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**BONDHOLDER'S AGREEMENT**

**dated as of December 23, 2015**

**between**

**THE COMMONWEALTH OF MASSACHUSETTS**

**and**



**Relating to**

**The Commonwealth of Massachusetts  
General Obligation Refunding Bonds  
(SIFMA Index Bonds)  
2015 Series B and 2015 Series C**

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## Table of Contents

	Page
ARTICLE I	DEFINITIONS.....1
Section 1.01	Certain Defined Terms.....1
Section 1.02	Computation of Time Periods.....7
Section 1.03	Construction.....7
Section 1.04	Certain Other Definitions.....7
Section 1.05	Accounting Terms and Determinations .....7
Section 1.06	New York, New York Time Presumption .....7
ARTICLE II	PURCHASE AND DELIVERY OF BONDS .....8
Section 2.01	Purchase; Acknowledgments of the Commonwealth .....8
Section 2.02	Delivery of Bonds; DTC Book Entry System Only.....8
ARTICLE III	THE COMMONWEALTH’S OBLIGATIONS .....8
Section 3.01	Payment Obligations.....8
Section 3.02	Obligations Absolute .....10
ARTICLE IV	CONDITIONS PRECEDENT TO PURCHASE OF BONDS .....10
Section 4.01	Documentary Requirements.....10
Section 4.02	Conditions Precedent .....13
Section 4.03	Failure to Satisfy Conditions Precedent.....13
Section 4.04	Closing Transcript.....13
ARTICLE V	REPRESENTATIONS AND WARRANTIES.....13
Section 5.01	Authorization .....13
Section 5.02	Necessary Consents .....13
Section 5.03	Governmental Authorizations or Other Approvals.....14
Section 5.04	Validity and Binding Effect; Full Faith and Credit Pledge.....14
Section 5.05	No Litigation.....14
Section 5.06	Financial Statements .....14
Section 5.07	Complete and Correct Information .....14
Section 5.08	Incorporation of Representations and Warranties by Reference .....14
Section 5.09	Bonds .....15
Section 5.10	No Default.....15
Section 5.11	Sovereign Immunity.....15
Section 5.12	Tax-Exempt Status of Bonds; Use of Proceeds .....15
Section 5.13	No Proposed Legal Changes.....15

Table of Contents (continued)

		Page
Section 5.14	Interest.....	15
Section 5.15	Security .....	15
Section 5.16	Federal Reserve Regulations.....	16
ARTICLE VI	COVENANTS .....	16
Section 6.01	Reporting Requirements .....	16
Section 6.02	Inspection of Books and Records .....	16
Section 6.03	Performance of This and Other Agreements .....	17
Section 6.04	Other Obligations.....	17
Section 6.05	Compliance with Rules and Regulations .....	17
Section 6.06	Further Assurances.....	17
Section 6.07	Proceeds of Bonds.....	17
Section 6.08	Tax Exemption.....	18
Section 6.09	No Sovereign Immunity.....	18
ARTICLE VII	EVENT OF DEFAULTS; REMEDIES .....	18
Section 7.01	Events of Default .....	18
Section 7.02	Consequences of an Event of Default.....	18
Section 7.03	Remedies Cumulative; Solely for the Benefit of the Bondholder Representative and any other Owner .....	19
Section 7.04	Waivers or Omissions .....	19
Section 7.05	Discontinuance of Proceedings.....	20
Section 7.06	Injunctive Relief.....	20
ARTICLE VIII	INDEMNIFICATION.....	20
Section 8.01	Indemnification .....	20
Section 8.02	Reimbursement; Interest .....	20
Section 8.03	Survival.....	21
ARTICLE IX	MISCELLANEOUS .....	21
Section 9.01	Patriot Act Notice; OFAC.....	21
Section 9.02	Amendments and Waivers; Enforcement .....	21
Section 9.03	Notices .....	22
Section 9.04	Right of Setoff.....	22
Section 9.05	Severability .....	23
Section 9.06	Governing Law; Consent to Jurisdiction; Waiver of Jury Trial .....	23

Table of Contents (continued)

	Page
Section 9.07	No Advisory or Fiduciary Responsibility .....24
Section 9.08	Purchaser Representations .....24
Section 9.09	Entire Agreement .....25
Section 9.10	Duration .....25
Section 9.11	Counterparts .....25
Section 9.12	Parties in Interest.....25
Section 9.13	Successors and Assigns.....26
Section 9.14	Bondholder Representative .....27
Section 9.15	Preferences .....28
Section 9.16	Standard of Conduct by Bondholder Representative; Liability of Bondholder Representative.....28
Section 9.17	Waiver of Rule of Construction .....29

## BONDHOLDER'S AGREEMENT

This **BONDHOLDER'S AGREEMENT**, dated as of December 23, 2015 (as amended and supplemented from time to time, this "*Agreement*"), is between **THE COMMONWEALTH OF MASSACHUSETTS** (together with its successors and permitted assigns hereunder, the "*Commonwealth*"), and [REDACTED], as initial purchaser (" [REDACTED]" and, together with its successors, assignees, designees and nominees hereunder (as hereinafter defined), the "*Purchaser*").

### RECITALS

WHEREAS, pursuant to and in accordance with the Constitution and laws of the Commonwealth, including Chapter 29 of the Massachusetts General Laws, as amended (the "*Enabling Act*"), the Commonwealth has issued two series of bonds designated as The Commonwealth of Massachusetts General Obligation Refunding Bonds (SIFMA Index Bonds) 2015 Series B (the "*Series B Bonds*") and The Commonwealth of Massachusetts General Obligation Refunding Bonds (SIFMA Index Bonds) 2015 Series C (the "*Series C Bonds*" and together with the Series B Bonds, the "*Bonds*"); and

WHEREAS, subject to the terms and conditions of this Agreement and the Bonds, the Purchaser has agreed to purchase the Bonds on the Closing Date (as hereinafter defined);

NOW, THEREFORE, to induce the Purchaser to purchase the Bonds from the Commonwealth, on the Closing Date, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Commonwealth and the Purchaser hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

**Section 1.01 Certain Defined Terms.** In addition to the terms defined in the recitals and elsewhere in this Agreement, the following terms shall have the following meanings:

"*Affiliate*" means, with respect to a Person, any Person (whether for profit or not-for-profit), which "controls" or is "controlled" by or is under common "control" with such Person. For purposes of this definition, a Person "controls" another Person when the first Person possesses or exercises directly, or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other Person, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract, or otherwise.

"*Agreement*" has the meaning set forth in the introductory paragraph hereof.

"*Adjusted SIFMA Rate*" means, with respect to the Series B Bonds, the SIFMA Rate (as defined herein), plus [REDACTED] and with respect to the Series C Bonds, the SIFMA

Rate (as defined herein), plus [REDACTED]; provided that in no event shall the Adjusted SIFMA Rate in each case be less than zero percent (0.0%).

“*Adjustment Date*” means Wednesday of each week, or if such day is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day.

“*Authorized Denominations*” means, with respect to the Bonds, denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof.

“*Authorized Representative*” means the Treasurer and Receiver-General of the Commonwealth or any Deputy Treasurer of the Commonwealth acting on the State Treasurer’s behalf or any designee thereof and, when used in reference to an act or document, shall also mean any other person authorized by law to perform such act or sign such document.

“*Bond Proceedings*” means any and all certificates and other documents relating to the Bonds signed by an Authorized Representative, including the form of each series of Bonds which sets forth the interest rate setting mechanism relating to such Bonds.

“*Bond Register*” means the records maintained on behalf of the Commonwealth containing the name and mailing address of each owner of the Bonds or the nominee of such owner, and such other information as the Bond Registrar shall determine.

“*Bond Registrar*” means, initially, the Commonwealth, or any bank or banks, if any, appointed by the Commonwealth for the purposes of registering the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

“*Bondholder*” or “*Holder*” or “*Owner*” means the registered owner of the Bonds; *provided, however*, that at any time the Bonds are book-entry bonds, “*Bondholder*” or “*Holder*” or “*Owner*” shall mean any person who acquires a beneficial ownership interest in a Bond held by DTC.

“*Bondholder Representative*” means, (a) on and as of the Closing Date, the Purchaser, and (b) thereafter, upon the receipt from time to time by the Commonwealth of a notice described in Section 9.13 hereof, the Person designated in such notice as the Bondholder Representative as more fully provided in Section 9.13 hereof. The parties hereto acknowledge and agree that, for so long as the Bonds held by the Purchaser or an Affiliate of the Purchaser or any trust established by the Purchaser or an Affiliate of the Purchaser, the Purchaser shall be the Bondholder Representative.

“*Bonds*” has the meaning set forth in the recitals to this Agreement.

“*Business Day*” means a day other than (i) a day on which the business offices of the Commonwealth are closed, (ii) a Saturday, Sunday, legal holiday or day on which banking institutions in Boston, Massachusetts are authorized or required by law or executive order to close, or (iii) a day on which the New York Stock Exchange is closed.

“*Calculation Agent*” means, initially, the Commonwealth, and thereafter any other Calculation Agent designated from time to time by the Commonwealth, in consultation with the Purchaser, as provided in the Bonds.

“*Closing Date*” means December 23, 2015, or such other date as the Commonwealth and the Purchaser may determine.

“*Closing Transcript*” has the meaning set forth in Section 4.04 hereof.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time, or any successor provision or provisions thereto or any successor federal tax code, and any regulations (including temporary and proposed regulations relating to the matters governed by this Agreement) thereunder or under any such provision or successor federal tax code.

“*Commonwealth*” means The Commonwealth of Massachusetts.

“*Commonwealth Information Statement*” means the Commonwealth Information Statement dated November 13, 2015 and any subsequent information statement or any supplement thereto issued by the Commonwealth.

“*Debt*” of any Person means, at any date and without duplication, (i) all obligations of such Person for borrowed money evidenced by bonds, debentures, notes or other similar instruments (including, without limitation, principal and interest payments due to a bank in the form of reimbursement), (ii) all obligations of such Person for borrowed money not evidenced by bonds, debentures, notes or similar instruments, (iii) all obligations of such Person as lessee under capital leases which are assigned a long-term rating by each Rating Agency then rating the Bonds equal to the rating assigned by such Rating Agency to the Bonds, (iv) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business (including, without limitation, accounts payable to construction contractors and other professionals for services rendered), which are assigned a long-term rating by each Rating Agency then rating the Bonds equal to the rating assigned by such Rating Agency to the Bonds, (v) all indebtedness of others secured in full by a lien on any asset of such Person, so long as such indebtedness is assumed by such Person and such indebtedness is assigned a long-term rating by each Rating Agency then rating the Bonds equal to the rating assigned by such Rating Agency to the Bonds, (vi) all indebtedness of others guaranteed or secured in full by any of the revenues or assets of, such Person and (vii) payment obligations of such Person under any Swap Contract.

“*Designated Jurisdiction*” means any country or territory to the extent such country or territory itself is the subject of any Sanction.

“*Designated Successor*” has the meaning set forth in Section 9.13(a) hereof.

“*DTC*” means The Depository Trust Company, New York, New York, or any substitute securities depository appointed by the Commonwealth.

“*Enabling Act*” has the meaning set forth in the recitals to this Agreement.

“*Event of Default*” has the meaning set forth in Section 7.01 hereof.

“*Expenses*” means all fees, charges, costs and expenses of any nature whatsoever, whether in the form of a direct, reimbursement, or indemnity payment obligation, incurred at any time and from time to time (whether before or after an Event of Default) by the Bondholder Representative or other Owner in purchasing or funding the purchase of the Bonds, in administering or modifying the Related Documents, in negotiating or entering into any “workout” of the Transactions, or in exercising or enforcing any rights, powers and remedies provided in any of the Related Documents, including reasonable attorneys’ fees, court costs and receiver’s fees.

“*Fiscal Year*” means, with respect to the Commonwealth, the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve (12) month period or fifty-two (52) week period hereafter selected and designated as the official fiscal year period of the Commonwealth.

“*FRB*” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

“*GAAP*” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“*General Obligation Debt*” means any Debt of the Commonwealth, the payment of which is secured by the full faith and credit of the Commonwealth.

“*Governmental Approval*” means an authorization, consent, approval, permit, license, certificate of occupancy or an exemption of, a registration or filing with, or a report to, any Governmental Authority.

“*Governmental Authority*” means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau, central bank or comparable authority.

“*Interest Payment Date*” means, with respect to the Bonds, the first Business Day of each month, commencing January 4, 2016.

“*Laws*” means, collectively, the Constitutions of the United States and the Commonwealth, all applicable common law and principles of equity and all international, foreign, federal, state and local laws, statutes, treaties, codes, acts, rules, regulations, guidelines, ordinances, resolutions, orders, writ, judgments, decrees, injunctions, and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any



Governmental Authority charged with the enforcement, interpretation or administration thereof, and all administrative orders, directed duties, requests, licenses, certificates, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“*Liabilities*” has the meaning set forth in Section 8.01 hereof.

“*Material Adverse Change*” or “*Material Adverse Effect*” means the occurrence of any event or change resulting in a material and adverse change in the business, condition (financial or otherwise), operations of the Commonwealth since the date of the most recent Commonwealth Information Statement or which materially and adversely affects the enforceability of this Agreement or the Related Documents or the ability of the Commonwealth to perform its obligations hereunder or thereunder.

“*Maximum Rate*” means, with respect to the Bonds, an interest rate per annum equal to 11.0%.

“*1933 Act*” has the meaning set forth in Section 9.08 hereof.

“*Notice of Default*” has the meaning set forth in Section 7.02(a) hereof.

“*Obligations*” means all amounts payable by the Commonwealth pursuant to this Agreement and the other Related Documents or with respect to the Bonds of any kind and description, direct or indirect or absolute or contingent and due or to become due (including any amounts to reimburse the Bondholder Representative or any other Owner for any advances or expenditures by it under any of such documents).

“*OFAC*” has the meaning set forth in Section 9.01 hereof.

“*Outstanding*” has the meaning set forth in the Bond Proceedings.

“*Parity Debt*” means (a) the Bonds and (b) all other General Obligation Debt.

“*Patriot Act*” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001), and all amendments thereto.

“*Paying Agent*” means the Commonwealth, as paying agent for the Bonds, and its successors and assigns.

“*Person*” means an individual, a corporation, a partnership, an association, a business trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“*Potential Event of Default*” means any event or condition which with notice, passage of time or any combination of the foregoing, would constitute an Event of Default.

“*Purchaser*” has the meaning set forth in the introductory paragraph hereof.

“*Rating Documentation*” has the meaning set forth in Section 4.01(e)(ii) hereof.

