such requirements. Failure by the Department to comply with certain of such requirements may cause interest on the Tax-Exempt Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Tax-Exempt Bonds.

5. Interest on the Series B-2 Bonds is included in the gross income of the owners of the Series B-2 Bonds for federal income tax purposes. We express no opinion regarding any other federal tax consequences arising with respect to the Series B-2 Bonds.

6. Interest on the Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences



Massachusetts Department of Transportation  
[Date of Delivery]  
Page 3

arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

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## FORM OF MASSDOT CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the Massachusetts Department of Transportation, as successor to the Massachusetts Turnpike Authority (the “Department”), and The Bank of New York Mellon, as Trustee (the “Trustee”) in connection with the issuance by the Department of its \$\_\_\_\_\_ Metropolitan Highway System Revenue Bonds (Subordinated), Commonwealth Contract Assistance Secured, 2019 Series A, 2019 Series B-1, and 2019 Series B-2 (collectively, the “Bonds”). The Bonds are being issued pursuant to a Metropolitan Highway System Trust Agreement, dated as of September 1, 1997, as amended and supplemented (the “Master Trust Agreement”) between the Massachusetts Turnpike Authority (the predecessor to the Department) and United States Trust Company of New York (the predecessor to the Trustee), as further supplemented and amended by the Twelfth Supplemental Metropolitan Highway System Trust Agreement, dated as of January 1, 2019, between the Department and the Trustee (together with the Master Trust Agreement, the “Trust Agreement”). The Department and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Department and the Trustee for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as hereinafter defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Bondowner” or “Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement. Filing information relating to the MSRB is set forth in **Exhibit A** attached hereto.

“Official Statement” shall mean the Official Statement of the Department, dated January \_\_, 2019, relating to the Bonds.

“Participating Underwriter” shall mean the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

### SECTION 3. Provision of Annual Reports.

(a) The Department hereby undertakes for the benefit of the Bondowners to provide to the MSRB, no later than 270 days after the end of each fiscal year of the Department: (i) the annual financial information described below relating to such fiscal year, together with audited financial statements of the Department for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements of the Department are not then available, unaudited financial statements shall be provided and such audited financial statements shall be delivered to the MSRB when they become available (but in no event later than 350 days after the end of such fiscal year); or (ii) notice of the Department’s failure, if any, to provide any such information. The annual financial information to be provided shall consist of financial information and operating data, in each case updated through the last day of such fiscal year unless otherwise noted, relating to the following information contained in the Official Statement, and in each case substantially in the same level of detail as is found in the referenced section of the Official Statement:

## APPENDIX E-1

Financial Information and Operating Data Category	Reference to Official Statement for Level of Detail
The calculation for each such fiscal year of Net Revenues times (a) Senior Net Debt Service, (b) Combined Net Debt Service, and (c) Combined Net Debt Service plus the Capital Reinvestment Requirement for such fiscal year.	“SECURITY FOR THE BONDS- Toll Covenant”; page 19

Any or all of the items listed above may be incorporated by reference to other documents, including official statements pertaining to debt issued by the Department, which have been submitted to the MSRB. The Department shall clearly identify each such other document so incorporated by reference. The Department’s annual financial statements for each fiscal year shall consist of the balance sheet of the Department and the related statements of revenue and cost of service and cash flows prepared in accordance with generally accepted accounting principles in effect from time to time. Such financial statements shall be audited by a firm of certified public accountants appointed by the Department.

### SECTION 4. Reporting of Material Events.

(a) The Department hereby undertakes for the benefit of Bondowners to provide in a timely manner to the MSRB notice of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of Bondholders, if material;
8. (i) Bond calls, if material, and (ii) tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the Department;\*

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

13. the consummation of a merger, consolidation, or acquisition involving the Department or the sale of all or substantially all of the assets of the Department, 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

14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Upon the occurrence of a Listed Event described in subsections (a)(2), (7), (8)(i), (10), (13) or (14), the Department shall as soon as possible determine if such event is material under applicable federal securities laws.

