

INVITATION TO TENDER BONDS
made by
MASSACHUSETTS STATE COLLEGE BUILDING
AUTHORITY

to the Holders described herein of all or any portion of the maturities listed on pages (i) and (ii) herein of the

MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY
Refunding Revenue Bonds, Series 2019B (Federally Taxable)
Refunding Revenue Bonds, Series 2019C (Federally Taxable)
Refunding Revenue Bonds, Series 2020A (Federally Taxable)

THIS TENDER OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON JANUARY 19, 2024,
UNLESS THE INVITATION IS EARLIER TERMINATED OR EXTENDED AS DESCRIBED HEREIN.
See “TERMS OF THE TENDER OFFER” herein.

This Invitation to Tender Bonds, dated January 4, 2024 (as it may be amended or supplemented, this “*Tender Offer*”), describes an offer by the Massachusetts State College Building Authority (the “*Authority*”), with the assistance of BofA Securities, Inc., as dealer manager (the “*Dealer Manager*”), to the beneficial owners (the “*Holders*” or “*Bondholders*”) of the Authority’s outstanding taxable bonds of the series and certain maturities listed on pages (i) and (ii) of this Tender Offer (collectively, the “*Bonds*”) to tender their Bonds for purchase at the offer prices set forth in this Tender Offer, plus, in each case, accrued interest (“*Accrued Interest*”) on the Bonds tendered and accepted for purchase to but not including the Settlement Date (as defined herein) based on a fixed spread set forth in this Tender Offer to be added to the yields on certain benchmark United States Treasury Securities (each a “*Benchmark Treasury Security*”), as set forth on pages (i) and (ii) of this Tender Offer.

Subject to the terms and conditions of this Tender Offer, the Authority may agree to purchase Bonds tendered for purchase on February 1, 2024, unless extended by the Authority (the “*Settlement Date*”), assuming all conditions to this Tender Offer have then been satisfied or waived by the Authority, provided that such Bonds have been validly tendered for purchase by the Expiration Date set forth below. Bondholders whose tendered Bonds are accepted for purchase will receive a single purchase price (a “*Purchase Price*”), including Accrued Interest on such Bonds, on the Settlement Date. The Purchase Price for the Bonds of a CUSIP which the Authority determines to purchase, if any, will not exceed 100% of par and will be based on a fixed spread (“*Fixed Spread*”) to be added to the yields on certain benchmark United States Treasury Securities, as set forth on pages (i) and (ii) of this Tender Offer. The source of funds to purchase the Bonds validly tendered and accepted for purchase pursuant to this Tender Offer with respect to the principal amount thereof will be primarily from proceeds of the Authority’s Project and Refunding Revenue Bonds (State University Program), Series 2024A (the “*Series 2024A Bonds*”), and supplemented by available funds of the Authority, in the Authority’s sole determination. If issued, the Series 2024A Bonds will be dated the Settlement Date, and will be issued in the manner, on the terms and with the security thereof described in the Authority’s Preliminary Official Statement, dated January 4, 2024, relating to the Series 2024A Bonds, attached hereto as APPENDIX A (the “*2024A POS*”). The purchase of any Bonds tendered and accepted for purchase pursuant to this Tender Offer is contingent on the issuance of the Series 2024A Bonds, and is also subject to certain other conditions, including, without limitation, the Financing Conditions (as defined herein). See “INTRODUCTION – General” and “TERMS OF THE TENDER OFFER – Conditions to Purchase” herein.

BONDHOLDERS WHO DO NOT TENDER THEIR BONDS, AS WELL AS BONDHOLDERS WHO TENDER BONDS FOR PURCHASE THAT THE AUTHORITY, IN ITS DISCRETION, DOES NOT ACCEPT FOR PURCHASE, WILL CONTINUE TO HOLD SUCH BONDS (COLLECTIVELY, THE “*UNTENDERED BONDS*”) AND SUCH UNTENDERED BONDS WILL REMAIN OUTSTANDING. THE AUTHORITY RESERVES THE RIGHT TO, AND MAY DECIDE TO, DEFEASE OR REFUND (ON AN ADVANCE OR CURRENT BASIS) SOME OR ALL OF THE UNTENDERED BONDS THROUGH THE ISSUANCE OF PUBLICLY-OFFERED OR PRIVATELY-PLACED TAXABLE OR TAX-EXEMPT OBLIGATIONS OR FUNDS OF THE AUTHORITY. See “INTRODUCTION – Bonds Not Tendered for Purchase” and “ADDITIONAL CONSIDERATIONS” herein.

To make an informed decision as to whether, and how, to tender Bonds for purchase pursuant to this Tender Offer, Bondholders must read this Tender Offer, including the 2024A POS attached hereto as APPENDIX A, carefully and consult with their broker, accounts executive, financial advisor, attorney and/or other professionals. For more information about risks concerning this Tender Offer, please see “ADDITIONAL CONSIDERATIONS” herein.

Any Bondholder wishing to tender its Bonds should follow the procedures more specifically described herein. Bondholders and their brokers and accounts executives with questions about this Tender Offer should contact the Dealer Manager or the Tender and Information Agent (as defined herein).

Key Dates and Times

All of these dates and times are subject to change. All times are New York City time.
Notices of changes will be sent in the manner provided for in this Tender Offer.

Launch Date and Post 2024A POS	January 4, 2024
Expiration Date	5:00 p.m. on January 19, 2024
Preliminary Notice of Results	January 22, 2024
Determination of Purchase Prices	10:00 a.m. on January 24, 2024
Notice of Purchase Prices	January 24, 2024
Acceptance Date	5:00 p.m. on January 25, 2024
Settlement Date	February 1, 2024

The Dealer Manager
for this Tender Offer is:
BofA Securities, Inc.

The Tender and Information Agent
for this Tender Offer is:
Globic Advisors

BONDS SUBJECT TO THIS TENDER OFFER

Refunding Revenue Bonds, Series 2019B (Federally Taxable)

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Outstanding Principal Amount</u>	<u>Maximum Principal Amount to be Accepted</u>	<u>Par Call Date (Nov. 1)</u>	<u>Benchmark Treasury Security</u>	<u>Fixed Spread (basis points)</u>
575831DZ2	2025	4.000%	\$1,830,000	\$1,830,000	-	UST 4.250% due 12/31/2025 CUSIP:91282CJS1	+27.5 bps
575831EA6	2026	4.000%	1,900,000	1,900,000	-	UST 4.375% due 12/15/2026 CUSIP:91282CJP7	+22.5 bps
575831EB4	2027	4.000%	1,980,000	1,980,000	-	UST 3.750% due 12/31/2028 CUSIP:91282CJR3	+27.5 bps
575831EC2	2028	4.000%	2,055,000	2,055,000	-	UST 3.750% due 12/31/2028 CUSIP:91282CJR3	+25.0 bps
575831ED0	2029	4.000%	2,140,000	2,140,000	2028	UST 3.750% due 12/31/2030 CUSIP:91282CJQ5	+25.0 bps
575831EE8	2030	4.000%	2,225,000	2,225,000	2028	UST 3.750% due 12/31/2030 CUSIP:91282CJQ5	+32.5 bps
575831EF5	2031	4.000%	2,315,000	2,315,000	2028	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+37.5 bps
575831EG3	2032	4.000%	2,405,000	2,405,000	2028	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+42.5 bps
575831EH1	2033	4.000%	2,500,000	2,500,000	2028	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+47.5 bps
575831EJ7	2034	4.000%	2,600,000	2,600,000	2028	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+52.5 bps
575831EK4	2035	4.000%	2,705,000	2,705,000	2028	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+55.0 bps
575831EM0	2037	4.000%	5,740,000	5,740,000	2028	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+62.5 bps
575831EP3	2039	4.050%	6,215,000	6,215,000	2028	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+70.0 bps
575831ER9	2041	4.100%	6,725,000	6,725,000	2028	UST 4.750% due 11/15/2043 CUSIP:912810TW8	+45.0 bps