“*Record Date*” means the 15th day of the month immediately preceding such Interest Payment Date.

“*Related Documents*” means this Agreement, the Tax Certificate, the Undertaking, the Bonds and other Bond Proceedings.

“*Related Party*” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person or of such Person’s Affiliates.

“*Representation Letter*” means the Blanket Letter of Representations from the Commonwealth to DTC dated May 22, 1995.

“*Sanction(s)*” means any economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the United States government, including those administered by OFAC, Department of the Treasury or the U.S. Department of State.

“*SIFMA Rate*” means for any day the level of the most recently effective index rate which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association (“SIFMA”) and is issued on an Adjustment Date. If such index is no longer published or otherwise not available, the SIFMA Rate for any day will mean the level of the “S&P Municipal Bond 7 day High Grade Index” maintained by Standard & Poor’s Securities Evaluations Inc. for a 7-day maturity as published on the Adjustment Date or most recently published prior to the Adjustment Date. If at any time neither such index is available, the Calculation Agent shall use instead an index that the Calculation Agent, after consultation with the Purchaser, determines most closely approximates the SIFMA index.

“*Swap Contract*” means (a) any and all rate swap transactions, basis swaps, total return swaps, credit derivative transactions, forward rate transactions, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, cap transactions, floor transactions, collar transactions, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Tax Certificate*” means the Certificate as to Tax Matters of the Commonwealth dated December 23, 2015, with respect to the Bonds.

“*Undertaking*” means the Continuing Disclosure Undertaking of the Commonwealth related to the Bonds and attached to the form of the Bonds as Appendix II thereto, dated December 23, 2015, as the same may be amended and supplemented from time to time.

“*U.S. Government Securities Business Day*” means any day other than (a) a Saturday, a Sunday, or (b) a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities, or (c) a day on which the Calculation Agent is required or permitted by law to close.

**Section 1.02 Computation of Time Periods.** In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

**Section 1.03 Construction.** Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, to the singular include the plural and to the part include the whole. The word “including” shall be deemed to mean “including but not limited to,” and “or” has the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereunder” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The words “asset” and “property” shall be construed to have the same meaning and effect and, when used in connection with any Person, to refer to all rights, title and interests of such Person in and to any and all property whether real, personal or mixed, tangible or intangible, now owned or hereafter acquired and wherever situated, including cash, securities, investment property, accounts, land, buildings, general intangibles, chattel, intellectual property, contract rights and other property and assets. The Section headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation hereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified. Any exhibit, schedule and annex attached hereto is incorporated by reference herein and is a constituent part of this Agreement.

**Section 1.04 Certain Other Definitions.** Any capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the Bond Proceedings.

**Section 1.05 Accounting Terms and Determinations.** All accounting terms used herein without definition shall be interpreted in accordance with generally accepted accounting principles, consistently applied, and, except as otherwise expressly provided herein, all accounting determinations required to be made pursuant to this Agreement shall be made in accordance with generally accepted accounting principles, consistently applied.

**Section 1.06 New York, New York Time Presumption.** All references in this Agreement to times of day shall be references to prevailing New York City time unless otherwise expressly provided herein.

## ARTICLE II

### PURCHASE AND DELIVERY OF BONDS

**Section 2.01 Purchase; Acknowledgments of the Commonwealth.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Purchaser hereby agrees to purchase from the Commonwealth, all, but not less than all, of the \$250,000,000 aggregate principal amount of the Bonds in immediately available funds on the Closing Date, at a purchase price equal to the par amount of the applicable Bonds.

The principal amount of each series of Bonds, the dated date therefor, the maturities, the optional redemption provisions and the interest rates per annum are set forth in the Bonds (including the appendices thereto), attached hereto as Exhibit A.

**Section 2.02 Delivery of Bonds; DTC Book Entry System Only.** Unless the Commonwealth and the Bondholder Representative otherwise agree, the Bonds shall at all times be registered in the name of Cede & Co., as the nominee of DTC, as the registered owner of the Bonds, and held in the custody of DTC.

## ARTICLE III

### THE COMMONWEALTH'S OBLIGATIONS

#### **Section 3.01 Payment Obligations.**

(a) The Commonwealth hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of any and all payment obligations owed to the Bondholder Representative and any other Owner hereunder and under the other Related Documents whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided herein.

(b) Except as otherwise provided upon the occurrence of an Event of Default, the Commonwealth shall pay within thirty (30) days after demand:

(i) if an Event of Default shall have occurred, all reasonable costs and expenses of the Bondholder Representative and any other Owner in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of their respective rights under any of the Related Documents and such other documents which may be delivered in connection therewith, plus the reasonable fees of any legal counsel retained by the Bondholder Representative and any other Owner in connection therewith;

(ii) a fee for each amendment of any Related Document, consent by the Bondholder Representative or any other Owner or waiver by the Bondholder Representative or any other Owner under any Related Document, in each case, in an amount agreed to between the Bondholder Representative and the Commonwealth; and

(iii) the reasonable fees and out-of-pocket expenses for counsel or other reasonably required consultants to the Bondholder Representative in connection with advising the Bondholder Representative as to its or the Owner's rights and responsibilities under any of the Related Documents or in connection with responding to requests from the Commonwealth for approvals, consents, amendments and waivers.

(c) Neither the Bondholder Representative nor any other Owner shall be under an obligation to pay, and the Commonwealth shall pay, any expenses incident to the performance of the Commonwealth's obligations hereunder and under the other Related Documents including, but not limited to, (i) the fees and disbursements of Bond Counsel and counsel to the Commonwealth and (ii) the fees and disbursements of any other accountants, attorneys and other experts, consultants or advisers retained by the Commonwealth.

(d) In addition, if at any time any Governmental Authority shall require payment of, or fees, documentary stamps or any other tax in connection with, the execution or delivery of any of the Related Documents, then, if the Commonwealth lawfully may pay for such stamps, taxes or fees, the Commonwealth shall pay, when due and payable, for all such stamps, taxes and fees, including interest and penalties thereon, and the Commonwealth agrees to save the Bondholder Representative and any other Owner harmless from and against any and all liabilities with respect to, or resulting from any delay or omission of the Commonwealth in paying, such stamps, taxes and fees hereunder.

(e) **Payments Generally.** Except as may be otherwise provided herein, all fees hereunder and interest on amounts owed hereunder shall be computed on the basis of a year of 365/6 days and the actual number of days elapsed. All payments by or on behalf of the Commonwealth to the Bondholder Representative or other Owner hereunder and under the other Related Documents shall be fully earned when due and (absent manifest error) nonrefundable when paid and made in lawful currency of the United States of America and in immediately available funds. If any payment hereunder is due on a day that is not a Business Day, then such payment shall be due on the next succeeding Business Day, and, in the case of the computation of the interest or fees hereunder, such extension of time shall, in such case, be included in the computation of the payment due hereunder.

(f) **Maintenance of Accounts.** The Bondholder Representative shall maintain in accordance with its usual practice records evidencing the amounts payable and paid from time to time hereunder or under the other Related Documents. In any legal action or proceeding in respect of this Agreement or the other Related Documents, the entries made in such records shall be presumptive evidence of the existence and amounts of the obligations of the Commonwealth therein recorded. The failure to record any such amount shall not, however, limit or otherwise affect the obligations of the Commonwealth hereunder or under the other Related Documents to repay all amounts owed hereunder and under the other Related Documents, together with all interest accrued thereon as provided herein.

(g) **Bondholder Representative.** In order to avoid confusion and unless otherwise specified in a notice delivered by the Bondholder Representative to the Commonwealth pursuant to Section 9.13 hereof, the term “Owner,” for purposes of this Section 3.02, shall be deemed to include the Bondholder Representative.

**Section 3.02 Obligations Absolute.** The payment obligations of the Commonwealth under this Agreement and the other Related Documents shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement and the other Related Documents under all circumstances, including the following:

- (a) any lack of validity or enforceability of any of the Related Documents or any provision hereof or thereof;
- (b) any amendment or waiver of, or any consent to departure from, all or any of the Related Documents;
- (c) the existence of any claim, set off, defense or other right which the Commonwealth may have at any time against the Bondholder Representative, any other Owner or any other Person, whether in connection with any of the Related Documents, the Transactions or any unrelated transaction; or
- (d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

## **ARTICLE IV**

### **CONDITIONS PRECEDENT TO PURCHASE OF BONDS**

**Section 4.01 Documentary Requirements.** The obligation of the Purchaser to purchase the Bonds is subject to the conditions precedent that the Purchaser shall have received, on or before the Closing Date, the items listed below in this Section, each dated and in form and substance as is satisfactory to the Purchaser and its counsel.

- (a) **Transaction Documents.**
  - (i) Executed originals each of this Agreement, the Tax Certificate, and the Undertaking and the Bonds.
  - (ii) Copies, certified to be true copies by an Authorized Representative, of all Governmental Approvals, if any, necessary for the Commonwealth to execute, deliver and perform the Related Documents to which it is party.
- (b) **Commonwealth Supporting Documents.**
  - (i) Copies of certificates and other documents of the Commonwealth not referred to in this Section 4.01(a) approving the execution and delivery of the Related Documents to which the Commonwealth is a party, approving the form of

the Related Documents to which it is not a party and the other matters contemplated hereby and thereby, certified by an Authorized Representative as being true and complete and in full force and effect on the Closing Date;

(ii) A certificate of an Authorized Representative of the Commonwealth containing specimen signatures and certifying the names and signatures of the Persons authorized to sign, on behalf of the Commonwealth, the Related Documents to which it is a party and the other documents to be delivered by it hereunder or thereunder; and

(iii) a certificate signed by the Attorney General of the Commonwealth stating that no litigation of any kind is now pending or, to her knowledge, threatened seeking to restrain or enjoin the issuance or delivery of the Bonds or the levy or collection of a material portion of the taxes or other revenues of the Commonwealth, or in any manner questioning the proceedings or authority under which the Bonds are issued, or affecting the validity of the Bonds, or contesting the title to his office of any official signing the Bonds.

(c) **Opinions.** The following opinions, dated the Closing Date, addressed to the Purchaser, or on which the Purchaser is otherwise expressly authorized to rely, each in form and substance satisfactory to the Purchaser and its counsel:

(i) From counsel to the Commonwealth, as to the due execution and delivery of this Agreement, the enforceability of this Agreement and such other customary matters as the Purchaser may reasonably request; and

(ii) From Bond Counsel, a copy of its approving opinion, together with a reliance letter to the Purchaser, to the effect that interest on the Bonds will not be included in the gross income of the holders of the Bonds for federal income tax purposes, and such other customary matters as the Purchaser may reasonably request.

(d) **Closing Certificate of the Commonwealth.** A certificate of the Commonwealth executed by an Authorized Representative, dated the Closing Date, to the effect that:

(i) Each representation and warranty made by the Commonwealth in this Agreement and in the other Related Documents is true, complete and correct as of the Closing Date as if made on the Closing Date.

(ii) No Potential Event of Default or Event of Default has occurred and is continuing under this Agreement or any Related Documents and no Potential Event of Default or Event of Default will occur as a result of the execution and performance by the Commonwealth of this Agreement and the other Related Documents.

(iii) Each of the Related Documents to which the Commonwealth is a party has been duly executed and delivered by an Authorized Representative of

the Commonwealth authorized to execute each such document, and the Commonwealth has duly adopted and there is in full force and effect such resolutions or other enactments as shall be necessary to authorize the Transactions. Each such Related Document is in full force and effect on the Closing Date. No such Related Document has been amended, modified or supplemented other than as certified to the Bondholder.

(iv) The Commonwealth has complied with all applicable terms and conditions of the Related Documents which are necessary to be complied with on or prior to the Closing Date, all conditions under the Enabling Act have been satisfied with respect to the Bonds, and the conditions precedent set forth in this Section 4.01 hereof have been satisfied.

(v) The Bonds being delivered on the Closing Date to the Purchaser pursuant to the terms hereof substantially conform to the descriptions thereof contained in the Bond Proceedings.

(vi) Since the date of the most recent Rating Documentation applicable to General Obligation Debt, the unenhanced long-term debt ratings assigned to the Bonds have not been reduced, withdrawn or suspended and no notice has been given to the Commonwealth of any intended downgrading, suspension, withdrawal or negative change in credit watch status by Fitch, Moody's or S&P, as applicable.

(vii) The Commonwealth Information Statement does not, as of its date, contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements appearing or incorporated therein, in light of the circumstances in which they were made, not misleading.

(viii) As of December 17, 2015, there has been no Material Adverse Change with respect to the financial condition of the Commonwealth as described in the Commonwealth Information Statement.

(e) ***CUSIP and Ratings.***

(i) Evidence that CUSIP numbers have been obtained and reserved from S&P CUSIP Services for the Bonds (CUSIP numbers 57582RGA8 and 57582RGB6);

(ii) Evidence that the underlying unenhanced long-term rating assigned to Parity Debt is "Aa1" (stable) or higher by Moody's, "AA+" (negative) or higher by S&P and "AA+" (stable) or higher by Fitch (such evidence, the "*Rating Documentation*").

(f) ***Litigation.*** Except to the extent otherwise provided in the most recent Commonwealth Information Statement, the Purchaser shall have received a written description of all actions, suits or proceedings pending or, to the Commonwealth's



knowledge, threatened against the Commonwealth in any court or before any arbitrator of any kind or before or by any Governmental Authority which could reasonably be expected to result in a Material Adverse Effect, if any.

(g) ***Other Documents and Requirements.***

(i) Such other instruments, documents, approvals, filings, statements, certificates, agreements, information and opinions as the Purchaser shall reasonably require to evidence compliance with law and the Related Documents and this Agreement.

(ii) All other legal matters pertaining to the execution and delivery of the Related Documents and the issuance of the Bonds shall be reasonably satisfactory to the Purchaser and its counsel.

**Section 4.02 Conditions Precedent.** On or prior to the Closing Date, the Commonwealth shall pay the fees and expenses of outside counsel to the Purchaser in an amount not to exceed \$46,000.

**Section 4.03 Failure to Satisfy Conditions Precedent.** If the Commonwealth shall be unable to satisfy the conditions to the obligations of the Purchaser to purchase the Bonds contained in this Agreement, or if the obligations of the Purchaser to purchase the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Purchaser nor the Commonwealth shall be under any further obligation hereunder.

**Section 4.04 Closing Transcript.** Promptly following the Closing Date, the Commonwealth shall provide, at the Commonwealth's expense, at least two electronic copies of all of the Related Documents and other documents delivered in connection with the Bonds (the "*Closing Transcript*").