(c) Upon the occurrence of a Listed Event described in subsections (a)(1), (3), (4), (5), (6), (8)(ii), (9), (11) or (12), and in the event the Department determines that the occurrence of a Listed Event described in subsections (a)(2), (7), (8)(i), (10), (13) or (14) is material under applicable federal securities laws, the Department shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

(d) Nothing in this Disclosure Agreement shall preclude the Department from disseminating any information in addition to that required hereunder. If the Department disseminates any such additional information, nothing in this Disclosure Agreement shall obligate the Department to update such information or to include it in any future materials disseminated.

SECTION 5. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be filed with the Electronic Municipal Market Access system ("EMMA") maintained by the MSRB, in such form and accompanied by identifying information as may be prescribed by the MSRB from time to time.

SECTION 6. Termination of Reporting Obligation. The Department's obligations under this Disclosure Agreement shall terminate if no Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule concerning continuing disclosure are no longer in effect, whichever occurs first.

SECTION 7. Amendment. This Disclosure Agreement may be amended, changed or modified by the Department and the Trustee, without the consent of, or notice to, any owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the SEC or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided pursuant to this Disclosure Agreement and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Department for the benefit of the owners of the Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (1) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the owners of the Bonds, as determined either by a party unaffiliated with the Department (such as Department bond counsel or co-bond counsel) or by the vote or consent of the owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment. Any amendment, change or modification to this Disclosure Agreement shall be in writing.

SECTION 8. Default. To the extent permitted by law, the provisions of this Disclosure Agreement are enforceable against the Department in accordance with the terms thereof by any owner of a Bond, including any beneficial owner acting as a third party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Trustee). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Department and to compel the Department and any of its officers, agents or employees to perform

## APPENDIX E-1

and carry out their duties under such provisions of this Disclosure Agreement provided, however, that the sole remedy for a violation of this Disclosure Agreement shall be limited to an action to compel specific performance of the obligations of the Department under this Disclosure Agreement and shall not include any rights to monetary damages. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement or the Bonds.

SECTION 9. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Department, the Trustee, and the Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 10. Counterparts. This Disclosure Agreement 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.

SECTION 11. Governing Law. This instrument shall be governed by the laws of The Commonwealth of Massachusetts.

*[Remainder of this page intentionally left blank.]*

IN WITNESS WHEREOF, the parties have caused this Disclosure Agreement to be duly executed under seal all as of the date first above written.

Date: January \_\_, 2019

MASSACHUSETTS DEPARTMENT OF  
TRANSPORTATION

By: \_\_\_\_\_  
Authorized Officer

THE BANK OF NEW YORK MELLON,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

## **APPENDIX E-1**

### **EXHIBIT A**

Filing information relating to the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board  
<http://emma.msrb.org>



## FORM OF COMMONWEALTH CONTINUING DISCLOSURE AGREEMENT

This Commonwealth Continuing Disclosure Agreement dated as of January \_\_, 2019 (this “Disclosure Agreement”) is executed and delivered by the Massachusetts Department of Transportation (“MassDOT”) and The Commonwealth of Massachusetts, acting by and through its Treasurer and Receiver-General (the “Commonwealth”), in connection with the issuance of MassDOT’s \$\_\_\_\_\_ Metropolitan Highway System Revenue Refunding Bonds (Subordinated), Commonwealth Contract Assistance Secured, 2019 Series A, 2019 Series B-1 and 2019 Series B-2 (collectively, the “Bonds”). The Bonds are authorized to be issued by MassDOT pursuant to and in accordance with Chapter 6C of the Massachusetts General Laws, and are to be issued under the Metropolitan Highway System Trust Agreement dated as of September 1, 1997, as amended (the “Metropolitan Highway System Trust Agreement”) and as further amended and supplemented by the Twelfth Supplemental Metropolitan Highway System Trust Agreement dated as of January 1, 2019 (together with the Metropolitan Highway System Trust Agreement, the “Trust Agreement”), by and between MassDOT and The Bank of New York Mellon, as Trustee, authorizing the issuance of the Bonds. The Bonds will constitute special obligations of MassDOT payable solely from and secured solely by a pledge of certain Revenues and funds and accounts established under the Trust Agreement. MassDOT and the Commonwealth covenant and agree as follows:

1. Purpose of the Disclosure Agreement and Beneficiaries. This Disclosure Agreement is being executed and delivered by MassDOT and the Commonwealth to assist the Participating Underwriter (defined below) in complying with subsection (b)(5) of the Rule (defined below). This Disclosure Agreement constitutes a written undertaking for the benefit of the beneficial owners (within the meaning of the Rule) of the Bonds (such beneficial owners being sometimes called herein “owners”).