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Refunding Revenue Bonds, Series 2019C (Federally Taxable)

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Outstanding Principal Amount</u>	<u>Maximum Principal Amount to be Accepted</u>	<u>Par Call Date (May 1)</u>	<u>Benchmark Treasury Security</u>	<u>Fixed Spread (basis points)</u>
575831EX6	2025	2.156%	\$11,850,000	\$11,850,000	-	UST 4.250% due 12/31/2025 CUSIP:91282CJS1	+22.5 bps
575831EY4	2026	2.256%	13,735,000	13,735,000	-	UST 4.375% due 12/15/2026 CUSIP:91282CJP7	+17.5 bps
575831EZ1	2027	2.389%	11,525,000	11,525,000	-	UST 3.750% due 12/31/2028 CUSIP:91282CJR3	+22.5 bps
575831FA5	2028	2.439%	11,375,000	11,375,000	-	UST 3.750% due 12/31/2028 CUSIP:91282CJR3	+20.0 bps
575831FB3	2029	2.499%	11,070,000	11,070,000	-	UST 3.750% due 12/31/2030 CUSIP:91282CJQ5	+20.0 bps
575831FC1	2030	2.599%	11,645,000	11,645,000	2029	UST 3.750% due 12/31/2030 CUSIP:91282CJQ5	+25.0 bps
575831FD9	2031	2.739%	12,255,000	12,255,000	2029	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+32.5 bps
575831FE7	2032	2.839%	7,840,000	7,840,000	2029	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+37.5 bps
575831FF4	2033	2.889%	8,585,000	8,585,000	2029	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+42.5 bps
575831FG2	2034	2.939%	8,910,000	8,910,000	2029	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+47.5 bps
575831FH0	2039	3.273%	53,115,000	53,115,000	2029	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+62.5 bps
575831FJ6	2043	3.373%	43,855,000	43,855,000	2029	UST 4.750% due 11/15/2043 CUSIP:912810TW8	+45.0 bps

Refunding Revenue Bonds, Series 2020A (Federally Taxable)

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Outstanding Principal Amount</u>	<u>Maximum Principal Amount to be Accepted</u>	<u>Par Call Date (May 1)</u>	<u>Benchmark Treasury Security</u>	<u>Fixed Spread (basis points)</u>
575831FL1	2025	1.194%	\$2,830,000	\$1,130,000	-	UST 4.250% due 12/31/2025 CUSIP:91282CJS1	+17.5 bps
575831HX3	2026	1.412%	6,305,000	2,520,000	-	UST 4.375% due 12/15/2026 CUSIP:91282CJP7	+12.5 bps
575831HZ8	2027	1.512%	8,735,000	3,490,000	-	UST 3.750% due 12/31/2028 CUSIP:91282CJR3	+17.5 bps
575831FP2	2028	1.701%	4,645,000	1,855,000	-	UST 3.750% due 12/31/2028 CUSIP:91282CJR3	+15.0 bps
575831JA1	2029	1.801%	17,575,000	7,030,000	-	UST 3.750% due 12/31/2030 CUSIP:91282CJQ5	+15.0 bps
575831GX4	2030	1.901%	19,300,000	7,720,000	-	UST 3.750% due 12/31/2030 CUSIP:91282CJQ5	+20.0 bps
575831FS6	2031	1.951%	27,460,000	10,980,000	-	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+27.5 bps
575831GY2	2032	2.031%	30,790,000	12,315,000	-	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+32.5 bps
575831GZ9	2033	2.101%	31,520,000	12,605,000	-	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+37.5 bps
575831HA3	2034	2.201%	27,830,000	11,130,000	-	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+42.5 bps
575831HB1	2035	2.251%	26,075,000	10,430,000	-	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+47.5 bps
575831HC9	2040	2.972%	112,525,000	45,000,000	2030	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+57.5 bps
575831HY1	2049	3.072%	76,465,000	30,560,000	2030	UST 4.125% due 08/15/2053 CUSIP:912810TT5	+57.5 bps

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IMPORTANT INFORMATION

This Tender Offer and other information with respect to this Tender Offer are and will be available from the Dealer Manager – BofA Securities, Inc. and the Tender and Information Agent – Globic Advisors at <http://emma.msrb.org> and <https://www.globic.com/mscba>. Bondholders wishing to tender their Bonds for purchase pursuant to this Tender Offer should follow the procedures described in this Tender Offer. Pursuant to this Tender Offer, the Authority may accept offers to tender Bonds in accordance with the procedures set forth in this Tender Offer. The Authority reserves the right to cancel or modify this Tender Offer at any time on or prior to the Expiration Date, and reserves the right to make a future tender offer at prices different than the prices described herein, in its sole discretion. The Authority will have no obligation to accept tendered Bonds for purchase or to purchase Bonds tendered and accepted for purchase if cancellation or modification occurs, the Authority is unable to issue the Series 2024A Bonds, or any other conditions set forth herein are not satisfied. The Authority further reserves the right to accept nonconforming tenders or waive irregularities in any tender. The Authority also reserves the right in the future to defease or refund (on an advance or current basis) any remaining portion of outstanding Bonds through the issuance of publicly offered or privately placed taxable or tax-exempt obligations or funds of the Authority. The consummation of this Tender Offer also is subject to certain other conditions, including, without limitation, the Financing Conditions that are anticipated to occur after the Expiration Date but prior to the Settlement Date.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS TENDER OFFER OR PASSED UPON THE FAIRNESS OR MERITS OF THIS TENDER OFFER OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS TENDER OFFER. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Authority, the Dealer Manager and the Tender and Information Agent are not recommending to any Bondholder whether to offer their Bonds in connection with this Tender Offer. Each Bondholder must make these decisions and should read this Tender Offer and consult with its broker-dealer, financial, legal, accounting, tax and other advisors in making these decisions.

This Tender Offer is not being extended to, and Bonds tendered in response to this Tender Offer will not be accepted from or on behalf of, Bondholders in any jurisdiction in which this Tender Offer or such acceptance thereof would not be in compliance with the laws of such jurisdiction. In any jurisdictions where the securities, “blue sky” or other laws require this Tender Offer to be made through a licensed or registered broker or dealer, this Tender Offer shall be deemed to be made on behalf of the Authority through the Dealer Manager or one or more registered brokers or dealers licensed under the laws of that jurisdiction.

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not a part of, this Tender Offer.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Tender Offer, including APPENDIX A, and, if given or made, such information or representation may not be relied upon as having been authorized by the Authority.

In addition to its role as Dealer Manager for the Bonds, BofA Securities, Inc. is also serving as Representative of the Underwriters for the Series 2024A Bonds to be issued by the Authority as described in APPENDIX A.