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

The Commonwealth makes the following representations and warranties to the Purchaser as of the Closing Date as follows:

**Section 5.01 Authorization.** The Treasurer and Receiver-General of the Commonwealth had, at all relevant times, and has all requisite power and authority on behalf of the Commonwealth to execute and deliver this Agreement and the other Related Documents and the Commonwealth had, at all relevant times, and has all requisite power and authority to perform all of its obligations hereunder and thereunder.

**Section 5.02 Necessary Consents.** All authorization, consent, approval, license, exemption of or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, necessary for the valid execution, delivery and performance by the Commonwealth of this Agreement and the Related Documents, except that a legislative appropriation may be required for the payment of amounts due under

this Agreement and the Related Documents, have been obtained and such execution, delivery and performance did not, does not, and will not violate, conflict with or constitute a default under any constitutional or statutory provision or other law, rule, regulation or order or any agreement or instrument to which the Commonwealth is a party or by which it is bound.

**Section 5.03 Governmental Authorizations or Other Approvals.** The Commonwealth has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and each of the Related Documents to which it is a party.

**Section 5.04 Validity and Binding Effect; Full Faith and Credit Pledge.** This Agreement and the Related Documents constitute legal, valid and binding obligations of the Commonwealth, enforceable in accordance with their respective terms. The Bonds constitute general obligations of the Commonwealth as described in Section 5.15 hereof.

**Section 5.05 No Litigation.** Except as disclosed to the Purchaser, to the best knowledge of the Commonwealth there are no suits, proceedings or investigations pending or threatened against the Commonwealth which could reasonably be expected to result in a Material Adverse Change, or which question the validity or enforceability of, or would have a material impact upon, the Agreement, the other Related Documents, the transactions contemplated thereby or any action taken or to be taken by the Commonwealth hereunder or thereunder.

**Section 5.06 Financial Statements.** The government-wide statement of net assets of the Commonwealth as of June 30, 2014, and the related statement of activities for the fiscal years then ended and the auditors' report with respect thereto, and which are included in the Commonwealth's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the Commonwealth at such date and for such period, and were prepared in accordance with generally accepted accounting principles.

**Section 5.07 Complete and Correct Information.** All information, reports, other papers, and data with respect to the Commonwealth furnished to the Purchaser or its counsel by the Commonwealth were, taken in the aggregate and at the time the same were so furnished, complete and correct in all material respects, to the extent necessary to give the Purchaser a true and accurate knowledge of the subject matter. No fact is known to the Commonwealth that the Commonwealth has not disclosed to the Purchaser and that adversely affects or, so far as the Commonwealth can now reasonably foresee, is likely to adversely affect the assets, liabilities or financial condition of the Commonwealth. When taken in the aggregate, no document furnished or statement made by the Commonwealth in connection with the negotiation, preparation or execution of this Agreement or any Related Document contains any untrue statement of a fact material to the creditworthiness of the Commonwealth or omits to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

**Section 5.08 Incorporation of Representations and Warranties by Reference.** The Commonwealth hereby makes to the Purchaser the same representations and warranties as were made by the Commonwealth in each Related Document, together with the related definitions of terms contained therein, and such representations and warranties are hereby incorporated by

reference with the same effect as if each and every such representation and warranty and definition were set forth herein in its entirety. Except as otherwise provided herein, no amendment to or termination of such representations, warranties and definitions contained in the documents set forth above shall be effective to amend or terminate such representations, warranties and definitions incorporated herein by this reference, without the prior written consent of the Bondholder Representative.

**Section 5.09 Bonds.** The Bonds have been duly and validly issued under the Enabling Act and are entitled to the benefits thereof.

**Section 5.10 No Default.** No Potential Event of Default or Event of Default has occurred or is continuing hereunder or under any other Related Document.

**Section 5.11 Sovereign Immunity.** The Commonwealth has waived immunity from suit on the grounds of sovereignty as to any of its contractual obligations including, but not limited to, payment obligations under this Agreement and the Bonds to the fullest extent permitted under applicable law; and proceedings may be brought against the Commonwealth in such courts and tribunals as are permitted under the laws of the Commonwealth; *provided, however* that, notwithstanding the foregoing, the property of the Commonwealth is not subject to attachment or levy to a judgment and the satisfaction of any judgment generally requires legislative appropriation. Enforcement of a claim for payment of or interest on bonds and notes of the Commonwealth may also be subject to the provisions of federal or Commonwealth statutes, if any, hereafter enacted extending the time for payment or imposing other constraints upon enforcement, insofar as the same may be constitutionally applied.

**Section 5.12 Tax-Exempt Status of Bonds; Use of Proceeds.** As of the date hereof, the Commonwealth has not taken any action which would cause interest on the Bonds to be includable in the gross income of the recipients thereof for federal income tax purposes.

**Section 5.13 No Proposed Legal Changes.** There is no amendment or, to the knowledge of the Commonwealth, proposed amendment to the Constitution of the Commonwealth or any administrative interpretation of the Constitution of the Commonwealth or any Commonwealth law, or any judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to materially adversely affect the sale of any of the Bonds, the security for any of the Bonds, or the Commonwealth's obligations hereunder or under any of the Related Documents, or the Commonwealth's ability to repay when due its obligations under this Agreement, any of the Bonds and the other Related Documents.

**Section 5.14 Interest.** Provided that the Owner is subject to control, regulation or examination by any state or federal regulatory agency, the Obligations of the Commonwealth are not subject to any usury limitations of the Commonwealth.

**Section 5.15 Security.** The Constitution and the laws of the Commonwealth provide that the interest and principal payments on the Bonds constitute general obligations of the Commonwealth to which the full faith and credit and taxing power of the Commonwealth are pledged on a parity with all other general obligation debt of the Commonwealth to which the full faith and credit of the Commonwealth are pledged. It should be noted, however, that Chapter

62F of the Massachusetts General Laws establishes a state tax revenue growth limit and does not exclude principal and interest payments on Commonwealth debt obligations from the scope of the limit. The other Obligations of the Commonwealth under this Agreement also constitute general obligations of the Commonwealth, subject to the fact that legislative appropriation may be required for the payment thereof. The Commonwealth has not granted any Person holding any general obligation debt, issued or incurred by the Commonwealth, the right to accelerate the Commonwealth's obligation to repay such debt following the occurrence of an Event of Default with respect to such debt.

**Section 5.16 Federal Reserve Regulations.** The Commonwealth is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X of the FRB).

**Section 5.17 Sanctions.** To the knowledge of the Commonwealth, neither the Commonwealth nor any Related Party, (a) is currently the subject of any Sanctions, (b) is located, organized or residing in any Designated Jurisdiction, or (c) is or has been (within the previous five (5) years) engaged in any transaction with any Person who is now or was then the subject of Sanctions or who is located, organized or residing in any Designated Jurisdiction. No use of proceeds or other transaction contemplated by this Agreement on the part of the Commonwealth will violate any applicable Sanctions.

## ARTICLE VI

### COVENANTS

So long as any amount payable hereunder remains unpaid, the Commonwealth covenants and agrees as follows:

**Section 6.01 Reporting Requirements.** The Commonwealth will deliver by posting on the Commonwealth's website or by email (or such email shall contain a hyperlink providing direct access to) to the Bondholder Representative the following: quarterly revisions of monthly cash flows of the Commonwealth comparing actual performance to budgeted amounts for receipts and disbursements; and financial reports, budgets, official statements and similar information issued by it to the public promptly after such issuance but in no event later than 30 days after such issuance to the public; within the earlier of 270 days after each fiscal year end or promptly when made available by the Commonwealth to the public but in no event later than 30 days after such issuance, annual audited or certified financial statements for the fiscal year then ended for the Commonwealth and immediate notice by telephone, promptly confirmed in writing, of any Default or Event of Default. The Commonwealth shall promptly furnish such other information on the financial condition and affairs of the Commonwealth as the Bondholder Representative may reasonably request from time to time.

**Section 6.02 Inspection of Books and Records.** The Commonwealth will permit any officers, employees or agents of the Bondholder Representative (at the Bondholder Representative's expense but at the expense of the Commonwealth after the occurrence and during the continuance of an Event of Default) to discuss with appropriate Commonwealth

officials matters reasonably pertinent to an evaluation of the credit of the Commonwealth, all at such reasonable times as the Bondholder Representative may reasonably request.

**Section 6.03 Performance of This and Other Agreements.** The Commonwealth shall punctually pay or cause to be paid its Obligations hereunder and all amounts to become due in respect of the Bonds in strict conformity with the terms of the Bonds and this Agreement.

**Section 6.04 Other Obligations.** The Commonwealth agrees that it will perform and comply in all material respects with each and every obligation, covenant and agreement required to be performed or observed by it in or pursuant to the Related Documents, which provisions, as well as the related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety. The Commonwealth shall not cause or permit the Related Documents to be amended, modified or otherwise supplemented in a manner that adversely affects the rights, interests, security, remedies or obligations of the Bondholder without the prior written consent of the Bondholder Representative.

**Section 6.05 Compliance with Rules and Regulations.** The Commonwealth shall comply with all applicable laws, rules, regulations and orders of any court or Governmental Authority, except that this Section 6.05 shall not apply to noncompliance that, singly or in the aggregate, would not have a Materially Adverse Effect on (i) the financial condition or operations of the Commonwealth or (ii) the ability of the Commonwealth to perform its obligations hereunder, including but not limited to the timely payments of the Bonds or other Obligations.

**Section 6.06 Further Assurances.** The Commonwealth shall, upon the request of the Bondholder Representative, from time to time, execute and deliver and, if necessary, file, register and record such further financing statements, amendments, confirmation statements and other documents and instruments and take such further action as may be reasonably necessary to effectuate the provisions of this Agreement and the Related Documents. Except to the extent it is exempt therefrom, the Commonwealth will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance, and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Agreement, the Related Documents and such instruments of further assurance.

**Section 6.07 Proceeds of Bonds.** None of the proceeds of the Bonds will be used, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any “margin stock” within the meaning of Regulation U or X of the FRB. The Commonwealth shall use the proceeds of the Bonds hereunder in compliance with all applicable legal and regulatory requirements of any Governmental Authority (including Regulation U or X of the FRB and the Securities Exchange Act of 1934 and the Securities Act of 1933 and any regulations thereunder).

**Section 6.08 Tax Exemption.** The Commonwealth shall not take any action or omit to take any action, that if taken or omitted, would adversely affect the excludability of interest on the Bonds from the gross income of the Bondholders thereof for federal income tax purposes.

**Section 6.09 No Sovereign Immunity.** To the fullest extent permitted by applicable Law, with respect to its obligations arising under this Agreement and the other Related Documents, the Commonwealth irrevocably agrees that it will not claim any immunity on the grounds of sovereignty or other similar grounds from (a) any action, suit or proceeding arising under or relating to this Agreement or any other Related Document, (b) relief by way of injunction, order for specific performance or writ of mandamus or (c) execution or enforcement of any judgment to which it might otherwise be entitled in any proceedings in the courts of any jurisdiction.

**Section 6.10 Filing with EMMA.** By no later than ten (10) Business Days following the Closing Date, the Commonwealth shall post, or caused to be posted, on the Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board, a redacted copy of the executed Agreement and a copy of the approving opinion of Bond Counsel which shall provide, among other things, that interest on the Bonds will not be included in the gross income of the holders of the Bonds for federal income tax purposes.

## ARTICLE VII

### EVENT OF DEFAULTS; REMEDIES

**Section 7.01 Events of Default.** The occurrence and continuance of any of the following events (whatever the reason for such event and whether voluntary, involuntary or effected by operation of law) shall be an “Event of Default” hereunder, unless waived in writing by the Bondholder Representative:

(a) The Commonwealth shall fail to pay the principal of or interest on the Bonds when and as due; or

(b) The Commonwealth shall fail to pay any Obligation due hereunder (other than the principal of or interest on the Bonds as described in this Section 7.01) and such failure shall continue for three (3) Business Days, or

(c) The Commonwealth shall fail to observe or perform the covenants set forth in Section 6.05, 6.07, 6.08 or 6.09 in this Agreement and such failure shall remain unremedied for a period of thirty (30) days after written notice thereof shall have been given to the Commonwealth by the Bondholder Representative.

### **Section 7.02 Consequences of an Event of Default.**

If an Event of Default specified in Section 7.01 hereof shall occur and be continuing, then in addition to any other rights or remedies available to the Bondholder Representative under any other Related Document or under applicable Law, the Bondholder Representative may exercise any one or more of the following rights and remedies (regardless of whether the actions are taken at the same or different times):

(a) Either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, the Bondholder Representative may take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under this Agreement, the Bonds and the other Related Documents or to enforce the performance or observance of any obligation, agreement or covenant of the Commonwealth under this Agreement, the Bonds and the other Related Documents, whether for specific performance of any agreement or covenant of the Commonwealth or in aid of the execution of any power granted to the Bondholder Representative or any Owner in the Related Documents; or

(b) The Bondholder Representative may exercise, or cause to be exercised, any and all other remedies as it may have under the Related Documents and as otherwise available at law and at equity.

**Section 7.03 Remedies Cumulative; Solely for the Benefit of the Bondholder Representative and any other Owner.** To the extent permitted by, and subject to the mandatory requirements of, applicable Laws, each and every right, power and remedy herein specifically given to the Bondholder Representative or the Owners in the Related Documents shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically herein given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Bondholder Representative, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

The rights and remedies of the Bondholder Representative specified herein are for the sole and exclusive benefit, use and protection of the Bondholder Representative and any other Owners, and the Bondholder Representative is entitled, but shall have no duty or obligation to the Commonwealth or any other Person or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Bondholder Representative hereunder or under any of the other Related Documents.

**Section 7.04 Waivers or Omissions.** No course of dealing and no delay or omission by the Bondholder Representative in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right, remedy or power or be construed to be a waiver of any default on the part of the Bondholder Representative or to be acquiescence therein. No express or implied waiver by the Bondholder Representative of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default. No delay or omission on the part of the Bondholder Representative in exercising any right hereunder or under other Related Documents, following any Event of Default as aforesaid, or any other option granted to the Bondholder Representative hereunder or under the other Related Documents in any one or more instances, or the acceptance by the Bondholder Representative of any partial payment on account of the Obligations shall constitute a waiver of any such Event of Default, and each such option shall remain continuously in full force and effect.

**Section 7.05 Discontinuance of Proceedings.** In case the Bondholder Representative shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Bondholder Representative shall have the unqualified right so to do and, in such event, the Commonwealth and the Bondholder Representative shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Bondholder Representative hereunder shall continue as if the same had never been invoked.