2. Definitions. The following words and terms used in this Disclosure Agreement shall have the following respective meanings:

- (a) “MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto.
- (b) “EMMA” shall mean the MSRB’s Electronic Municipal Market Access (“EMMA”) system, or its successor as designated by the MSRB.
- (c) “Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.
- (d) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended, as in effect on the date of this Disclosure Agreement, including any official interpretation thereof.
- (e) “SEC” means the United States Securities and Exchange Commission.

All capitalized words and terms used in this Disclosure Agreement and not otherwise defined herein shall have the meaning ascribed to such words and terms in the Official Statement dated \_\_\_\_\_, 2019 pertaining to the Bonds.

3. The Undertaking of the Commonwealth. On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth (the “Treasurer”) hereby undertakes for the benefit of the owners of the Bonds to provide to the MSRB through EMMA, no later than 270 days after the end of each fiscal year of the Commonwealth, commencing with the fiscal year ending June 30, 2019: (a) the annual financial information described below, together with audited financial statements of the Commonwealth for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements of the Commonwealth are not then available, such audited financial statements shall be delivered to EMMA when they become available (but in no event later than 350 days after the end of such fiscal year); or (b) notice of the Commonwealth’s failure, if any, to provide any such information. The annual financial information to be provided as aforesaid shall include financial information and operating data, in each case updated through the last day of such fiscal

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year unless otherwise noted, relating to the following information contained in the Commonwealth's Information Statement dated November 29, 2018 (the "Information Statement"), and in each case substantially the same level of detail as is found in the referenced section of the Information Statement. The Information Statement has been filed with EMMA.

Financial Information and Operating Data Category	Reference to Information Statement for Level of Detail
1. Summary presentation on statutory accounting and five-year comparative basis of selected budgeted operating funds operations, revenues and expenditures, concluding with prior fiscal year, plus estimates for current fiscal year	"SELECTED FINANCIAL DATA — Statutory Basis Distribution of Budgetary Revenues and Expenditures"
2. Summary presentation on GAAP and five-year comparative basis of governmental funds operations, concluding with prior fiscal year	"SELECTED FINANCIAL DATA — GAAP Basis"
3. Summary presentation on a five-year comparative basis of lottery revenues and profits	"COMMONWEALTH REVENUES — Federal and Other Non-Tax Revenues; Lottery Revenues"
4. Summary presentation of payments received pursuant to the tobacco master settlement agreement	"COMMONWEALTH REVENUES — Federal and Other Non-Tax Revenues; Tobacco Settlement"
5. So long as Commonwealth statutes impose limits on tax revenues, information as to compliance therewith in the prior fiscal year	"COMMONWEALTH REVENUES — Limitations on Tax Revenues"
6. Summary description of the retirement systems for which the Commonwealth is responsible, including membership and contribution rates	"PENSION AND OPEB FUNDING — Retirement Systems" and "PENSION AND OPEB FUNDING — Employee Contributions."
7. Summary presentation of the then-current, statutorily imposed funding schedule for future Commonwealth pension liabilities, if any	"PENSION AND OPEB FUNDING — Funding Schedule."
8. Summary presentation on a ten-year comparative basis of actuarial valuations of pension fund assets, liabilities and funding progress	"PENSION AND OPEB FUNDING — Actuarial Valuations."
9. Summary presentation on a five-year comparative basis of annual required pension contributions under GAAP and pension contributions made	"PENSION AND OPEB FUNDING — Annual Required Contributions."
10. Summary presentation on a five-year comparative basis of PRIT Fund asset allocation and investment returns	"PENSION AND OPEB FUNDING — PRIT Fund Investments."