The delivery of this Tender Offer shall not under any circumstances create any implication that any information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of the Authority since the date hereof. The information contained in this Tender Offer is as of the date of this Tender Offer only and is subject to change, completion, or amendment without notice.

Certain statements included or incorporated by reference into this Tender Offer constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “forecast,” “plan,” “expect,” “estimate,” “budget” or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual

results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when changes to its expectations, or events, conditions or circumstances on which such statements are based, occur.

This Tender Offer, including APPENDIX A, contains important information which should be read in its entirety before any decision is made with respect to this Tender Offer.

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INVITATION TO TENDER BONDS
made by
MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY
to the Holders described herein of all or any portion of the maturities of the

MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY
Refunding Revenue Bonds, Series 2019B (Federally Taxable)
Refunding Revenue Bonds, Series 2019C (Federally Taxable)
Refunding Revenue Bonds, Series 2020A (Federally Taxable)

INTRODUCTION

General

This Invitation to Tender Bonds, dated January 4, 2024 (as it may be amended or supplemented, this “*Tender Offer*”), describes an offer by the Massachusetts State College Building Authority (the “*Authority*”), with the assistance of BofA Securities, Inc., as dealer manager (the “*Dealer Manager*”), to the beneficial owners (the “*Holders*” or “*Bondholders*”) of the Authority’s outstanding taxable bonds of the series and certain maturities listed on pages (i) and (ii) of this Tender Offer (collectively, the “*Bonds*”) to tender their Bonds for purchase at the offer prices set forth in this Tender Offer based on a fixed spread set forth in this Tender Offer to be added to the yields on certain benchmark United States Treasury Securities (each a “*Benchmark Treasury Security*”), as set forth on pages (i) and (ii) of this Tender Offer, plus, in each case, accrued interest (“*Accrued Interest*”) on the Bonds tendered and accepted for purchase to but not including the Settlement Date (as defined herein).

The Bonds were issued pursuant to Chapter 703 of the Massachusetts Acts of 1963, as amended (the “*Act*”), and under the Trust Agreement dated as of November 1, 1994 (as amended, restated and supplemented to the date of issuance of the Series 2024A Bonds, the “*Trust Agreement*”) between the Authority and U.S. Bank Trust Company, National Association, as successor Trustee (the “*Trustee*”). Reference is also made to the Contract for Financial Assistance, Management and Services dated as of February 1, 2003, as amended and restated, between the Authority and the Commonwealth of Massachusetts (the “*Commonwealth*”), acting by and through its Board of Higher Education, and acknowledged by the Comptroller of the Commonwealth. For certain information concerning the Authority, see the Authority’s Preliminary Official Statement, dated January 4, 2024, relating to the Authority’s Project and Refunding Revenue Bonds (State University Program), Series 2024A (the “*Series 2024A Bonds*”) attached hereto as APPENDIX A (the “*2024A POS*”).

The source of funds to purchase the Bonds validly tendered and accepted for purchase pursuant to this Tender Offer with respect to the principal amount thereof will be primarily from proceeds of the Series 2024A Bonds and supplemented by available funds of the Authority, at the Authority’s sole determination. The Series 2024A Bonds are being issued to provide funds to purchase Bonds pursuant to this Tender Offer, and thereby restructuring a portion of the Authority’s debt service requirements. If issued, the Series 2024A Bonds will be dated the Settlement Date, and will be issued in the manner, on the terms, and with the security therefor described in the 2024A POS. The purchase of any Bonds tendered and accepted for purchase pursuant to this Tender Offer is contingent on the issuance of the Series 2024A Bonds. See “*Sources of Funds to Purchase Bonds and Pay Accrued Interest*” herein.

Notwithstanding any other provision of this Tender Offer, the Authority has no obligation to accept for purchase any tendered Bonds, and the Authority’s obligation to accept for purchase Bonds validly tendered (and not validly withdrawn) pursuant to this Tender Offer are subject to the satisfaction of or waiver of the following conditions on or prior to the Settlement Date: (a) the successful issuance by the Authority of its Series 2024A Bonds (the “*Proposed Financing*”), the proceeds of which will be sufficient, together with other available funds of the Authority, to (i) fund the purchase of all Bonds validly tendered and accepted for purchase pursuant to this Tender Offer, and (ii) pay all fees and expenses associated with the issuance of the Series 2024A Bonds and this Tender Offer; (b) the Authority obtaining satisfactory and sufficient economic benefit as a result of the consummation of this Tender Offer when taken together with the Proposed Financing (collectively, the “*Financing Conditions*”), all on terms and conditions that are in the Authority’s best interest in its sole

discretion; and (c) the other conditions set forth in “TERMS OF THE TENDER OFFER – Conditions to Purchase” herein. The Authority reserves the right, subject to applicable law, to amend or waive any of the conditions to this Tender Offer, in whole or in part, at any time prior to the Expiration Date (as defined herein) or from time to time, in its sole discretion. This Tender Offer may be withdrawn by the Authority at any time prior to the Expiration Date.

TO MAKE AN INFORMED DECISION AS TO WHETHER, AND HOW, TO TENDER THEIR BONDS FOR PURCHASE, BONDHOLDERS MUST READ THIS TENDER OFFER AND ALL APPENDICES TO THIS TENDER OFFER.

None of the Authority, the Dealer Manager or the Tender and Information Agent (as defined herein) makes any recommendation that any Bondholder tender or refrain from tendering all or any portion of such Bondholder’s Bonds for purchase. Bondholders must make their own decisions and should read this Tender Offer carefully and consult with their broker, accounts executive, financial advisor, attorney and/or other appropriate professional in making these decisions.

Subject to the terms and conditions of this Tender Offer, the Authority may purchase Bonds tendered for purchase provided that such Bonds tendered for purchase have been validly tendered by 5:00 p.m., New York City time, on January 19, 2024 (as extended from time to time in accordance with this Tender Offer, the “*Expiration Date*”) and accepted by the Authority on or before 5:00 p.m., New York City time, on January 25, 2024 (the “*Acceptance Date*”), assuming all conditions to this Tender Offer have then been satisfied or waived by the Authority on or prior to February 1, 2024 (the “*Settlement Date*”). Subject to the conditions set forth herein, Bondholders who tender Bonds for purchase in accordance with the provisions of this Tender Offer and that are accepted by the Authority will receive payment of the Purchase Price (as defined herein), plus Accrued Interest on such Bonds, on the Settlement Date.

In the event tendered Bonds are not accepted for purchase by the Authority, or all conditions to this Tender Offer are not satisfied or waived by the Authority on or prior to the Settlement Date, any Bonds tendered pursuant to this Tender Offer shall be returned to the Holder and remain Outstanding under the Trust Agreement.