**Section 7.06 Injunctive Relief.** The Commonwealth recognizes that in the event an Event of Default occurs, any remedy at law may prove to be inadequate relief to the Bondholder Representative; therefore, the Commonwealth agrees that the Bondholder Representative, if the Bondholder Representative so requests, shall be entitled to temporary and permanent injunctive relief in any such case.

## ARTICLE VIII

### INDEMNIFICATION

**Section 8.01 Indemnification.** To the extent permitted by applicable Laws, the Commonwealth hereby indemnifies and holds harmless the Bondholder Representative and each other Owner (and their respective Affiliates, directors, officers, employees and agents) (each, an “*Indemnatee*”) from and against any and all claims, damages, losses, liabilities, costs or expenses (including reasonable attorneys’ fees) (collectively, the “*Liabilities*”) whatsoever which such Indemnatee may incur (or which may be claimed against such Indemnatee by any Person whatsoever) by reason of or in connection with (a) the issuance of the Bonds by the Commonwealth and/or the purchase of the Bonds by the Purchaser, (b) any breach by the Commonwealth of any representation, warranty, covenant, term or condition in, or the occurrence of any default under, this Agreement, the Bonds or the other Related Documents, including all reasonable fees or expenses resulting from the settlement or defense of any claims or liabilities arising as a result of any such breach or default, (c) involvement of such Indemnatee in any suit, investigation, proceeding, inquiry or action as a consequence, directly or indirectly, of the Purchaser’s purchase of the Bonds and with respect to the Related Documents, or (d) any invalidity or alleged invalidity of the Bonds or the failure of the interest on the Bonds to be exempt from federal or state income tax; *provided* the Commonwealth shall not be required to indemnify such Indemnatee for any Liabilities to the extent, but only to the extent, such Liabilities are caused by the willful misconduct or gross negligence of such Indemnatee as determined in a final, non-appealable determination by a court of competent jurisdiction. Nothing in this Section is intended to limit the Commonwealth’s payment of the Obligations.

**Section 8.02 Reimbursement; Interest.** If the Bondholder Representative or any Owner shall incur any Expenses or pay any Liabilities payable by the Commonwealth pursuant to the terms hereof or any other Related Document in connection with the Bonds or the other Related Documents or the rights and remedies provided under the Related Documents (regardless of whether or not any of the Related Documents expressly provide for an indemnification by the Commonwealth against such Expenses or Liabilities), the Bondholder Representative’s and such other Owner’s payment of such Expenses and Liabilities shall



constitute advances to the Commonwealth which shall be paid by the Commonwealth to the Bondholder Representative and such other Owner, as applicable, on demand, together with interest thereon from the date incurred until paid in full at the rate of interest then applicable to the Bonds. Notwithstanding the foregoing, in any action or proceeding under any Related Document to recover or collect the Obligations, mandatory provisions of law governing the recovery of costs, disbursements and allowances shall prevail unaffected by this Section.

**Section 8.03 Survival.** The obligations of the Commonwealth under this Article VIII shall survive the payment of the Bonds and the termination of this Agreement.

## ARTICLE IX

### MISCELLANEOUS

**Section 9.01 Patriot Act Notice; OFAC.** The Bondholder Representative hereby notifies the Commonwealth that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Commonwealth. Such information includes the name and address of the Commonwealth and other information that will allow the Bondholder Representative to identify the Commonwealth in accordance with the Patriot Act. The Commonwealth hereby agrees that it shall promptly provide such information upon request by the Bondholder Representative.

The Commonwealth shall ensure (i) that neither the Commonwealth nor any Affiliate of the Commonwealth is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (“OFAC”), the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Bondholder Representative from making any advance or extension of credit to the Commonwealth or from otherwise conducting business with the Commonwealth, and (ii) that the Bond proceeds shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto. Further, the Commonwealth shall comply, and cause each of its Affiliates to comply, with all applicable Bank Secrecy Act laws and regulations, as amended.

**Section 9.02 Amendments and Waivers; Enforcement.** The Bondholder Representative and the Commonwealth may from time to time enter into agreements amending, modifying or supplementing the Related Documents or changing the rights of the Bondholder Representative and the Commonwealth hereunder or thereunder. In the sole and absolute discretion of the Bondholder Representative, the Bondholder Representative may from time to time grant waivers or consents to a departure from the due performance of the obligations of the Commonwealth hereunder or thereunder. Any such agreement, waiver or consent must be in writing and shall be effective only to the extent specifically set forth in such writing, and a copy of such writing shall be delivered to the Paying Agent (if other than the Commonwealth). In the case of any such waiver or consent relating to any provision hereof, any Potential Event of Default or Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Potential Event of Default or Event of Default or impair any right consequent thereto.

**Section 9.03 Notices.** All notices, requests, demands, directions and other communications (collectively “*notices*”) under the provisions of this Agreement shall be in writing (including facsimile communication), unless otherwise expressly permitted hereunder, and shall be properly addressed and sent by registered or certified mail or by express courier for next Business Day delivery and shall be deemed received as follows: (i) if by registered or certified mail, five (5) days after mailing; (ii) if by express courier, on the next Business Day; and (iii) if by facsimile, when confirmation of transmission is obtained if prior to 5:00 p.m. local time on a Business Day, and otherwise, on the next Business Day; *provided* that service of a notice prescribed by any applicable statute shall be considered complete when the requirements of that statute are met. Notices by electronic mail (e-mail) shall not constitute notice under this Agreement and are only to be used in addition to notice given as prescribed under (i), (ii) or (iii) of this Section 9.03. All notices shall be sent to the applicable party at the following address or in accordance with the last unrevoked written direction from such party to the other parties hereto:

If to Commonwealth:                   The Commonwealth of Massachusetts  
Office of the Treasurer and Receiver-General  
3 Center Plaza, Suite 430  
Boston, Massachusetts 02108  
Attention:       Assistant Treasurer for Debt Management  
Telephone:      (617) 367-9333 ext 816  
Facsimile:      (617) 227-1773  
Email:           ██

If to the Bondholder Representative:                   ██  
██  
██  
██  
██  
██  
██

The Bondholder Representative may in its sole discretion rely on any notice (including telephone communication or e-mail communication) purportedly made by or on behalf of the Commonwealth, but it shall have no duty to accept any notice not given as prescribed in this Section and shall have no duty to verify the identity or authority of the Person giving such notice, unless such actions or omissions would amount to gross negligence or intentional misconduct.

**Section 9.04 Right of Setoff.**

(a) Upon the occurrence of any Event of Default, the Bondholder Representative may, at any time and from time to time, without notice to the Commonwealth or any other Person (any such notice being expressly waived), set off and appropriate and apply against and on account of any Obligations, without regard to whether or not the Bondholder Representative has made any demand therefor, any and all

deposits (general or special, including but not limited to deposits made pursuant to this Agreement and Debt evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts, such as restricted donor accounts) and any other Debt at any time held or owing by the Bondholder Representative or any Affiliate of the Bondholder Representative to or for the credit or the account of the Commonwealth.

(b) The Bondholder Representative agrees promptly to notify the Commonwealth after any such set off and application referred to in subsection (a) above, provided that the failure to give such notice shall not affect the validity of such set off and application. Subject to the provisions of subsection (a) above, the rights of the Bondholder Representative under this Section 9.04 are in addition to other rights and remedies (including other rights of set off) which the Bondholder Representative may have.

**Section 9.05 Severability.** The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

**Section 9.06 Governing Law; Consent to Jurisdiction; Waiver of Jury Trial.**

(a) **Governing Law.** THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND TOGETHER WITH ANY DISPUTES OR CONTROVERSIES ARISING OUT OF OR RELATING TO THIS AGREEMENT, SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE COMMONWEALTH.

(b) **Waiver of Jury Trial.** TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY HERETO WAIVES ITS RIGHT TO A JURY TRIAL OF ANY AND ALL CLAIMS OR CAUSES OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE RELATED DOCUMENTS. IT IS HEREBY ACKNOWLEDGED THAT THE WAIVER OF A JURY TRIAL IS A MATERIAL INDUCEMENT FOR THE PURCHASER TO ENTER INTO THIS AGREEMENT AND THAT THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY EACH PARTY HERETO IS MADE IN RELIANCE UPON SUCH WAIVER. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT SUCH WAIVER HAS BEEN KNOWINGLY AND VOLUNTARILY MADE FOLLOWING CONSULTATION WITH ITS RESPECTIVE LEGAL COUNSEL.

(c) **Miscellaneous.** The covenants and waivers made pursuant to this Section 9.06 shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

**Section 9.07 No Advisory or Fiduciary Responsibility.** In connection with all aspects of the Transactions (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Commonwealth acknowledges and agrees that: (a)(i) the arranging, structuring and other services regarding this Agreement and the other Related Documents provided by the Bondholder Representative and any Affiliate of the Bondholder Representative are arm's length commercial transactions between the Commonwealth and its Affiliates on the one hand, and the Bondholder Representative and its Affiliates on the other hand, (ii) the Commonwealth has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate in connection with the Transactions, and (iii) the Commonwealth is capable of evaluating, and understands and accepts, the terms, risks and conditions of the Transactions; (b)(i) the Bondholder Representative and each Affiliate of the Bondholder Representative is and has been acting solely as a principal and has not been, is not, and will not be acting as an agent or fiduciary for the Commonwealth or any other Person and (ii) neither the Bondholder Representative nor any Affiliate of the Bondholder Representative has any obligation to the Commonwealth with respect to the Transactions, except those obligations expressly set forth herein; and (c) the Bondholder Representative and each Affiliate of the Bondholder Representative may be engaged in a broad range of transactions that involve interests that differ from those of the Commonwealth, and neither the Bondholder Representative nor any Affiliate of the Bondholder Representative has any obligation to disclose any of such interests to the Commonwealth. To the fullest extent permitted by applicable Laws, the Commonwealth hereby waives and releases any claims that it may have against the Bondholder Representative and each Affiliate of the Bondholder Representative with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of the Transactions.

**Section 9.08 Purchaser Representations.** The Purchaser represents to and agrees with the Commonwealth that: (1) it is a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the "1933 Act"); (2) it has sufficient knowledge and experience in financial and business matters to be able to evaluate the risk and merits of the investment represented by the Bonds and it is able to bear the economic risks of such investment; (3) no offering memorandum or official statement has been prepared with respect to the Bonds and it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and it has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Commonwealth, the Commonwealth's financial condition and the security for the Bonds so that, as a reasonable investor, it has been able to make its decision to purchase the Bonds; and further, that, except with respect to the Commonwealth Information Statement as of its date and the information provided to the Purchaser in accordance with this paragraph, it has not relied upon the Commonwealth for any information in connection with its purchase of the Bonds; (4) it understands that the Bonds are secured in the manner set forth in the applicable Bond, and it has received and reviewed to its satisfaction a copy of the Bonds; and (5) it is purchasing the Bonds for investment for its own account and not with a current view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Bonds; provided, however, that it may sell or transfer in accordance with Section 9.12 hereof. The Purchaser further acknowledges and agrees that the Commonwealth has not

taken, and will not take, any action to qualify the Bonds for offering and sale under the securities or blue sky laws of any jurisdiction of the United States.

**Section 9.09 Entire Agreement.** The Related Documents to which the Commonwealth is a party constitute the entire understanding and agreement between the Commonwealth, the Purchaser and the Bondholder Representative with respect to the Transactions and the Bonds, and supersede all prior or contemporaneous written or oral understandings, courses of dealing and agreements among the Commonwealth, the Purchaser and the Bondholder Representative with respect to the matters addressed in such Related Documents. In particular, and without limitation, the Related Documents supersede any commitment by the Purchaser to extend credit to the Commonwealth or to purchase the Bonds and all such agreements or commitments are merged into such Related Documents. Except as incorporated in writing into such Related Documents, there are no representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the Related Documents.

**Section 9.10 Duration.** All representations and warranties of the Commonwealth contained herein or made in connection herewith (including, but not limited to, any statements made in or in connection with any amendment hereto) shall survive the making of and shall not be waived by the execution and delivery of any of the Related Documents or any investigation by the Commonwealth. All covenants and agreements of the Commonwealth contained herein shall continue in full force and effect from and after the date hereof until the Obligations have been indefeasibly paid in full and fully discharged; *provided, however*, that the obligations of the Commonwealth under Article III, Article VIII and Section 9.15 hereof and under each other provision of any Related Document granting a right of indemnity or reimbursement in favor of the Bondholder Representative or any other Owner shall survive any expiration or termination of this Agreement. This Agreement may be amended (or extended) by an appropriate supplement hereto duly executed by the Bondholder Representative and the Commonwealth.

**Section 9.11 Counterparts.** This Agreement may be executed in any number of counterparts by the parties hereto, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a PDF copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

**Section 9.12 Parties in Interest.**

(a) This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Commonwealth, the Bondholder Representative and each Owner and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Commonwealth. Notwithstanding any other provision of any of the Related Documents to the contrary, each Owner may assign, pledge as security, participate or sell the Bonds or a beneficial interest in the Bonds, subject to applicable securities laws restrictions, if any, to (i) any Affiliate of [REDACTED] or (ii) any trust or other custodial arrangement established by [REDACTED] or any Affiliate of [REDACTED] the owners of any beneficial

interest of which are qualified institutional buyers (“*QIB*”), as defined in Rule 144A promulgated under the 1933 Act, or accredited investors (“*Accredited Investor*”), within the meaning of Rule 501 of Regulation D under the 1933 Act constituting a commercial bank, insurance company or an investment company registered under the Investment Company Act of 1940, as amended, or (iii) with notice to the Commonwealth, any *QIB* or Accredited Investor other than as set forth in (i) or (ii) above, *provided*, such assignee is deemed to have made to the Commonwealth such representations and agreements as contained in the investor letter set forth as Appendix III to the Bond. Bonds shall be sold or assigned in Authorized Denominations.

(b) The Bondholder Representative shall give written notice to the Commonwealth identifying any successor Bondholder Representative hereunder pursuant to Section 9.03. Any predecessor Bondholder Representative hereunder shall be discharged from its duties and obligations hereunder; *provided* that the predecessor Bondholder Representative shall continue to be entitled to the benefits of Articles III and VIII hereof and of each other provision of any Related Document granting a right of indemnity or reimbursement in favor of the Bondholder Representative.

(c) The Bondholder Representative may designate any nominee, designee or agent to act for and in the name of the Bondholder Representative by written notice to the Commonwealth and the Trustee and any such duly designated nominee, designee or agent shall thereupon be empowered to act for and on behalf of the Bondholder Representative and exercise the rights, powers, privileges and responsibilities of the Bondholder Representative in each of the Related Documents.