11.	Summary presentation of actuarial valuations of OPEB assets, liabilities and funding progress	“PENSION AND OPEB FUNDING — Other Post-Employment Benefit Obligations (OPEB).”
12.	If and to the extent otherwise updated in the prior fiscal year, summary presentation of the size of the state workforce	“STATE WORKFORCE”
13.	Five-year summary presentation of actual capital project expenditures	“COMMONWEALTH CAPITAL INVESTMENT PLAN”
14.	Statement of general and special obligation long-term debt issuance and repayment analysis on a five-year comparative basis through the end of the prior fiscal year	“LONG-TERM LIABILITIES — General and Special Obligation Long-Term Debt Issuance and Repayment Analysis”
15.	Statement of outstanding Commonwealth debt on a five-year comparative basis through the end of the prior fiscal year	“LONG-TERM LIABILITIES — Outstanding Long Term Commonwealth Debt”
16.	Annual fiscal year debt service requirements for Commonwealth general obligation and special obligation bonds, beginning with the current fiscal year	“LONG-TERM LIABILITIES — Debt Service Requirements”
17.	Annual fiscal year contract assistance requirements for Commonwealth general obligation contract assistance, beginning with the current fiscal year	“LONG-TERM LIABILITIES — General Obligation Contract Assistance Liabilities”
18.	Annual fiscal year long-term leasing liabilities for Commonwealth, beginning with the current fiscal year	“LONG-TERM LIABILITIES — Long-Term Operating Leases and Capital Leases”
19.	Five-year summary presentation of authorized but unissued general obligation debt	“LONG-TERM LIABILITIES — Authorized and Unissued Debt”
20.	So long as Commonwealth statutes impose a limit on the amount of outstanding “direct” bonds, information as to compliance therewith as of the end of the prior fiscal year	“LONG-TERM LIABILITIES — General Authority to Borrow; <i>Statutory Limit on Direct Debt</i> ”
21.	Summary presentation of the then-current, Commonwealth interest rate swap agreements	“LONG-TERM LIABILITIES — Interest Rate Swaps”
22.	Summary presentation of the then-current, Commonwealth liquidity facilities	“LONG-TERM LIABILITIES — Liquidity Facilities”

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

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statements prepared in accordance with generally accepted accounting principles in effect from time to time and shall be audited by a firm of certified public accountants appointed by the Commonwealth.

If this Disclosure Agreement is amended with respect to the annual financial information to be submitted by the Commonwealth hereunder, the annual financial information containing the amended financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information being provided. If this Disclosure Agreement is amended with respect to the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and the financial statements or information prepared on the basis of the former accounting principles. Such comparison will include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Commonwealth to meet its obligations. To the extent reasonably feasible, the comparison will also be quantitative. The Commonwealth will give notice of any change in the accounting principles to the MSRB as promptly as practicable after such change has been determined.

4. Notice of Changes in Rating. The Treasurer, on behalf of the Commonwealth, will provide in a timely manner to EMMA notice of any change in the rating of outstanding general obligation bonds of the Commonwealth maintained by any nationally recognized municipal security rating agency.

5. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Commonwealth from providing any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, in addition to that which is required by this Disclosure Agreement. If the Commonwealth chooses to provide any information in addition to that which is specifically required by this Disclosure Agreement, the Commonwealth shall have no obligation under this Disclosure Agreement to update such information in the future.

6. Enforceability of this Disclosure Agreement: Termination. To the extent permitted by law, the provisions of this Disclosure Agreement are enforceable against the Commonwealth in accordance with the terms hereof by any owner of a Bond, including any beneficial owner acting as a third party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Treasurer). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of the Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Commonwealth and to compel the Commonwealth and any of its officers, agents or employees to perform and carry out their duties under such provisions of this Disclosure Agreement; provided, however, that the sole remedy for a violation of this Disclosure Agreement shall be limited to an action to compel specific performance of the obligations of the Commonwealth under this Disclosure Agreement and shall not include any rights to monetary damages. This Disclosure Agreement shall terminate if no Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule concerning continuing disclosure are no longer in effect, whichever occurs first.