HOLDERS OF BONDS WHO DO NOT TENDER THEIR BONDS, AS WELL AS HOLDERS OF BONDS WHO TENDER BONDS FOR PURCHASE THAT THE AUTHORITY, IN ITS DISCRETION, DOES NOT ACCEPT, IN WHOLE OR PART, FOR PURCHASE, WILL CONTINUE TO HOLD SUCH BONDS (COLLECTIVELY, THE “*UNTENDERED BONDS*”) AND SUCH UNTENDERED BONDS WILL REMAIN OUTSTANDING UNDER THE TRUST AGREEMENT. THE AUTHORITY RESERVES THE RIGHT TO, AND MAY DECIDE TO, DEFEASE OR REFUND (ON AN ADVANCE OR CURRENT BASIS) SOME OR ALL OF THE UNTENDERED BONDS THROUGH THE ISSUANCE OF PUBLICLY-OFFERED OR PRIVATELY-PLACED TAXABLE OR TAX-EXEMPT OBLIGATIONS OR OTHER AVAILABLE FUNDS OF THE AUTHORITY. See “INTRODUCTION – Bonds Not Tendered for Purchase” and “ADDITIONAL CONSIDERATIONS” herein.

Consideration for Tender Offer

The applicable Fixed Spread for a CUSIP will represent the spread which will be added to the yield on the Benchmark U.S. Treasury Security corresponding thereto to arrive at a yield (the “*Purchase Yield*”) used to calculate the Purchase Price for each maturity and corresponding CUSIP of the Bonds.

The yields on the Benchmark Treasury Securities (the “*Treasury Security Yields*”) will be determined at 10:00 A.M. Eastern Time on January 24, 2024, based on the bid-side price of the U.S. Benchmark Treasury as quoted on the Bloomberg Bond Trader FIT1 series of pages. The Fixed Spread will be added to the Benchmark Treasury Security Yield to arrive at a Purchase Yield. The Benchmark Treasury Security for each CUSIP is identified on the inside cover page of this Tender Offer.

For each Bond, the Purchase Yield will be used to calculate the Purchase Price. The Purchase Price will be equal to: the sum of (i) the present value of all remaining principal and interest payments on the applicable Bond to the scheduled sinking fund installment dates or par call date, as the case may be, in accordance with standard market practice, discounted at the Purchase Yield to the Settlement Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), minus (ii) Accrued Interest up to but not including the Settlement Date. The

Authority will publish a Notice of Purchase Price on January 24, 2024. In addition to the Purchase Prices of the Bonds accepted for purchase by the Authority, Accrued Interest on such Bonds will be paid by the Authority to the tendering Bondholders on the Settlement Date. For the avoidance of doubt, if the determined Purchase Price is more than 100% of principal amount, then the Purchase Price will be calculated to the par call date for the applicable Bond.

For illustrative purposes only, the tables on the following page provide an example of the Purchase Prices realized by Bondholders that submit an Offer based on the following closing yields as of January 3, 2024 for the Benchmark Treasury Securities provided below and the Fixed Spreads. THIS EXAMPLE IS BEING PROVIDED FOR CONVENIENCE ONLY AND IS NOT TO BE RELIED UPON BY A BONDHOLDER AS AN INDICATION OF THE PURCHASE YIELD OR PURCHASE PRICES THAT MAY BE ACCEPTED BY THE AUTHORITY.

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Based on these Benchmark Treasury Security yields, the following Purchase Prices would be derived:

Refunding Revenue Bonds, Series 2019B (Federally Taxable)

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Outstanding Principal Amount</u>	<u>Maximum Principal Amount to be Accepted</u>	<u>Par Call Date (Nov. 1)</u>	<u>Benchmark Treasury Security</u>	<u>Fixed Spread (basis points)</u>	<u>Illustrative Benchmark Yield</u>	<u>Illustrative Purchase Yield</u>	<u>Illustrative** Offer Purchase Price (% of Principal)</u>
575831DZ2	2025	4.000%	\$1,830,000	\$1,830,000	-	UST 4.250% due 12/31/2025 CUSIP:91282CJS1	+27.5 bps	4.333%	4.608%	99.263
575831EA6	2026	4.000%	1,900,000	1,900,000	-	UST 4.375% due 12/15/2026 CUSIP:91282CJP7	+22.5 bps	4.087%	4.312%	99.332
575831EB4	2027	4.000%	1,980,000	1,980,000	-	UST 3.750% due 12/31/2028 CUSIP:91282CJR3	+27.5 bps	3.905%	4.180%	99.453
575831EC2	2028	4.000%	2,055,000	2,055,000	-	UST 3.750% due 12/31/2028 CUSIP:91282CJR3	+25.0 bps	3.905%	4.155%	99.396
575831ED0	2029	4.000%	2,140,000	2,140,000	2028	UST 3.750% due 12/31/2030 CUSIP:91282CJQ5	+25.0 bps	3.925%	4.175%	99.177
575831EE8	2030	4.000%	2,225,000	2,225,000	2028	UST 3.750% due 12/31/2030 CUSIP:91282CJQ5	+32.5 bps	3.925%	4.250%	98.635
575831EF5	2031	4.000%	2,315,000	2,315,000	2028	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+37.5 bps	3.920%	4.295%	98.173
575831EG3	2032	4.000%	2,405,000	2,405,000	2028	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+42.5 bps	3.920%	4.345%	97.623
575831EH1	2033	4.000%	2,500,000	2,500,000	2028	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+47.5 bps	3.920%	4.395%	97.018
575831EJ7	2034	4.000%	2,600,000	2,600,000	2028	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+52.5 bps	3.920%	4.445%	96.362
575831EK4	2035	4.000%	2,705,000	2,705,000	2028	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+55.0 bps	3.920%	4.470%	95.874
575831EM0	2037	4.000%	5,740,000	5,740,000	2028	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+62.5 bps	3.920%	4.545%	94.762
575831EP3	2039	4.050%	6,215,000	6,215,000	2028	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+70.0 bps	3.920%	4.620%	93.945
575831ER9	2041	4.100%	6,725,000	6,725,000	2028	UST 4.750% due 11/15/2043 CUSIP:912810TW8	+45.0 bps	4.225%	4.675%	93.365

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** For illustrative purposes only, the above table provides an example of the Purchase Prices realized by Bondholder that submit an Offer based on the closing yields as of January 3, 2024 for the Benchmark Treasury Securities provided below and the Fixed Spreads. On January 24, 2024, the Authority will determine the purchase price for the Bonds pursuant to the calculations described in this Tender Offer and will publish the respective purchase prices.

Refunding Revenue Bonds, Series 2019C (Federally Taxable)