(d) The Commonwealth hereby agrees that the Purchaser and the Bondholder’s Representative may provide a copy of all or any portion of the executed Related Documents (and any supplements and amendments thereto) to prospective purchasers of the Bonds who request such information in connection with the prospective purchase of the Bonds.

### **Section 9.13 Successors and Assigns.**

(a) This Agreement is a continuing obligation and shall be binding upon the Commonwealth and its permitted successors and assigns, and shall inure to the benefit of the Bondholder Representative, the Owners and their respective permitted successors, transferees and assigns.

(b) The Commonwealth may not assign or otherwise transfer or delegate any of its rights or obligations hereunder or under the other Related Documents without the prior written consent of the Bondholder Representative in its sole and absolute discretion. Notwithstanding any other provision of any of the Related Documents to the contrary, any Owner may, without the consent of the Commonwealth, assign, pledge as security, participate, transfer, redeliver or sell the Bonds or a beneficial interest in the Bonds, subject to any applicable securities laws restrictions, including any pledge or assignment to secure obligations to a Federal Reserve Bank. Any sale of the Bonds or a beneficial interest in the Bonds shall be to (i) any Person which is an Affiliate of the Owner, (ii) a

trust or other custodial arrangement established by the Owner or one of its Affiliates, the owners of any beneficial interest in which are limited to qualified institution buyers or accredited investors, or (iii) any qualified institutional buyer or accredited investor.

#### **Section 9.14 Bondholder Representative.**

(a) The Purchaser is the Bondholder Representative on the Closing Date. The current Bondholder Representative shall give written notice to the Commonwealth and the Paying Agent (if other than the Commonwealth) of any successor Bondholder Representative. Any successor Bondholder Representative shall be one or more Owner(s) of the Bonds, one or more Affiliate(s) thereof or one or more Person(s) who establish(es) a trust into which such Bonds are deposited (each, a “*Designated Successor*”). Upon delivery of written notice to the Commonwealth and the Paying Agent (if other than the Commonwealth), the Designated Successor shall thereupon constitute the Bondholder Representative and shall succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Bondholder Representative hereunder and under the Related Documents. Collectively, the Designated Successors must own a majority of the aggregate principal amount of the Bonds Outstanding. If there is more than one Designated Successor, the Bondholder Representative shall give notice to the Commonwealth and the Paying Agent (if other than the Commonwealth) that the Designated Successors constitute the Bondholder Representative and such Designated Successors shall thereupon constitute the Bondholder Representative and shall succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Bondholder Representative hereunder and under the Related Documents. Any predecessor Bondholder Representative shall be discharged from its duties and obligations hereunder, provided that the predecessor Bondholder Representative shall continue to be entitled to the benefits of Article III, Article VIII and Section 9.15 and of each other provision of the Related Documents granting a right of indemnity or reimbursement in favor of the Bondholder Representative.

(b) The Bondholder Representative may and, in any case where more than one Designated Successor constitutes the Bondholder Representative, the Bondholder Representative shall designate any nominee, designee or agent to act for and in the name of the Bondholder Representative. Such designation shall be made by a written instrument signed by each Designated Successor which shall be delivered to such nominee, designee or agent and to the Commonwealth and the Paying Agent (if other than the Commonwealth), whereupon such nominee, designee or agent shall be empowered to act for and on behalf of the Bondholder Representative and exercise the rights, powers, privileges and responsibilities of the Bondholder Representative hereunder and under each of the Related Documents. The Commonwealth and the Paying Agent (if other than the Commonwealth) may rely on the actions, directions and communications of such nominee, designee or agent as actions, directions and communications of the Bondholder Representative until such time as a new nominee, designee or agent has been designated in accordance with the foregoing.

(c) Any Purchaser of the Bonds shall provide prior or contemporaneous written notice to the Commonwealth of the sale of the Bonds to a subsequent Purchaser,

provided that failure to give such notice shall not in any way impair or otherwise affect such sale.

**Section 9.15 Preferences.** To the extent that the Bondholder Representative or any other Owner receives any payment from or on behalf of the Commonwealth which payment or any part thereof is subsequently

- (a) invalidated;
- (b) declared to constitute a fraudulent conveyance or preferential transfer;
- (c) set aside; or
- (d) required to be repaid (including pursuant to any settlement entered into by the Bondholder Representative or any other Owner in its discretion) to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause (collectively, “*Set Aside*”),

then, to the extent of any such Set Aside, the obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment had not been received by the Bondholder Representative or such other Owner or such Set Aside had not occurred.

**Section 9.16 Standard of Conduct by Bondholder Representative; Liability of Bondholder Representative.**

(a) Except as expressly provided therein, nothing contained in any Related Document shall limit the right of the Bondholder Representative or any other Owner to exercise its and their business judgment or to act, in the context of the granting or withholding of any advance or consent under any of the Related Documents, in a subjective manner, whether or not objectively reasonable under the circumstances, so long as the Bondholder Representative’s or any such other Owner’s exercise of its business judgment or action is made or undertaken in good faith. The Commonwealth and the Bondholder Representative intend by the foregoing to set forth and affirm their entire understanding with respect to the standard pursuant to which the Bondholder Representative’s or any other Owner’s duties and obligations are to be judged and the parameters within which the Bondholder Representative’s or any such other Owner’s discretion may be exercised hereunder and under the other Related Documents. As used herein, “good faith” means honesty in fact in the conduct and transaction concerned.

(b) The Commonwealth hereby unconditionally and irrevocably releases and discharges the Bondholder Representative and each other Owner and each of their respective Affiliates and the officers, directors, employees and agents of each of them from any liability or responsibility for any of the following: (i) any use that may be made of the proceeds of the Bonds or for any acts or omissions of the Paying Agent (if other than the Commonwealth), the Commonwealth, or any other Person in connection with the Bonds or the use of the Bond proceeds; (ii) any of the acts, omissions, agreements, circumstances or conditions covered by the indemnification provided in Article VIII; (iii) any act or omission of the Bondholder Representative or any other Owner; and (iv)



any other circumstances whatsoever in connection with the Transactions or the exercise by the Bondholder Representative or any other Owner of any of its or their rights under any of the Related Documents; *provided* that, the Commonwealth shall have a claim against the Bondholder Representative or such other Owner, and the Bondholder Representative or such other Owner shall be liable to the Commonwealth, to the extent, but only to the extent, of any direct, actual damages, but expressly not for any lost profits or any consequential, special, indirect or punitive damages (the right to recover or receive lost profits, consequential, special, indirect or punitive damages being hereby waived), suffered by the Commonwealth and not required to be mitigated by the Commonwealth under applicable Laws, which direct, actual damages are determined by a final and nonappealable judgment of a court of competent jurisdiction to have been directly caused by the Bondholder Representative's or such other Owner's willful misconduct or gross negligence in connection with the administration of this Agreement.

**Section 9.17 Waiver of Rule of Construction.** The Commonwealth hereby waives any and all provisions of law to the effect that an ambiguity in a contract or agreement should be interpreted against the party responsible for its drafting.

## **Exhibit A**

Bond Forms

**THE BONDS ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER REFERENCED IN THE BONDHOLDER'S AGREEMENT (DEFINED BELOW) AND IN THE RELATED DOCUMENTS (DEFINED BELOW) AND TRANSFEREES/ASSIGNEES OF THE BONDS WILL BE DEEMED TO HAVE MADE CERTAIN AGREEMENTS AND REPRESENTATIONS IN CONNECTION WITH THEIR PURCHASE OF THE BONDS**

**RB-1**

**\$125,000,000**

**THE COMMONWEALTH OF MASSACHUSETTS**

**General Obligation Refunding Bonds  
(SIFMA Index Bonds)  
2015 Series B**

**(MA REF 15-B)**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>	<u>DATE OF ORIGINAL ISSUE</u>
SIFMA Rate (Adjusted SIFMA Rate, as defined herein)	February 1, 2018	57582PGA8	December 23, 2015

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED TWENTY-FIVE MILLION DOLLARS

THE COMMONWEALTH OF MASSACHUSETTS (the "Commonwealth"), for value received, promises to pay to the REGISTERED OWNER or to such REGISTERED OWNER'S registered assigns the PRINCIPAL AMOUNT on the MATURITY DATE unless this Bond is redeemed prior thereto as hereinafter provided upon its presentation and surrender as provided herein, and to pay to the REGISTERED OWNER interest on such PRINCIPAL AMOUNT from the DATE OF ORIGINAL ISSUE specified above or such later date to which interest has been paid until paid at the times and at the rates described herein.

This Bond is one of an authorized issue of bonds of the Commonwealth issued on the DATE OF ORIGINAL ISSUE (the "Bonds") in the aggregate par amount of ONE HUNDRED TWENTY-FIVE MILLION DOLLARS (\$125,000,000).

Except as otherwise defined herein all terms shall have the meanings ascribed to them in Appendix I attached hereto, and the determination of the Adjusted SIFMA Rate, the definitions (except as otherwise specifically defined herein) and other terms and provisions of the Bonds shall be as provided in Appendix I attached hereto, the terms of which are hereby incorporated by reference into this Bond.

The Bonds are being issued by means of a book-entry-only system, with bond certificates

immobilized at The Depository Trust Company, New York, New York (“DTC”), as provided in Appendix I attached hereto. The Bonds shall be issued in Authorized Denominations.

The Bonds are subject to optional redemption as described in Appendix I hereto.

Any Bonds subject to partial optional redemption shall be redeemed in any order of maturity and in any principal amount within a maturity as designated by the Commonwealth. If less than all the Bonds of a maturity shall be called for redemption, the particular Bonds to be redeemed shall be selected by lot (provided that so long as the Bonds shall remain immobilized at DTC, such Bonds shall be selected in such manner as DTC shall determine). For purposes of selection by lot within a maturity, each \$5,000 of principal amount of a Bond will be considered a separate Bond.

The Commonwealth shall give notice of redemption to the owners of the Bonds not less than 20 days and not more than 60 days prior to the date fixed for redemption. Notice of redemption will be mailed to the registered owner as of the record date, which means, so long as the Bonds remain immobilized at DTC, Cede & Co., as nominee of DTC.

The redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption, in a separate account established by the Commonwealth for such purpose no later than the redemption date, or that the Commonwealth may rescind such notice at any time prior to the scheduled redemption date if the Treasurer and Receiver-General delivers a notice thereof to the registered owner of the Bonds. The redemption notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein, and the failure of the Commonwealth to make funds available in whole or in part on or before the redemption date shall not constitute a default hereunder. Notice of redemption having been given as aforesaid, and the amount necessary to effect the redemption having been so deposited, the Bonds shall, on the redemption date, become due and payable at the redemption price specified in Appendix I hereto, and from and after such date, such Bonds shall cease to bear interest.

The REGISTERED OWNER of this bond may be treated as its owner for all purposes.

This Bond is transferable only upon the books of the Commonwealth, which shall be kept for such purpose at the Office of the Treasurer and Receiver-General, Boston, Massachusetts, but only in a manner which will maintain immobilization of bond certificates at one or more securities depositories. This Bond may not be transferred or exchanged in a manner which would involve the delivery of bond certificates to the beneficial owners of Bonds unless the book-entry system has been discontinued by the Commonwealth in accordance with the terms of this Bond, in which case replacement Bonds may be issued in accordance with law and such procedures as the Treasurer and Receiver-General of the Commonwealth shall deem appropriate. **The Bonds are subject to certain restrictions on transfer referenced in the Bondholder’s Agreement (the “Bondholder’s Agreement”), dated December 23, 2015, by and between The Commonwealth of Massachusetts and [REDACTED], as purchaser, and in the Related Documents (as defined in the Bondholder’s Agreement) and any transferees or assignees will be deemed to have made the agreements and representations set forth in the Investor Letter set forth in Appendix III hereto in connection with their purchase of the Bonds.**

No personal responsibility or accountability shall attach to any person executing this Bond by reason of such execution or the issuance hereof.

This Bond is issued by authority of Section 53A of Chapter 29 of the Massachusetts General Laws, pursuant to which certain bonds previously issued by the Commonwealth will be refunded.

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby covenants with the owners of the Bonds that the Commonwealth will comply with such requirements of the Internal Revenue Code of 1986, as amended, as must be satisfied in order to assure that interest on the Bonds is and continues to be excludable from the gross income of such owners for federal income tax purposes.

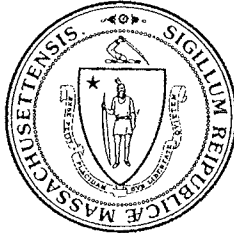
In connection with the offering of the Bonds, the Commonwealth covenants to comply with the terms of the continuing disclosure undertaking set forth as Appendix II to this Bond, the terms of which undertaking are hereby incorporated by reference into this Bond.

All acts, formalities and conditions essential to the validity hereof have been performed and complied with. This Bond constitutes a general obligation of the Commonwealth and the full faith and credit of the Commonwealth are pledged to the payment of the principal of and interest on this Bond. It should be noted, however, that Chapter 62F of the Massachusetts General Laws establishes a state tax revenue growth limit and does not exclude principal and interest payment on Commonwealth debt obligations from the scope of the limit.

SPECIMEN

IN WITNESS WHEREOF, the Commonwealth has caused this bond to be executed in its name and on its behalf by the signature of its Treasurer and Receiver-General and the approval of the Governor of the Commonwealth to be noted hereon by his signature or a facsimile thereof and has caused its official seal or a facsimile thereof to be impressed or otherwise reproduced hereon, all as of the date hereof.

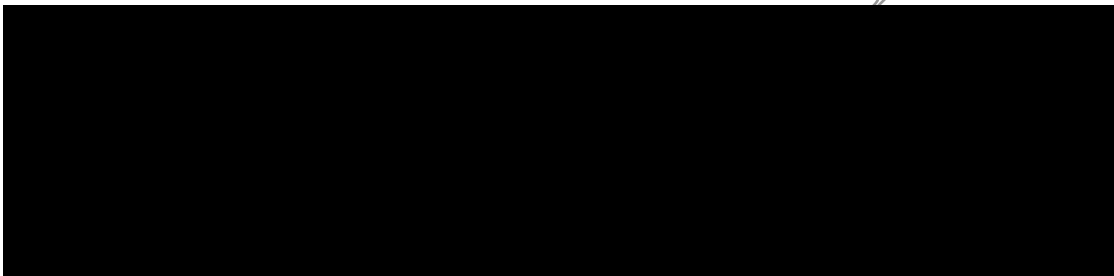
THE COMMONWEALTH OF MASSACHUSETTS



Approved By:

By:

N



SPE

## DEFINITIONS AND PROVISIONS OF THE BONDS

The Commonwealth is entitled to treat the Owner of each Bond (including Cede & Co. or any other nominee of DTC as to any such Bond registered in the name thereof) as the owner of such Bond, for all purposes. The Commonwealth shall not have any duty or responsibility to recognize the beneficial ownership interest of an owner who has acquired such an interest in Bonds registered in the name of Cede & Co. or any other nominee of DTC. The procedures established by DTC for trading, exchanging and registering beneficial ownership interests in Bonds shall be implemented by such persons consistent with the terms of the relevant agreements.