7. Amendments. This Disclosure Agreement may be amended, changed or modified by the Commonwealth, without the consent of, or notice to, any owners of the Bonds, and without the consent of, but with notice to, MassDOT, (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 pursuant to this Disclosure Agreement by the Treasurer on behalf of the Commonwealth and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Commonwealth for the benefit of the owners of the Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertaking of the Treasurer on behalf of the Commonwealth in this Disclosure Agreement in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the owners of the Bonds, as determined either by a party unaffiliated with the

Commonwealth or MassDOT (such as a firm eligible to serve at the time as bond counsel or disclosure counsel to the Commonwealth) or by the vote or consent of the owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment, which consent shall be obtained as provided in the Trust Agreement with respect to consents of Registered Owners. Any amendment, change or modification to this Disclosure Agreement shall be in writing.

8. Disclaimer. No information provided by or on behalf of the Commonwealth under this Disclosure Agreement shall obligate the Commonwealth to file any information regarding matters other than those specifically described in paragraphs 3 and 4 hereof, nor shall any such filing constitute a representation by the Commonwealth or raise any inference that no other material events have occurred with respect to the Commonwealth or the Bonds or that all material information regarding the Commonwealth or the Bonds has been disclosed. The Commonwealth shall have no obligation under this Disclosure Agreement to update information provided pursuant to this Disclosure Agreement except as specifically stated herein.

9. Counterparts. This Disclosure Agreement 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.

10. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the Commonwealth and applicable law of the United States of America.

11. Titles of Sections. The titles of sections in this Disclosure Agreement shall have no effect in construing this Disclosure Agreement.

12. Actions to be Performed on Non-Business Days. Any action required by this Disclosure Agreement to be taken on a Saturday, Sunday or holiday within the Commonwealth may be taken on the next business day with the same force and effect as if taken on the day so required.

*[Remainder of this page intentionally left blank; signature page(s) to follow.]*

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IN WITNESS WHEREOF, THE COMMONWEALTH OF MASSACHUSETTS, acting by and through its Treasurer and Receiver-General, and the MASSACHUSETTS DEPARTMENT OF TRANSPORTATION, acting by a duly authorized officer, have executed this Disclosure Agreement, all as of the day and year first above written.

**THE COMMONWEALTH OF MASSACHUSETTS**

By: \_\_\_\_\_  
Deborah B. Goldberg  
Treasurer and Receiver-General

**MASSACHUSETTS DEPARTMENT OF TRANSPORTATION**

By: \_\_\_\_\_  
Authorized Officer

## BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2019 Bond certificate will be issued for each maturity within each series of the 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2019 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity within a series of the 2019 Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the 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 (nor its nominee), the Trustee, or the Issuer, 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 Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2019 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2019 Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2019 Bond certificates will be printed and delivered to DTC.

*The information contained in this Appendix F concerning DTC and DTC's book-entry system has been obtained from sources that MassDOT believes to be reliable, but MassDOT takes no responsibility for the accuracy thereof. Neither MassDOT nor the Trustee will have any responsibility or obligation to the Direct Participants or the persons for whom they act as nominees with respect to the payments to the Direct Participants, the Indirect Participants or Beneficial Owners.*



**TABLE OF REFUNDED SUBORDINATED BONDS\***

**Massachusetts Department of Transportation  
Metropolitan Highway System Revenue Bonds (Subordinated)  
Commonwealth Contract Assistance Secured  
2010 Series A**

<b>Subseries</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Par Amount</b>	<b>Call Date*</b>	<b>Call Price</b>	<b>CUSIP†</b>
A-2	January 1, 2037	VR	\$ 83,100,000	January 24, 2019	100%	57563CAB8
A-3	January 1, 2039	VR	92,845,000	January 24, 2019	100	57563CAC6
A-4	January 1, 2039	VR	92,845,000	February 1, 2019	100	57563CAD4
A-5	January 1, 2039	VR	92,845,000	February 1, 2019	100	57563CAE2
A-6	January 1, 2039	VR	92,845,000	January 24, 2019	100	57563CAF9
<b>Total:</b>			<b>\$454,480,000</b>			

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\* Preliminary, subject to change.

† The CUSIP® numbers listed above are being provided solely for the convenience of Bondowners and none of MassDOT, the Trustee or the Underwriters make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

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