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Outstanding Principal Amount</u>	<u>Maximum Principal Amount to be Accepted</u>	<u>Par Call Date (May 1)</u>	<u>Benchmark Treasury Security</u>	<u>Fixed Spread (basis points)</u>	<u>Illustrative Benchmark Yield</u>	<u>Illustrative Purchase Yield</u>	<u>Illustrative** Offer Purchase Price (% of Principal)</u>
575831EX6	2025	2.156%	\$11,850,000	\$11,850,000	-	UST 4.250% due 12/31/2025 CUSIP:91282CJS1	+22.5 bps	4.333%	4.558%	97.110
575831EY4	2026	2.256%	13,735,000	13,735,000	-	UST 4.375% due 12/15/2026 CUSIP:91282CJP7	+17.5 bps	4.087%	4.262%	95.736
575831EZ1	2027	2.389%	11,525,000	11,525,000	-	UST 3.750% due 12/31/2028 CUSIP:91282CJR3	+22.5 bps	3.905%	4.130%	94.752
575831FA5	2028	2.439%	11,375,000	11,375,000	-	UST 3.750% due 12/31/2028 CUSIP:91282CJR3	+20.0 bps	3.905%	4.105%	93.559
575831FB3	2029	2.499%	11,070,000	11,070,000	-	UST 3.750% due 12/31/2030 CUSIP:91282CJQ5	+20.0 bps	3.925%	4.125%	92.391
575831FC1	2030	2.599%	11,645,000	11,645,000	2029	UST 3.750% due 12/31/2030 CUSIP:91282CJQ5	+25.0 bps	3.925%	4.175%	91.405
575831FD9	2031	2.739%	12,255,000	12,255,000	2029	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+32.5 bps	3.920%	4.245%	90.682
575831FE7	2032	2.839%	7,840,000	7,840,000	2029	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+37.5 bps	3.920%	4.295%	89.971
575831FF4	2033	2.889%	8,585,000	8,585,000	2029	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+42.5 bps	3.920%	4.345%	89.002
575831FG2	2034	2.939%	8,910,000	8,910,000	2029	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+47.5 bps	3.920%	4.395%	88.084
575831FH0	2039	3.273%	53,115,000	53,115,000	2029	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+62.5 bps	3.920%	4.545%	87.397
575831FJ6	2043	3.373%	43,855,000	43,855,000	2029	UST 4.750% due 11/15/2043 CUSIP:912810TW8	+45.0 bps	4.225%	4.675%	84.506

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** For illustrative purposes only, the above table provides an example of the Purchase Prices realized by Bondholder that submit an Offer based on the closing yields as of January 3, 2024 for the Benchmark Treasury Securities provided below and the Fixed Spreads. On January 24, 2024, the Authority will determine the purchase price for the Bonds pursuant to the calculations described in this Tender Offer and will publish the respective purchase prices.

Refunding Revenue Bonds, Series 2020A (Federally Taxable)

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Outstanding Principal Amount</u>	<u>Maximum Principal Amount to be Accepted</u>	<u>Par Call Date (May 1)</u>	<u>Benchmark Treasury Security</u>	<u>Fixed Spread (basis points)</u>	<u>Illustrative Benchmark Yield</u>	<u>Illustrative Purchase Yield</u>	<u>Illustrative** Offer Purchase Price (% of Principal)</u>
575831FL1	2025	1.194%	\$2,830,000	\$1,130,000	-	UST 4.250% due 12/31/2025 CUSIP:91282CJS1	+17.5 bps	4.333%	4.508%	96.013
575831HX3	2026	1.412%	6,305,000	2,520,000	-	UST 4.375% due 12/15/2026 CUSIP:91282CJP7	+12.5 bps	4.087%	4.212%	94.047
575831HZ8	2027	1.512%	8,735,000	3,490,000	-	UST 3.750% due 12/31/2028 CUSIP:91282CJR3	+17.5 bps	3.905%	4.080%	92.255
575831FP2	2028	1.701%	4,645,000	1,855,000	-	UST 3.750% due 12/31/2028 CUSIP:91282CJR3	+15.0 bps	3.905%	4.055%	90.892
575831JA1	2029	1.801%	17,575,000	7,030,000	-	UST 3.750% due 12/31/2030 CUSIP:91282CJQ5	+15.0 bps	3.925%	4.075%	89.346
575831GX4	2030	1.901%	19,300,000	7,720,000	-	UST 3.750% due 12/31/2030 CUSIP:91282CJQ5	+20.0 bps	3.925%	4.125%	87.854
575831FS6	2031	1.951%	27,460,000	10,980,000	-	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+27.5 bps	3.920%	4.195%	86.093
575831GY2	2032	2.031%	30,790,000	12,315,000	-	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+32.5 bps	3.920%	4.245%	84.722
575831GZ9	2033	2.101%	31,520,000	12,605,000	-	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+37.5 bps	3.920%	4.295%	83.393
575831HA3	2034	2.201%	27,830,000	11,130,000	-	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+42.5 bps	3.920%	4.345%	82.413
575831HB1	2035	2.251%	26,075,000	10,430,000	-	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+47.5 bps	3.920%	4.395%	81.127
575831HC9	2040	2.972%	112,525,000	45,000,000	2030	UST 4.500% due 11/15/2033 CUSIP:91282CJJ1	+57.5 bps	3.920%	4.495%	84.349
575831HY1	2049	3.072%	76,465,000	30,560,000	2030	UST 4.125% due 08/15/2053 CUSIP:912810TT5	+57.5 bps	4.092%	4.667%	76.481

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** For illustrative purposes only, the above table provides an example of the Purchase Prices realized by Bondholder that submit an Offer based on the closing yields as of January 3, 2024 for the Benchmark Treasury Securities provided below and the Fixed Spreads. On January 24, 2024, the Authority will determine the purchase price for the Bonds pursuant to the calculations described in this Tender Offer and will publish the respective purchase prices.

The Notice of Purchase Prices will be made available: (i) at the Municipal Securities Rulemaking Board (“*MSRB*”) through its Electronic Municipal Market Access (“*EMMA*”) website, currently located at <http://emma.msrb.org> (the “*EMMA Website*”), using the CUSIP numbers for the Bonds listed on pages (i) and (ii) hereof under “BONDS SUBJECT TO THIS TENDER OFFER”; (ii) through the Depository Trust Company (“*DTC*”) to the DTC participants holding the Bonds; and (iii) by posting electronically on the website of the Tender and Information Agent at <https://www.globic.com/mscba>.

Sources of Funds to Purchase Bonds and Pay Accrued Interest on Bonds Purchased

The source of funds to purchase the Bonds validly tendered and accepted for purchase pursuant to this Tender Offer with respect to the principal amount thereof will be primarily from proceeds of the Series 2024A Bonds and supplemented by available funds of the Authority, at the Authority’s sole determination. The payment of Accrued Interest on Bonds validly tendered and accepted for purchase pursuant to this Tender Offer will be funded by available funds of the Authority. **THE PURCHASE OF ANY BONDS TENDERED AND ACCEPTED FOR PURCHASE PURSUANT TO THIS TENDER OFFER IS CONTINGENT ON THE ISSUANCE BY THE AUTHORITY OF THE SERIES 2024A BONDS.** The Series 2024A Bonds are described in the 2024A POS, attached hereto as APPENDIX A.

Brokerage Commissions and Solicitation Fees

Bondholders will not be obligated to pay any brokerage commissions or solicitation fees to the Authority, the Dealer Manager, or the Tender and Information Agent in connection with this Tender Offer. However, Bondholders should check with their broker, bank, accounts executive or other financial institution which maintains the account in which their Bonds are held (their “*Financial Representative*”) to determine whether it will charge any commissions or fees.

Bonds not Tendered for Purchase

Any Untendered Bonds will continue to be outstanding under the Trust Agreement, and be payable and secured, pursuant to the terms of the Trust Agreement. THE AUTHORITY RESERVES THE RIGHT TO, AND MAY DECIDE TO, DEFEASE OR REFUND (ON AN ADVANCE OR CURRENT BASIS) SOME OR ALL OF THE UNTENDERED BONDS THROUGH THE ISSUANCE OF PUBLICLY-OFFERED OR PRIVATELY-PLACED TAXABLE OR TAX-EXEMPT OBLIGATIONS OR FUNDS OF THE AUTHORITY, INCLUDING WITHOUT LIMITATION THROUGH THE SERIES 2024A BONDS. See “ADDITIONAL CONSIDERATIONS” herein and “SOURCES AND USES OF FUNDS – Tax-Exempt Advance Refunding of Target Bonds” in the 2024A POS, attached hereto as APPENDIX A.