This Appendix I contains definitions and provisions relating to the Bonds.

### DEFINITIONS

“Adjusted SIFMA Rate” means the SIFMA Rate (as defined herein), plus     % (     basis points); provided that in no event shall the Adjusted SIFMA Rate be less than zero percent (0.0%).

“Adjustment Date” means Wednesday of each week, or if such day is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day.

“Authorized Denominations” means, with respect to the Bonds, denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof.

“Bond Register” means the records maintained on behalf of the Commonwealth containing the name and mailing address of each owner of the Bonds or the nominee of such owner, and such other information as the Bond Registrar shall determine.

“Bond Registrar” means, initially, the Commonwealth, or any bank or banks, if any, appointed by the Commonwealth for the purposes of registering the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

“Business Day” means a day other than (i) a day on which the business offices of the Commonwealth are closed, (ii) a Saturday, Sunday, legal holiday or day on which banking institutions in Boston, Massachusetts are authorized or required by law or executive order to close, or (iii) a day on which the New York Stock Exchange is closed.

“Calculation Agent” means, initially, the Commonwealth, and thereafter any other Calculation Agent designated from time to time by the Commonwealth, in consultation with the Purchaser, as provided herein.

“Commonwealth” means The Commonwealth of Massachusetts.

“DTC” means The Depository Trust Company, New York, New York, or any substitute securities depository appointed by the Commonwealth.

“Interest Payment Date” means, with respect to the Bonds, the first Business Day of each month, commencing January 4, 2016.

“Maximum Rate” means, with respect to the Bonds, an interest rate per annum equal to 11.0%.

“Owner,” “Holder,” “Bondowner” or “Registered Owner” means the Person in whose name a

Bond is registered on the Bond Register.

“Principal Office” means, with respect to any entity performing functions under the Bonds, the principal office of that entity or its affiliate at which those functions are performed.

“Purchaser” means [REDACTED], and any successors, assignees, designees and nominees thereof.

“Record Date” means the 15th day of the month immediately preceding such Interest Payment Date; provided that with respect to the January 4, 2016 Interest Payment Date, the Record Date shall be December 31, 2015.

“Representation Letter” means the Blanket Letter of Representations from the Commonwealth to DTC dated May 22, 1995.

“SIFMA Rate” means for any day the level of the most recently effective index rate which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association (“SIFMA”) and is issued on an Adjustment Date. If such index is no longer published or otherwise not available, the SIFMA Rate for any day will mean the level of the “S&P Municipal 7 day High Grade Index” maintained by Standard & Poor’s Securities Evaluations Inc. for a 7-day maturity as published on the Adjustment Date or most recently published prior to the Adjustment Date. If at any time neither such index is available, the Calculation Agent shall use instead an index that the Calculation Agent, after consultation with the Purchaser, determines most closely approximates the SIFMA index.

“U.S. Government Securities Business Day” means any day other than (a) a Saturday, a Sunday, or (b) a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities, or (c) a day on which the Calculation Agent is required or permitted by law to close.

In this Appendix I, unless otherwise indicated, (i) defined terms may be used in the singular or the plural, (ii) the use of any gender includes all genders and (iii) the words “hereof”, “herein”, “hereto”, “hereby” and “hereunder” (except in the form of Bonds) refer to this Bond. References to any time of the day in this Bond shall refer to eastern standard time or eastern daylight saving time, as in effect in the New York City on such day.

## PROVISIONS OF THE BONDS

### Interest Rates

**Initial Adjusted SIFMA Rate.** The initial Adjusted SIFMA Rates applicable to each maturity of the Bonds upon their issuance are determined by the Purchaser on or prior to the delivery date of the Bonds, with the effective date of December 23, 2015 through and including the next succeeding Adjustment Date.

**Adjusted SIFMA Rate.** Thereafter, the Adjusted SIFMA Rate will be determined by the Calculation Agent; provided, however the Adjusted SIFMA Rate shall not exceed the Maximum Rate nor be less than 0%. The Adjusted SIFMA Rate shall adjust on each Adjustment Date, based upon the



SIFMA Rate published for such week, with the effective date for each adjustment of the Adjusted SIFMA Rate to be each Thursday. Upon determining the Adjusted SIFMA Rate for a given week, the Calculation Agent (if the Calculation Agent is not then the Commonwealth itself) shall notify the Commonwealth of such rate by electronic mail (e-mail) or by telephone at the notice address provided below or in such other manner as may be appropriate on the date of such determination, which notice, if provided by telephone, shall be promptly confirmed in writing. Such notice shall be provided by not later than 3:00 P.M. Boston time on the Adjustment Date. Interest will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be.

The determination of the Adjusted SIFMA Rate (absent manifest error) shall be conclusive and binding upon the Commonwealth and the Owners of the Bonds. If for any reason the Adjusted SIFMA Rate shall not be established, the Bonds shall bear interest at the Adjusted SIFMA Rate last in effect until such time as a new Adjusted SIFMA Rate shall be established pursuant to the terms hereof.

The Bonds shall bear interest from and including the date of delivery thereof at the Adjusted SIFMA Rate until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise. Interest on the Bonds shall be paid on each Interest Payment Date. Each Bond shall bear interest on overdue principal at the then-current rate borne by such Bond.

#### **Optional Redemption**

The Bonds are subject to optional redemption prior to maturity at the election of the Commonwealth, in whole or in part on or after August 1, 2017 at a redemption price equal to 100% of the principal amount of Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

#### **Book-Entry Bonds**

Except as otherwise provided below, the registered owner of all of the Bonds shall be DTC and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on this Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of immediately available funds to the account of Cede & Co. on the Interest Payment Date for the Bonds at the address indicated on the Record Date for Cede & Co. in the Bond Register kept by the Commonwealth.

The Bonds are issued in the form of separate single fully registered Bonds in the amount of each separately stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registry books of the Commonwealth in the name of Cede & Co., as nominee of DTC. For so long as the Bonds are registered in the name of Cede & Co., the Commonwealth shall treat DTC (or its nominee) as the sole and exclusive Owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders hereunder, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and the Commonwealth shall not be affected by any notice to the contrary. The Commonwealth shall have no responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC participant, or any other Person which is not shown on the Bond Register as being a Bondholder, with respect to: (i) the accuracy of any records maintained by DTC or any DTC participant; (ii) the payment of DTC or any DTC participant of any amount in respect of the principal or redemption price of or

interest on the Bonds; (iii) any notice which is permitted or required to be given to Bondholders hereunder; (iv) the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as holder of the Bonds. The Commonwealth shall pay all principal of and premium, if any, and interest on the Bonds only to DTC and all such payments shall be valid and effective to fully satisfy and discharge the Commonwealth's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Commonwealth of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the name "Cede & Co." in this Bond certificate shall be deemed to be changed to reflect such new nominee of DTC.

In the event the Treasurer and Receiver-General determines that it is in the best interest of the Commonwealth that the Beneficial Owners be able to obtain Bond certificates, the Commonwealth shall notify DTC, whereupon DTC will notify the DTC participants of the availability through DTC of Bond certificates. In such event, the Commonwealth shall deliver, transfer and exchange Bond certificates, as directed by DTC as the Bondholder, in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Commonwealth and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Commonwealth shall be obligated to deliver Bond certificates as directed by DTC.

Notwithstanding any other provision hereof to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

#### **Calculation Agent**

The Commonwealth shall be the initial Calculation Agent for the Bonds. The Commonwealth may, in consultation with the Purchaser, delegate the authority to determine the rate as provided herein to a successor Calculation Agent.

Every successor Calculation Agent appointed pursuant to the provisions hereof shall be, if there be such an institution willing, qualified and able to accept the duties of the Calculation Agent upon customary terms, a bank or trust company or any entity, within or without the Commonwealth, in good standing. Written notice of such appointment shall promptly be given by the Commonwealth to the Owners of the Bonds. Any successor Calculation Agent shall execute and deliver an instrument accepting such appointment and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Calculation Agent, but such predecessor shall nevertheless, on the written request of the Commonwealth, or of the successor, execute and deliver such instruments and do such other things as may reasonably be required to more fully and certainly vest and confirm in such successor all rights, powers, duties and obligations of such predecessor. If no successor Calculation Agent has accepted appointment in the manner provided above within 60 days after the Calculation Agent has given notice of its resignation or is removed as provided above, the Calculation Agent may petition any court of competent jurisdiction for the appointment of a temporary successor Calculation Agent; provided that any Calculation Agent so appointed shall immediately and without further act be superseded by a Calculation Agent appointed by the Commonwealth as provided above.

If the Calculation Agent is an entity other than the Commonwealth, any corporation or

association into which the Calculation Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become the successor Calculation Agent hereunder, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

If the Calculation Agent is an entity other than the Commonwealth, the Calculation Agent may at any time resign by giving thirty (30) days' notice to the Commonwealth. Such resignation shall not take effect until the appointment as provided herein of a successor Calculation Agent.

If the Calculation Agent is an entity other than the Commonwealth, the Calculation Agent may be removed at any time by an instrument in writing delivered to the Calculation Agent by the Commonwealth. In no event, however, shall any removal of the Calculation Agent take effect until a successor Calculation Agent shall have been appointed by the Commonwealth and such appointment accepted by such successor Calculation Agent or the Commonwealth shall have determined to act as the Calculation Agent, which determination shall be evidenced by written notice delivered to the Owners of the Bonds.

In case the Calculation Agent shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting as Calculation Agent or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Commonwealth as provided above.

#### Notices

All notices hereunder shall be delivered to the Commonwealth as follows:

Commonwealth of Massachusetts  
Office of the State Treasurer and Receiver-General  
c/o Debt Management Department  
3 Center Plaza, Suite 430  
Boston, MA 02108  
Phone: (617) 367-9333  
fax: (617) 227-1773

## The Commonwealth of Massachusetts

\$125,000,000  
 General Obligation Refunding Bonds  
 (SIFMA Index Bonds)  
 2015 Series B

## Continuing Disclosure Undertaking

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby undertakes for the benefit of the owners of the Bonds to provide the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), no later than 270 days after the end of each fiscal year of the Commonwealth, commencing with the fiscal year ending June 30, 2015, (i) the annual financial information described below relating to such fiscal year, together with audited financial statements of the Commonwealth for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements of the Commonwealth are not then available, such audited financial statements shall be delivered to EMMA when they become available (but in no event later than 350 days after the end of such fiscal year) or (ii) notice of the Commonwealth’s failure, if any, to provide any such information. The annual financial information to be provided as aforesaid shall include financial information and operating data, in each case updated through the last day of such fiscal year unless otherwise noted, relating to the following information contained in the Commonwealth’s Information Statement dated November 13, 2015 (the “Information Statement”), and substantially in the same level of detail as is found in the referenced section of the Information Statement. The Information Statement has been filed with EMMA.

<b>Financial Information and Operating Data Category</b>	<b>Reference to Information Statement for Level of Detail</b>
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	“COMMONWEALTH REVENUES AND EXPENDITURES – 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 AND EXPENDITURES – Federal and Other Non-Tax Revenues; <i>Lottery Revenues</i> ”

<b>Financial Information and Operating Data Category</b>	<b>Reference to Information Statement for Level of Detail</b>
4. Summary presentation of payments received pursuant to the tobacco master settlement agreement	“COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; <i>Tobacco Settlement</i> ”
5. So long as Commonwealth statutes impose limits on tax revenues, information as to compliance therewith in the prior fiscal year	“COMMONWEALTH REVENUES AND EXPENDITURES – 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-Retirement 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”

<b>Financial Information and Operating Data Category</b>	<b>Reference to Information Statement for Level of Detail</b>
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 budgetary contractual assistance liabilities for Commonwealth, beginning with the current fiscal year	“LONG-TERM LIABILITIES – Budgetary Contract Assistance Liabilities”
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 (i) combined financial statements prepared in accordance with a basis of accounting that demonstrates compliance with the Massachusetts General Laws and other applicable state finance laws, if any, in effect from time to time and (ii) general purpose financial statements prepared in accordance with

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

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby further undertakes for the benefit of the owners of the Bonds to provide in a timely manner, not in excess of ten business days after occurrence of the event, to EMMA notice of any of the following events with respect to the Bonds (numbered in accordance with the provisions of the Rule):

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;<sup>(1)</sup>
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to the rights of security holders, if material;
- (viii) bond calls, if material;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds, if material;<sup>(2)</sup>
- (xi) rating changes;
- (xii) tender offers;
- (xiii) bankruptcy, insolvency, receivership or similar event of the Commonwealth;<sup>(3)</sup>
- (xiv) the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets of the Commonwealth, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the

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(1) Not applicable to the Bonds, since there is no debt service reserve fund securing the Bonds.

(2) Not applicable to the Bonds, since there is no property securing repayment of the Bonds that could be released, substituted or sold.

(3) 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 Commonwealth 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 Commonwealth, or if such jurisdiction has been assumed by leaving the existing governing body and officials in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commonwealth.

termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (xv) appointment of a successor or additional trustee or the change of name of a trustee, if material.<sup>(4)</sup>

Nothing herein shall preclude the Commonwealth from disseminating any information in addition to that required hereunder. If the Commonwealth disseminates any such additional information, nothing herein shall obligate the Commonwealth to update such information or include it in any future materials disseminated.

To the extent permitted by law, the foregoing provisions of this Bond related to the above-described undertakings to provide information shall be enforceable against the Commonwealth in accordance with the terms thereof by any owner of a Bond, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Treasurer and Receiver-General). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of 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 the foregoing provisions as aforesaid, provided; however, that the sole remedy in connection with such undertakings shall be limited to an action to compel specific performance of the obligations of the Commonwealth in connection with such undertakings and shall not include any rights to monetary damages. The Commonwealth's obligations in respect of such undertakings shall terminate if no Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule concerning continuing disclosure are no longer effective, whichever occurs first. The provisions of this Bond relating to such undertakings may be amended by the Treasurer and Receiver-General of the Commonwealth, without the consent of, or notice to, any owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Commonwealth for the benefit of the owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation establishing a state information depository or otherwise responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the owners of the Bonds, as determined either by a party unaffiliated with the Commonwealth (such as Commonwealth disclosure counsel or Commonwealth bond counsel) or by the vote or consent of owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

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<sup>(4)</sup> Not applicable to the Bonds.



FORM OF INVESTOR LETTER

**The Commonwealth of Massachusetts  
General Obligation Refunding Bonds  
(SIFMA Index Bonds)  
2015 Series B**

The Commonwealth of Massachusetts  
Office of the Treasurer and Receiver-General  
3 Center Plaza, Suite 430  
Boston, MA 02108  
Attention: Assistant Treasurer for Debt Management

Ladies and Gentlemen:

This letter is delivered to the Commonwealth of Massachusetts (the “*Commonwealth*”) in connection with the purchase by the undersigned (the “*Purchaser*”) of the above-referenced Bonds (the “*Bonds*”) described in the Bondholder’s Agreement (the “*Bondholder’s Agreement*”), dated December 23, 2015, by and between The Commonwealth of Massachusetts and [REDACTED], as purchaser. Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Bondholder’s Agreement.

Section 1. The Purchaser agrees as follows:

- (a) transfers of Bonds by it shall be made only in the Authorized Denominations set forth in the Bonds;
- (b) it will transfer Bonds held by it from time to time subject to the restrictions imposed by the Bondholder’s Agreement and any other transfer restrictions or other related procedures described in the Related Documents, and
- (c) it will make transfers only to a purchaser or transferee that is deemed to have made such representations and agreements contained in the form of investor letter set forth as Appendix III of the Bond.

Section 2. With respect to the Bonds, the Purchaser represents and agrees as follows:

- (1) it is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “*1933 Act*”);
- (2) it has sufficient knowledge and experience in financial and business matters to be able to evaluate the risk and merits of the investment represented by the Bonds and it is able to bear the economic risks of such investment;
- (3) no offering memorandum or official statement has been prepared with respect to the Bonds and it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, so that, as a reasonable investor, it has been able to

make its decision to purchase the Bonds; and further, that, except with respect to the Commonwealth Information Statement and the information provided to the Purchaser in accordance with this subsection (3), it has not relied upon the Commonwealth for any information in connection with its purchase of the Bonds;

(4) it understands that the Bonds are secured in the manner set forth in the applicable Bond, and it has received and reviewed to its satisfaction a copy of the Bonds;

(5) it is purchasing the Bonds for investment for its own account and not with a current view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Bonds; provided, however, that it may sell or transfer in accordance with Section 9.12 of the Bondholder's Agreement; and

(6) it acknowledges and agrees that the Commonwealth has not taken, and will not take, any action to qualify the Bonds for offering and sale under the securities or blue sky laws of any jurisdiction of the United States.

Section 3. This letter shall be for the benefit of the Commonwealth and the transferor from whom the Purchaser has purchased the Bonds. We recognize that such parties will rely upon the truth and accuracy of the representations and agreements set forth in this letter.

Date: \_\_\_\_\_

\_\_\_\_\_  
(Name of Purchaser)

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SPECIMEN

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**THE BONDS ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER REFERENCED IN THE BONDHOLDER'S AGREEMENT (DEFINED BELOW) AND IN THE RELATED DOCUMENTS (DEFINED BELOW) AND TRANSFEREES/ASSIGNEES OF THE BONDS WILL BE DEEMED TO HAVE MADE CERTAIN AGREEMENTS AND REPRESENTATIONS IN CONNECTION WITH THEIR PURCHASE OF THE BONDS**

RC-1

\$125,000,000

**THE COMMONWEALTH OF MASSACHUSETTS**

**General Obligation Refunding Bonds  
(SIFMA Index Bonds)  
2015 Series C**

**(MA REF 15-C)**

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>	<u>DATE OF ORIGINAL ISSUE</u>
SIFMA Rate (Adjusted SIFMA Rate, as defined herein)	February 1, 2019	57582RGB6	December 23, 2015

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED TWENTY-FIVE MILLION DOLLARS

THE COMMONWEALTH OF MASSACHUSETTS (the "Commonwealth"), for value received, promises to pay to the REGISTERED OWNER or to such REGISTERED OWNER'S registered assigns the PRINCIPAL AMOUNT on the MATURITY DATE unless this Bond is redeemed prior thereto as hereinafter provided upon its presentation and surrender as provided herein, and to pay to the REGISTERED OWNER interest on such PRINCIPAL AMOUNT from the DATE OF ORIGINAL ISSUE specified above or such later date to which interest has been paid until paid at the times and at the rates described herein.

This Bond is one of an authorized issue of bonds of the Commonwealth issued on the DATE OF ORIGINAL ISSUE (the "Bonds") in the aggregate par amount of ONE HUNDRED TWENTY-FIVE MILLION DOLLARS (\$125,000,000).

Except as otherwise defined herein all terms shall have the meanings ascribed to them in Appendix I attached hereto, and the determination of the Adjusted SIFMA Rate, the definitions (except as otherwise specifically defined herein) and other terms and provisions of the Bonds shall be as provided in Appendix I attached hereto, the terms of which are hereby incorporated by reference into this Bond.

The Bonds are being issued by means of a book-entry-only system, with bond certificates immobilized at The Depository Trust Company, New York, New York (“DTC”), as provided in Appendix I attached hereto. The Bonds shall be issued in Authorized Denominations.

The Bonds are subject to optional redemption as described in Appendix I hereto.

Any Bonds subject to partial optional redemption shall be redeemed in any order of maturity and in any principal amount within a maturity as designated by the Commonwealth. If less than all the Bonds of a maturity shall be called for redemption, the particular Bonds to be redeemed shall be selected by lot (provided that so long as the Bonds shall remain immobilized at DTC, such Bonds shall be selected in such manner as DTC shall determine). For purposes of selection by lot within a maturity, each \$5,000 of principal amount of a Bond will be considered a separate Bond.

The Commonwealth shall give notice of redemption to the owners of the Bonds not less than 20 days and not more than 60 days prior to the date fixed for redemption. Notice of redemption will be mailed to the registered owner as of the record date, which means, so long as the Bonds remain immobilized at DTC, Cede & Co., as nominee of DTC.

The redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption, in a separate account established by the Commonwealth for such purpose no later than the redemption date, or that the Commonwealth may rescind such notice at any time prior to the scheduled redemption date if the Treasurer and Receiver-General delivers a notice thereof to the registered owner of the Bonds. The redemption notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described herein, and the failure of the Commonwealth to make funds available in whole or in part on or before the redemption date shall not constitute a default hereunder. Notice of redemption having been given as aforesaid, and the amount necessary to effect the redemption having been so deposited, the Bonds shall, on the redemption date, become due and payable at the redemption price specified in Appendix I hereto, and from and after such date, such Bonds shall cease to bear interest.

The REGISTERED OWNER of this bond may be treated as its owner for all purposes.

This Bond is transferable only upon the books of the Commonwealth, which shall be kept for such purpose at the Office of the Treasurer and Receiver-General, Boston, Massachusetts, but only in a manner which will maintain immobilization of bond certificates at one or more securities depositories. This Bond may not be transferred or exchanged in a manner which would involve the delivery of bond certificates to the beneficial owners of Bonds unless the book-entry system has been discontinued by the Commonwealth in accordance with the terms of this Bond, in which case replacement Bonds may be issued in accordance with law and such procedures as the Treasurer and Receiver-General of the Commonwealth shall deem appropriate. **The Bonds are subject to certain restrictions on transfer referenced in the Bondholder’s Agreement (the “Bondholder’s Agreement”), dated December 23, 2015, by and between The Commonwealth of Massachusetts and [REDACTED], as purchaser, and in the Related Documents (as defined in the Bondholder’s Agreement) and any transferees or assignees will be deemed to have made the agreements and representations set forth in the Investor Letter set forth in Appendix III hereto in connection with their purchase of the Bonds.**

No personal responsibility or accountability shall attach to any person executing this Bond by reason of such execution or the issuance hereof.

This Bond is issued by authority of Section 53A of Chapter 29 of the Massachusetts General Laws, pursuant to which certain bonds previously issued by the Commonwealth will be refunded.

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby covenants with the owners of the Bonds that the Commonwealth will comply with such requirements of the Internal Revenue Code of 1986, as amended, as must be satisfied in order to assure that interest on the Bonds is and continues to be excludable from the gross income of such owners for federal income tax purposes.

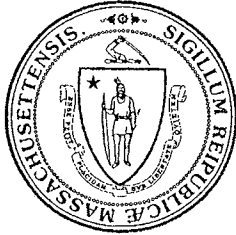
In connection with the offering of the Bonds, the Commonwealth covenants to comply with the terms of the continuing disclosure undertaking set forth as Appendix II to this Bond, the terms of which undertaking are hereby incorporated by reference into this Bond.

All acts, formalities and conditions essential to the validity hereof have been performed and complied with. This Bond constitutes a general obligation of the Commonwealth and the full faith and credit of the Commonwealth are pledged to the payment of the principal of and interest on this Bond. It should be noted, however, that Chapter 62F of the Massachusetts General Laws establishes a state tax revenue growth limit and does not exclude principal and interest payment on Commonwealth debt obligations from the scope of the limit.

SPECIMEN

IN WITNESS WHEREOF, the Commonwealth has caused this bond to be executed in its name and on its behalf by the signature of its Treasurer and Receiver-General and the approval of the Governor of the Commonwealth to be noted hereon by his signature or a facsimile thereof and has caused its official seal or a facsimile thereof to be impressed or otherwise reproduced hereon, all as of the date hereof.

THE COMMONWEALTH OF MASSACHUSETTS



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## DEFINITIONS AND PROVISIONS OF THE BONDS

The Commonwealth is entitled to treat the Owner of each Bond (including Cede & Co. or any other nominee of DTC as to any such Bond registered in the name thereof) as the owner of such Bond, for all purposes. The Commonwealth shall not have any duty or responsibility to recognize the beneficial ownership interest of an owner who has acquired such an interest in Bonds registered in the name of Cede & Co. or any other nominee of DTC. The procedures established by DTC for trading, exchanging and registering beneficial ownership interests in Bonds shall be implemented by such persons consistent with the terms of the relevant agreements.

This Appendix I contains definitions and provisions relating to the Bonds.

### DEFINITIONS

“Adjusted SIFMA Rate” means the SIFMA Rate (as defined herein), plus [REDACTED] ( [REDACTED] basis points); provided that in no event shall the Adjusted SIFMA Rate be less than zero percent (0.0%).

“Adjustment Date” means Wednesday of each week, or if such day is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day.

“Authorized Denominations” means, with respect to the Bonds, denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof.

“Bond Register” means the records maintained on behalf of the Commonwealth containing the name and mailing address of each owner of the Bonds or the nominee of such owner, and such other information as the Bond Registrar shall determine.

“Bond Registrar” means, initially, the Commonwealth, or any bank or banks, if any, appointed by the Commonwealth for the purposes of registering the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

“Business Day” means a day other than (i) a day on which the business offices of the Commonwealth are closed, (ii) a Saturday, Sunday, legal holiday or day on which banking institutions in Boston, Massachusetts are authorized or required by law or executive order to close, or (iii) a day on which the New York Stock Exchange is closed.

“Calculation Agent” means, initially, the Commonwealth, and thereafter any other Calculation Agent designated from time to time by the Commonwealth, in consultation with the Purchaser, as provided herein.

“Commonwealth” means The Commonwealth of Massachusetts.

“DTC” means The Depository Trust Company, New York, New York, or any substitute securities depository appointed by the Commonwealth.

“Interest Payment Date” means, with respect to the Bonds, the first Business Day of each month, commencing January 4, 2016.

“Maximum Rate” means, with respect to the Bonds, an interest rate per annum equal to 11.0%.

“Owner,” “Holder,” “Bondowner” or “Registered Owner” means the Person in whose name a



Bond is registered on the Bond Register.

“Principal Office” means, with respect to any entity performing functions under the Bonds, the principal office of that entity or its affiliate at which those functions are performed.

“Purchaser” means [REDACTED], and any successors, assignees, designees and nominees thereof.

“Record Date” means the 15th day of the month immediately preceding such Interest Payment Date; provided that with respect to the January 4, 2016 Interest Payment Date, the Record Date shall be December 31, 2015.

“Representation Letter” means the Blanket Letter of Representations from the Commonwealth to DTC dated May 22, 1995.

“SIFMA Rate” means for any day the level of the most recently effective index rate which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association (“SIFMA”) and is issued on an Adjustment Date. If such index is no longer published or otherwise not available, the SIFMA Rate for any day will mean the level of the “S&P Municipal 7 day High Grade Index” maintained by Standard & Poor’s Securities Evaluations Inc. for a 7-day maturity as published on the Adjustment Date or most recently published prior to the Adjustment Date. If at any time neither such index is available, the Calculation Agent shall use instead an index that the Calculation Agent, after consultation with the Purchaser, determines most closely approximates the SIFMA index.

“U.S. Government Securities Business Day” means any day other than (a) a Saturday, a Sunday, or (b) a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities, or (c) a day on which the Calculation Agent is required or permitted by law to close.

In this Appendix I, unless otherwise indicated, (i) defined terms may be used in the singular or the plural, (ii) the use of any gender includes all genders and (iii) the words “hereof”, “herein”, “hereto”, “hereby” and “hereunder” (except in the form of Bonds) refer to this Bond. References to any time of the day in this Bond shall refer to eastern standard time or eastern daylight saving time, as in effect in the New York City on such day.

## PROVISIONS OF THE BONDS

### Interest Rates

**Initial Adjusted SIFMA Rate.** The initial Adjusted SIFMA Rates applicable to each maturity of the Bonds upon their issuance are determined by the Purchaser on or prior to the delivery date of the Bonds, with the effective date of December 23, 2015 through and including the next succeeding Adjustment Date.

**Adjusted SIFMA Rate.** Thereafter, the Adjusted SIFMA Rate will be determined by the Calculation Agent; provided, however the Adjusted SIFMA Rate shall not exceed the Maximum Rate nor be less than 0%. The Adjusted SIFMA Rate shall adjust on each Adjustment Date, based upon the

SIFMA Rate published for such week, with the effective date for each adjustment of the Adjusted SIFMA Rate to be each Thursday. Upon determining the Adjusted SIFMA Rate for a given week, the Calculation Agent (if the Calculation Agent is not then the Commonwealth itself) shall notify the Commonwealth of such rate by electronic mail (e-mail) or by telephone at the notice address provided below or in such other manner as may be appropriate on the date of such determination, which notice, if provided by telephone, shall be promptly confirmed in writing. Such notice shall be provided by not later than 3:00 P.M. Boston time on the Adjustment Date. Interest will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be.