With respect to all Bonds that are subject to mandatory redemption from sinking fund installments, the Authority is permitted under the Trust Agreement to designate the sinking fund installments that are to be reduced as a result of a cancellation or redemption. If less than all of the Bonds of a given CUSIP number for which sinking fund installments have been established are purchased by the Authority pursuant to this Tender Offer, the Authority has the right to select which sinking fund installments will be reduced and the sinking fund installments applicable to the remaining Untendered Bonds of that CUSIP number will change.

The purchase by the Authority of tendered Bonds of any CUSIP number may have certain potential adverse effects on holders of Bonds with such CUSIP not purchased pursuant to this Tender Offer, including, but not limited to, the following:

- The principal amount of the Bonds of such CUSIP number available to trade publicly will be reduced, which could adversely affect the liquidity and market value of any Untendered Bonds of that CUSIP number that remain outstanding.
- The Authority will determine how term Bonds purchased will be credited against future mandatory sinking fund redemptions with respect to such term Bonds. The mandatory sinking fund redemptions with respect to Untendered Bonds will be accordingly adjusted.

- If less than all of the Bonds of a CUSIP number for which sinking fund installments have been established are purchased by the Authority pursuant to this Tender Offer, the average life of the remaining Untendered Bonds of that CUSIP number may change.

Dealer Manager, Tender and Information Agent

BofA Securities, Inc. is the Dealer Manager for this Tender Offer. Investors with questions about this Tender Offer should contact the Dealer Manager or Globic Advisors, which serves as Tender and Information Agent (the “*Tender and Information Agent*”) for this Tender Offer, at the addresses and telephone numbers set forth on the page preceding APPENDIX A. See “DEALER MANAGER” and “TENDER AND INFORMATION AGENT” herein.

In addition to its role as Deal Manager for the Bonds, BofA Securities, Inc. is also serving as Representative of the Underwriters for the Series 2024A Bonds to be issued by the Authority as described in APPENIDX A.

TERMS OF THE TENDER OFFER

Expiration Date

This Tender Offer will expire on the Expiration Date, unless earlier terminated or extended, as described in this Tender Offer. In the sole discretion of the Authority, Bonds tendered after 5:00 p.m., New York City time, on the Expiration Date and prior to the acceptance of tenders by the Authority, as described below under the heading “– Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results,” may be accepted by the Authority (in its sole discretion) for purchase. See “TERMS OF THIS TENDER OFFER – Extension, Termination and Amendment of this Tender Offer; Changes to Terms” below for a discussion of the Authority’s ability to extend the Expiration Date and to terminate or amend this Tender Offer.

Offers Only Through the Authority’s ATOP Accounts

The Bonds are held in book-entry-only form through the facilities of DTC. The Authority, through the Tender and Information Agent, will establish Automated Tender Offer Program (“*ATOP*”) accounts at DTC for this Tender Offer promptly after the date of this Tender Offer. Bondholders who wish to tender Bonds pursuant to this Tender Offer may do so through the applicable ATOP accounts.

ALL TENDERS FOR PURCHASE MUST BE MADE THROUGH THE AUTHORITY’S ATOP ACCOUNTS. THE AUTHORITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNTS. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THIS TENDER OFFER.

Any financial institution that is a participant in DTC may make a book-entry tender of the Bonds by causing DTC to transfer such Bonds into the Authority’s ATOP accounts relating to this Tender Offer, and the applicable series, maturity and CUSIP number in accordance with DTC’s procedures for such transfer. Bondholders who are not DTC participants can only tender Bonds pursuant to this Tender Offer by making arrangements with and instructing their Financial Representative to tender the Bondholder’s Bonds through the applicable Authority ATOP accounts. To ensure a Bondholder’s Bonds are tendered to the applicable Authority ATOP accounts by 5:00 p.m., New York City time, on the Expiration Date, the Bondholder must provide instructions to the Bondholder’s Financial Representative in sufficient time for the Financial Representative to tender the Bonds to the applicable Authority ATOP accounts by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder’s instructions in order to tender the Bondholder’s Bonds to the applicable Authority ATOP accounts by 5:00 p.m., New York City time, on the Expiration Date. See “– Tender of Bonds by Financial Institutions; Authority’s ATOP Accounts.”

NONE OF THE AUTHORITY, THE DEALER MANAGER, THE TENDER AND INFORMATION AGENT IS RESPONSIBLE FOR THE TRANSFER OF ANY TENDERED BONDS TO THE APPLICABLE AUTHORITY ATOP ACCOUNTS OR FOR ANY MISTAKES, ERRORS OR OMISSIONS IN THE TRANSFER OF ANY TENDERED BONDS.

Information to Bondholders

The Authority may give information about this Tender Offer to the market and Bondholders by delivery of the information to the MSRB through the EMMA Website. Additionally, the Authority may give information about this Tender Offer to the Tender and Information Agent (collectively referred to herein, together with the EMMA Website, as the “*Information Services*”). The Tender and Information Agent will deliver information provided to it by the Authority through its website, <https://www.globic.com/mscba>. Delivery by the Authority of information to the MSRB through the EMMA Website will be deemed to constitute delivery of this information to each Bondholder.

The Authority, the Dealer Manager, and the Tender and Information Agent have no obligation to ensure that a Bondholder actually receives any information given to the Information Services.

Bondholders who would like to receive information transmitted by or on behalf of the Authority to the Information Services may receive such information from the Dealer Manager or the Tender and Information Agent by contacting them using the contact information on the page preceding APPENDIX A.

Any updates to this Tender Offer, including, without limitation any supplements to the 2024A POS, will be distributed through the EMMA Website and will additionally be made available to the Tender and Information Agent. The final Official Statement with respect to the Series 2024A Bonds will be posted to the EMMA Website subsequent to the Final Acceptance Date and prior to the Settlement Date.

Minimum Denominations and Consideration

A Bondholder may tender Bonds for purchase of a particular CUSIP number that it owns in an amount of its choosing, but only in a principal amount equal to the minimum denomination of \$5,000 (the “*Minimum Authorized Denomination*”) or any integral multiple of \$5,000 in excess thereof.

Tender Consideration. The Purchase Price will be equal to: the sum of (i) the present value of all remaining principal and interest payments on the applicable Bond to the scheduled sinking fund installment dates or par call date, as the case may be, in accordance with standard market practice, discounted at the Purchase Yield to the Settlement Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), minus (ii) Accrued Interest up to but not including the Settlement Date (the “*Purchase Price*”). For the avoidance of doubt, if the determined Purchase Price is more than 100% of principal amount, then the Purchase Price will be calculated to the par call date for the applicable Bond.

The proceeds of the Series 2024A Bonds, together with other available funds of the Authority, will be used on the Settlement Date to purchase Bonds tendered by any Bondholder and accepted for purchase by the Authority. The Series 2024A Bonds are described in the 2024A POS, attached hereto as APPENDIX A. The source of funds for payment of Accrued Interest on Bonds validly tendered and accepted for purchase by the Authority will be from available funds of the Authority and paid on the Settlement Date.