The determination of the Adjusted SIFMA Rate (absent manifest error) shall be conclusive and binding upon the Commonwealth and the Owners of the Bonds. If for any reason the Adjusted SIFMA Rate shall not be established, the Bonds shall bear interest at the Adjusted SIFMA Rate last in effect until such time as a new Adjusted SIFMA Rate shall be established pursuant to the terms hereof.

The Bonds shall bear interest from and including the date of delivery thereof at the Adjusted SIFMA Rate until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise. Interest on the Bonds shall be paid on each Interest Payment Date. Each Bond shall bear interest on overdue principal at the then-current rate borne by such Bond.

#### **Optional Redemption**

The Bonds are subject to optional redemption prior to maturity at the election of the Commonwealth, in whole or in part on or after August 1, 2018 at a redemption price equal to 100% of the principal amount of Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption.

#### **Book-Entry Bonds**

Except as otherwise provided below, the registered owner of all of the Bonds shall be DTC and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on this Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of immediately available funds to the account of Cede & Co. on the Interest Payment Date for the Bonds at the address indicated on the Record Date for Cede & Co. in the Bond Register kept by the Commonwealth.

The Bonds are issued in the form of separate single fully registered Bonds in the amount of each separately stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registry books of the Commonwealth in the name of Cede & Co., as nominee of DTC. For so long as the Bonds are registered in the name of Cede & Co., the Commonwealth shall treat DTC (or its nominee) as the sole and exclusive Owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders hereunder, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and the Commonwealth shall not be affected by any notice to the contrary. The Commonwealth shall have no responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC participant, or any other Person which is not shown on the Bond Register as being a Bondholder, with respect to: (i) the accuracy of any records maintained by DTC or any DTC participant; (ii) the payment of DTC or any DTC participant of any amount in respect of the principal or redemption price of or

interest on the Bonds; (iii) any notice which is permitted or required to be given to Bondholders hereunder; (iv) the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as holder of the Bonds. The Commonwealth shall pay all principal of and premium, if any, and interest on the Bonds only to DTC and all such payments shall be valid and effective to fully satisfy and discharge the Commonwealth's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Commonwealth of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the name "Cede & Co." in this Bond certificate shall be deemed to be changed to reflect such new nominee of DTC.

In the event the Treasurer and Receiver-General determines that it is in the best interest of the Commonwealth that the Beneficial Owners be able to obtain Bond certificates, the Commonwealth shall notify DTC, whereupon DTC will notify the DTC participants of the availability through DTC of Bond certificates. In such event, the Commonwealth shall deliver, transfer and exchange Bond certificates, as directed by DTC as the Bondholder, in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Commonwealth and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Commonwealth shall be obligated to deliver Bond certificates as directed by DTC.

Notwithstanding any other provision hereof to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

#### **Calculation Agent**

The Commonwealth shall be the initial Calculation Agent for the Bonds. The Commonwealth may, in consultation with the Purchaser, delegate the authority to determine the rate as provided herein to a successor Calculation Agent.

Every successor Calculation Agent appointed pursuant to the provisions hereof shall be, if there be such an institution willing, qualified and able to accept the duties of the Calculation Agent upon customary terms, a bank or trust company or any entity, within or without the Commonwealth, in good standing. Written notice of such appointment shall promptly be given by the Commonwealth to the Owners of the Bonds. Any successor Calculation Agent shall execute and deliver an instrument accepting such appointment and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Calculation Agent, but such predecessor shall nevertheless, on the written request of the Commonwealth, or of the successor, execute and deliver such instruments and do such other things as may reasonably be required to more fully and certainly vest and confirm in such successor all rights, powers, duties and obligations of such predecessor. If no successor Calculation Agent has accepted appointment in the manner provided above within 60 days after the Calculation Agent has given notice of its resignation or is removed as provided above, the Calculation Agent may petition any court of competent jurisdiction for the appointment of a temporary successor Calculation Agent; provided that any Calculation Agent so appointed shall immediately and without further act be superseded by a Calculation Agent appointed by the Commonwealth as provided above.

If the Calculation Agent is an entity other than the Commonwealth, any corporation or

association into which the Calculation Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become the successor Calculation Agent hereunder, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

If the Calculation Agent is an entity other than the Commonwealth, the Calculation Agent may at any time resign by giving thirty (30) days' notice to the Commonwealth. Such resignation shall not take effect until the appointment as provided herein of a successor Calculation Agent.

If the Calculation Agent is an entity other than the Commonwealth, the Calculation Agent may be removed at any time by an instrument in writing delivered to the Calculation Agent by the Commonwealth. In no event, however, shall any removal of the Calculation Agent take effect until a successor Calculation Agent shall have been appointed by the Commonwealth and such appointment accepted by such successor Calculation Agent or the Commonwealth shall have determined to act as the Calculation Agent, which determination shall be evidenced by written notice delivered to the Owners of the Bonds.

In case the Calculation Agent shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting as Calculation Agent or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Commonwealth as provided above.

#### Notices

All notices hereunder shall be delivered to the Commonwealth as follows:

Commonwealth of Massachusetts  
Office of the State Treasurer and Receiver-General  
c/o Debt Management Department  
3 Center Plaza, Suite 430  
Boston, MA 02108  
Phone: (617) 367-9333  
fax: (617) 227-1773

## The Commonwealth of Massachusetts

\$125,000,000  
 General Obligation Refunding Bonds  
 (SIFMA Index Bonds)  
 2015 Series C

## Continuing Disclosure Undertaking

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby undertakes for the benefit of the owners of the Bonds to provide the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), no later than 270 days after the end of each fiscal year of the Commonwealth, commencing with the fiscal year ending June 30, 2015, (i) the annual financial information described below relating to such fiscal year, together with audited financial statements of the Commonwealth for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements of the Commonwealth are not then available, such audited financial statements shall be delivered to EMMA when they become available (but in no event later than 350 days after the end of such fiscal year) or (ii) notice of the Commonwealth’s failure, if any, to provide any such information. The annual financial information to be provided as aforesaid shall include financial information and operating data, in each case updated through the last day of such fiscal year unless otherwise noted, relating to the following information contained in the Commonwealth’s Information Statement dated November 13, 2015 (the “Information Statement”), and substantially in the same level of detail as is found in the referenced section of the Information Statement. The Information Statement has been filed with EMMA.

<b>Financial Information and Operating Data Category</b>	<b>Reference to Information Statement for Level of Detail</b>
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	“COMMONWEALTH REVENUES AND EXPENDITURES – 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 AND EXPENDITURES – Federal and Other Non-Tax Revenues; <i>Lottery Revenues</i> ”

<b>Financial Information and Operating Data Category</b>	<b>Reference to Information Statement for Level of Detail</b>
4. Summary presentation of payments received pursuant to the tobacco master settlement agreement	“COMMONWEALTH REVENUES AND EXPENDITURES – Federal and Other Non-Tax Revenues; <i>Tobacco Settlement</i> ”
5. So long as Commonwealth statutes impose limits on tax revenues, information as to compliance therewith in the prior fiscal year	“COMMONWEALTH REVENUES AND EXPENDITURES – 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-Retirement 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”

<b>Financial Information and Operating Data Category</b>	<b>Reference to Information Statement for Level of Detail</b>
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 budgetary contractual assistance liabilities for Commonwealth, beginning with the current fiscal year	“LONG-TERM LIABILITIES – Budgetary Contract Assistance Liabilities”
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 (i) combined financial statements prepared in accordance with a basis of accounting that demonstrates compliance with the Massachusetts General Laws and other applicable state finance laws, if any, in effect from time to time and (ii) general purpose financial statements prepared in accordance with

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

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby further undertakes for the benefit of the owners of the Bonds to provide in a timely manner, not in excess of ten business days after occurrence of the event, to EMMA notice of any of the following events with respect to the Bonds (numbered in accordance with the provisions of the Rule):

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;<sup>(1)</sup>
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to the rights of security holders, if material;
- (viii) bond calls, if material;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds, if material;<sup>(2)</sup>
- (xi) rating changes;
- (xii) tender offers;
- (xiii) bankruptcy, insolvency, receivership or similar event of the Commonwealth;<sup>(3)</sup>
- (xiv) the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets of the Commonwealth, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the

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(1) Not applicable to the Bonds, since there is no debt service reserve fund securing the Bonds.

(2) Not applicable to the Bonds, since there is no property securing repayment of the Bonds that could be released, substituted or sold.

(3) 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 Commonwealth 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 Commonwealth, or if such jurisdiction has been assumed by leaving the existing governing body and officials in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Commonwealth.



termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (xv) appointment of a successor or additional trustee or the change of name of a trustee, if material.<sup>(4)</sup>

Nothing herein shall preclude the Commonwealth from disseminating any information in addition to that required hereunder. If the Commonwealth disseminates any such additional information, nothing herein shall obligate the Commonwealth to update such information or include it in any future materials disseminated.

To the extent permitted by law, the foregoing provisions of this Bond related to the above-described undertakings to provide information shall be enforceable against the Commonwealth in accordance with the terms thereof by any owner of a Bond, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Treasurer and Receiver-General). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of 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 the foregoing provisions as aforesaid, provided; however, that the sole remedy in connection with such undertakings shall be limited to an action to compel specific performance of the obligations of the Commonwealth in connection with such undertakings and shall not include any rights to monetary damages. The Commonwealth's obligations in respect of such undertakings shall terminate if no Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule concerning continuing disclosure are no longer effective, whichever occurs first. The provisions of this Bond relating to such undertakings may be amended by the Treasurer and Receiver-General of the Commonwealth, without the consent of, or notice to, any owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Commonwealth for the benefit of the owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation establishing a state information depository or otherwise responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the owners of the Bonds, as determined either by a party unaffiliated with the Commonwealth (such as Commonwealth disclosure counsel or Commonwealth bond counsel) or by the vote or consent of owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

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<sup>(4)</sup> Not applicable to the Bonds.

FORM OF INVESTOR LETTER

**The Commonwealth of Massachusetts  
General Obligation Refunding Bonds  
(SIFMA Index Bonds)  
2015 Series C**

The Commonwealth of Massachusetts  
Office of the Treasurer and Receiver-General  
3 Center Plaza, Suite 430  
Boston, MA 02108  
Attention: Assistant Treasurer for Debt Management

Ladies and Gentlemen:

This letter is delivered to the Commonwealth of Massachusetts (the “*Commonwealth*”) in connection with the purchase by the undersigned (the “*Purchaser*”) of the above-referenced Bonds (the “*Bonds*”) described in the Bondholder’s Agreement (the “*Bondholder’s Agreement*”), dated December 23, 2015, by and between The Commonwealth of Massachusetts and [REDACTED], as purchaser. Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Bondholder’s Agreement.

Section 1. The Purchaser agrees as follows:

- (a) transfers of Bonds by it shall be made only in the Authorized Denominations set forth in the Bonds;
- (b) it will transfer Bonds held by it from time to time subject to the restrictions imposed by the Bondholder’s Agreement and any other transfer restrictions or other related procedures described in the Related Documents, and
- (c) it will make transfers only to a purchaser or transferee that is deemed to have made such representations and agreements contained in the form of investor letter set forth as Appendix III of the Bond.

Section 2. With respect to the Bonds, the Purchaser represents and agrees as follows:

- (1) it is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “*1933 Act*”);
- (2) it has sufficient knowledge and experience in financial and business matters to be able to evaluate the risk and merits of the investment represented by the Bonds and it is able to bear the economic risks of such investment;
- (3) no offering memorandum or official statement has been prepared with respect to the Bonds and it has either been supplied with or been given access to information, including

financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, so that, as a reasonable investor, it has been able to make its decision to purchase the Bonds; and further, that, except with respect to the Commonwealth Information Statement and the information provided to the Purchaser in accordance with this subsection (3), it has not relied upon the Commonwealth for any information in connection with its purchase of the Bonds;

(4) it understands that the Bonds are secured in the manner set forth in the applicable Bond, and it has received and reviewed to its satisfaction a copy of the Bonds;

(5) it is purchasing the Bonds for investment for its own account and not with a current view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Bonds; provided, however, that it may sell or transfer in accordance with Section 9.12 of the Bondholder's Agreement; and

(6) it acknowledges and agrees that the Commonwealth has not taken, and will not take, any action to qualify the Bonds for offering and sale under the securities or blue sky laws of any jurisdiction of the United States.

Section 3. This letter shall be for the benefit of the Commonwealth and the transferor from whom the Purchaser has purchased the Bonds. We recognize that such parties will rely upon the truth and accuracy of the representations and agreements set forth in this letter.

Date: \_\_\_\_\_

\_\_\_\_\_  
(Name of Purchaser)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

SPECIMEN

December 23, 2015

Honorable Deborah B. Goldberg  
Treasurer and Receiver-General  
State House, Room 227  
Boston, MA 02133

We have acted as bond counsel to The Commonwealth of Massachusetts (the “Commonwealth”) in connection with the issuance by the Commonwealth of its \$125,000,000 General Obligation Refunding Bonds (SIFMA Index Bonds), 2015 Series B and its \$125,000,000 General Obligation Refunding Bonds (SIFMA Index Bonds), 2015 Series C, dated the date of delivery (the “Bonds”). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

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

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

(a) The Bonds are valid and binding general obligations of the Commonwealth, and the full faith and credit of the Commonwealth are pledged to the payment of the principal of and interest on the Bonds. It should be noted, however, that Chapter 62F of the Massachusetts General Laws establishes a state tax revenue growth limit and does not exclude principal and interest payments on Commonwealth debt obligations from the scope of the limit.

(b) Interest on the Bonds, including any accrued original issue discount, will not be included in the gross income of the holders of the Bonds for federal income tax purposes. This opinion is rendered subject to the condition that the Commonwealth comply with certain requirements of the Internal Revenue Code of 1986, as amended, which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon is and continues to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be included in the gross income of holders of the Bonds retroactive to the date of issuance of the Bonds. While interest on the Bonds will not constitute a preference item for purposes of computation of the alternative minimum tax imposed on certain individuals and corporations, interest on the Bonds will be included in the “adjusted current earnings” of corporate holders of the Bonds and therefore will be taken into account in the computation of the alternative minimum tax applicable to certain corporations. We express no opinion as to other federal tax consequences resulting from holding the Bonds.

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

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

Hon. Deborah B. Goldberg

December 23, 2015

Page 2

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

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

Very truly yours,