Accrued Interest

The Purchase Price of the Bonds tendered and accepted for purchase will not be deemed to include any Accrued Interest. In addition to the Purchase Prices of the Bonds accepted for purchase by the Authority, Accrued Interest on such Bonds will be paid by, or on behalf of, the Authority to the tendering Bondholders on the Settlement Date.

Provisions Applicable to All Tenders

Need for Advice. A Bondholder should ask its Financial Representative or financial advisor for help in determining: (a) whether to tender Bonds of a particular CUSIP number for purchase, and (b) the principal amount of Bonds of such CUSIP number to be tendered. A Bondholder also should inquire as to whether its Financial Representative or financial advisor will charge a fee for submitting tenders if the Authority purchases the Bondholder’s tendered Bonds. The Authority, the Dealer Manager, the Tender and Information Agent will not charge any Bondholder for tendering Bonds.

Need for Specificity of Tender. A tender cannot exceed the par amount of Bonds owned by the Bondholder and must include the following information: (i) the CUSIP number(s) of the Bond(s) being tendered, and (ii) the principal amount of each CUSIP number being tendered (such principal amount must be stated in integral multiples of \$5,000 and if not so stated, for tenders of less than all of the Holder's position in the Bonds, such principal amount will be reduced to the greatest integral multiple of \$5,000). Holders who tender less than all of their Bonds must continue to hold their Bonds in at least the Minimum Authorized Denomination and integral multiples of \$5,000 in excess thereof. Any Bondholder located outside of the United States should check with their broker to determine if there are any additional minimal increments, alternative settlement timing or other limitations.

"All or none" offers are not permitted. A Bondholder cannot condition its offer for any single CUSIP on the acceptance of its offer for a separate CUSIP. No alternative, conditional or contingent offers will be accepted.

ALL TENDERS FOR PURCHASE MUST BE MADE THROUGH THE APPLICABLE AUTHORITY ATOP ACCOUNTS. THE AUTHORITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNTS. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THE TENDER OFFER. See "– Tender of Bonds by Financial Institutions; Authority's ATOP Accounts" herein.

General. A Bondholder may only tender Bonds it owns or controls. By tendering Bonds pursuant to this Tender Offer, a Bondholder will be deemed to have represented and agreed with the Authority as set forth below under "– Representations by Tendering Bondholders to the Authority." All tenders shall survive the death or incapacity of the tendering Bondholder.

Bondholders who would like to receive information furnished by the Authority to the Information Services can review the EMMA Website or otherwise must make appropriate arrangements with their Financial Representatives, or the Tender and Information Agent.

Representations by Tendering Bondholders to the Authority

By tendering Bonds for purchase, each tendering Bondholder will be deemed to have represented to and agreed with the Authority that:

- (a) the Bondholder has received this Tender Offer and the 2024A POS and has had the opportunity to review this Tender Offer and the 2024A POS, each in their entirety, prior to making its decision to tender Bonds, and agrees if the purchase of any tendered Bonds is consummated, the purchase of such Bonds shall be on the terms and conditions set forth in this Tender Offer;
- (b) the Bondholder has full power and authority to tender, sell, assign and transfer the tendered Bonds; and on the Settlement Date, the Authority will acquire good, marketable and unencumbered title thereto, free and clear of all liens, charges, encumbrances, conditional sales agreements or other obligations and not subject to any adverse claims, subject to payment to the Bondholder of the applicable Purchase Price(s), plus Accrued Interest;
- (c) the Bondholder has made its own independent decision to tender its Bonds for purchase pursuant to this Tender Offer, and as to the terms thereof, and such decision is based upon the Bondholder's own judgment and upon advice from such advisors with whom the Bondholder has determined to consult;
- (d) the Bondholder is not relying on any communication from the Authority, the Dealer Manager, or the Tender and Information Agent as investment advice or as a recommendation to tender the Bondholder's Bonds at the applicable Purchase Price, it being understood that the information from the Authority, the Dealer Manager, and the Tender and Information Agent related to the terms and conditions of this Tender Offer made pursuant to this Tender Offer shall not be considered investment advice or a recommendation to tender Bonds; and
- (e) the Bondholder is capable of assessing the merits of and understanding (on its own and/or through independent professional advice), and does understand, agree, and accept the terms and conditions of this Tender Offer.

Tender of Bonds by Financial Institutions; Authority's ATOP Accounts

The Authority, through the Tender and Information Agent, will establish the Authority's ATOP accounts at DTC for the CUSIP numbers to which this Tender Offer relates promptly after the date of this Tender Offer. Tenders of Bonds pursuant to this Tender Offer may only be made by transfer to the Authority ATOP accounts as an offer to sell Bonds for cash. Any financial institution that is a participant in DTC may make a book-entry tender of the Bonds by causing DTC to transfer such Bonds into the Authority's ATOP accounts corresponding to the CUSIP numbers in accordance with DTC's procedures.

Concurrently with the delivery of Bonds through book-entry transfer into the applicable Authority ATOP accounts, an Agent's Message (as described below) in connection with such book-entry transfer must be transmitted to and received at the related Authority ATOP accounts by not later than 5:00 p.m., New York City time, on the Expiration Date; provided, however, a tender of Bonds related to an Agent's Message transmitted to the applicable Authority ATOP accounts after such time may be accepted by the Authority for purchase if the Authority, in its sole discretion, waives the defect in the timing of the delivery of such message. The confirmation of a book-entry transfer to the Authority's ATOP accounts as described above is referred to herein as a "**Book-Entry Confirmation.**" The term "**Agent's Message**" means a message transmitted by DTC to, and received by, the Tender and Information Agent and forming a part of a Book-Entry Confirmation which states that DTC has received an express acknowledgment from the DTC participant tendering Bonds that are the subject of such Book-Entry Confirmation, stating the CUSIP number(s) and the principal amount(s) of the Bonds that have been tendered by such participant pursuant to this Tender Offer, and to the effect that such participant agrees to be bound by the terms of this Tender Offer. By causing DTC to transfer Bonds into the applicable Authority ATOP account, a financial institution warrants to the Authority that it has full authority, and has received from the Bondholder(s) of such Bonds all direction necessary, to tender and sell such Bonds as set forth in this Tender Offer.

ALL TENDERS FOR PURCHASE MUST BE MADE THROUGH THE APPLICABLE AUTHORITY ATOP ACCOUNTS. THE AUTHORITY WILL NOT ACCEPT ANY TENDERS FOR PURCHASE THAT ARE NOT MADE THROUGH ITS ATOP ACCOUNTS. LETTERS OF TRANSMITTAL ARE NOT BEING USED IN CONNECTION WITH THE TENDER OFFER.

Bondholders who are not DTC participants can only tender Bonds pursuant to this Tender Offer by making arrangements with and instructing their Financial Representative to tender the Bondholder's Bonds through the applicable Authority ATOP accounts. To ensure a Bondholder's Bonds are tendered to the applicable Authority ATOP accounts by 5:00 p.m., New York City time, on the Expiration Date, a Bondholder must provide instructions to its Financial Representative in sufficient time for the Financial Representative to tender the Bondholder's Bonds to the applicable Authority ATOP accounts by this deadline. A Bondholder should contact its Financial Representative for information as to when the Financial Representative needs the Bondholder's instructions in order to tender the Bondholder's Bonds to the applicable Authority ATOP accounts by 5:00 p.m., New York City time, on the Expiration Date.

NONE OF THE AUTHORITY, THE DEALER MANAGER, OR THE INFORMATION IS RESPONSIBLE FOR THE TRANSFER OF ANY TENDERED BONDS TO THE APPLICABLE AUTHORITY ATOP ACCOUNTS OR FOR ANY MISTAKES, ERRORS OR OMISSIONS IN THE TRANSFER OF ANY TENDERED BONDS.

Determinations as to Form and Validity of this Tender Offer; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt at the applicable Authority ATOP accounts), form, eligibility and acceptance of any Bonds tendered for purchase pursuant to this Tender Offer will be determined by the Authority in its sole discretion and such determinations will be final, conclusive and binding.

The Authority reserves the right to waive any irregularities or defects in any tender. The Authority, the Dealer Manager, and the Tender and Information Agent are not obligated to give notice of any defects or irregularities in tenders and they will have no liability for failing to give such notice.

The Authority reserves the absolute right to reject any and all offers, whether or not they comply with the terms of this Tender Offer.

Amendment or Withdrawals of Tenders Prior to an Expiration Date

A Bondholder may amend its offer to tender for purchase in respect of the amount being tendered by causing an amended offer to be received at the applicable Authority ATOP accounts at or before 5:00 p.m., New York City time, on the Expiration Date.

An offer to tender for purchase may be withdrawn by a Bondholder by causing a withdrawal notice to be received at the applicable Authority ATOP Accounts at or before 5:00 p.m., New York City time, on the Expiration Date.

An amended offer or a notice of withdrawal must be submitted in substantially the same manner as an offer.

Bondholders who have tendered for purchase their Bonds will not receive any information from the Authority, the Dealer Manager or the Tender and Information Agent concerning offers by other Bondholders. Offering Bondholders will not be afforded an opportunity to amend their offers after 5:00 p.m., New York City time, on the Expiration Date. An amended or withdrawn offer must specify the applicable CUSIP number, and with respect to amended offers, the principal amount previously offered and the new amount being offered. All questions as to the validity (including the time of receipt) of an amendment or withdrawal will be determined by the Authority in its sole discretion and will be final, conclusive and binding.

ALL TENDERS OF BONDS SHALL BE IRREVOCABLE AT 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.

Acceptance of Tenders for Purchase

After the Expiration Date, the Authority will determine in its sole discretion the amount (if any) of the tendered Bonds that it will purchase based on such factors as the Authority deems relevant. The obligation of the Authority to purchase any tendered Bonds is subject to satisfaction of certain conditions as described in this Tender Offer.

The Authority shall be under no obligation to purchase Bonds tendered for purchase pursuant to this Tender Offer. The Authority will determine in its sole discretion which tendered Bonds, if any, it will purchase and therefore has the right to purchase none, some or all of the Bonds offered, notwithstanding any other statements herein about the Authority's current intentions for amount of Bonds to be purchased. Bonds that will be purchased will be indicated by CUSIP. The Authority reserves the right to, and may decide to defease or refund (on an advance or current basis), some or all of the Untendered Bonds through the issuance of publicly-offered or privately-placed taxable or tax-exempt obligations or funds of the Authority. See also "– Bonds not Tendered for Purchase" for certain potential impacts on any untendered Bonds.

The Authority may choose to purchase some but not all of the tendered Bonds of a particular CUSIP. Should the Authority decide to only purchase a portion of Bonds being tendered for purchase of a certain CUSIP, the Authority will accept such Bonds tendered for purchase on a pro rata basis. The principal amount of each individual offer will be reduced, pro rata, based upon the ratio of principal amount of such Bonds of a certain CUSIP accepted for purchase by the Authority divided by the aggregate principal amount of such Bonds tendered for purchase (the "**Proration Factor**"). In such event, should the principal amount of any individual tender offer, when adjusted by the pro rata acceptance, result in an amount that is not a multiple of \$5,000, the principal amount of such offer will be rounded down to the nearest multiple of \$5,000. If as a result of such adjustment, the principal amount of a holder's unaccepted Bonds is less than the minimum authorized denomination of \$5,000, the Authority will reject such holder's tender offer in whole. The Authority will determine the amount to accept for each CUSIP in its sole discretion, and reserves the right to accept significantly more or significantly less (or none) of any CUSIP as compared to any other CUSIP.

The Proration Factor will take into consideration the rounding procedure such that the amount accepted for a particular CUSIP is not in excess of the "Maximum Principal Amount that may be Accepted for Purchase."

Notwithstanding any other provision of this Tender Offer, the consummation of this Tender Offer and the Authority's obligation to accept for purchase Bonds validly tendered (and not validly withdrawn) pursuant to this Tender Offer are subject to the satisfaction of or waiver of the Financing Conditions (see

“INTRODUCTION – General” herein) and the other conditions set forth in “Conditions to Purchase” herein. The Authority reserves the right, subject to applicable law, to amend or waive any of the conditions to this Tender Offer, in whole or in part, at any time prior to the Expiration Date or from time to time, in its sole discretion. This Tender Offer may be withdrawn by the Authority at any time prior to the Expiration Date.

Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results

Acceptance by the Authority of Bonds tendered for purchase will constitute an irrevocable agreement between the tendering Bondholder and the Authority to sell and purchase such Bonds, subject to satisfaction of all conditions to the Authority’s obligation to purchase tendered Bonds and the other terms of this Tender Offer. See “Minimum Denominations and Consideration” herein and “– Conditions to Purchase” herein.

The acceptance of Bonds tendered for purchase is expected to be made by notification to the Information Services no later than 5:00 p.m., New York City time, on the Acceptance Date. This notification will state the principal amount of the Bonds of each CUSIP number that the Authority has agreed to accept for tender for purchase, as applicable, in accordance with this Tender Offer, which may be zero for a particular CUSIP number.

Settlement Date

Subject to satisfaction of all conditions to the Authority’s obligation to purchase tendered Bonds, as applicable and as described herein, including, without limitation, the Financing Conditions, the Settlement Date is the day on which Bonds accepted for purchase will be purchased at the applicable Purchase Price(s), together with Accrued Interest thereon. The Settlement Date will occur following the Final Acceptance Date, subject to all conditions to this Tender Offer having been satisfied or waived by the Authority. The expected Settlement Date is February 1, 2024, unless extended by the Authority, assuming all conditions to this Tender Offer have been satisfied or waived by the Authority. Bondholders whose Bonds are accepted for purchase on the Settlement Date will receive Accrued Interest up to but not including the Settlement Date.

The Authority may, in its sole discretion, change the Settlement Date by giving notice to the Information Services prior to the change. See “– Conditions to Purchase.”

Subject to satisfaction of all conditions to the Authority’s obligation to purchase Bonds tendered for purchase pursuant to this Tender Offer, as described herein, payment by the Authority, or on the Authority’s behalf, will be made in immediately available funds on the Settlement Date by deposit with DTC of the aggregate Purchase Price and Accrued Interest on the Bonds accepted for purchase. The Authority expects that, in accordance with DTC’s standard procedures, DTC will transmit the aggregate Purchase Price (plus Accrued Interest) in immediately available funds to each of its participant financial institutions holding the Bonds accepted for purchase on behalf of Bondholders for delivery to the Bondholders. **None of the Authority, the Dealer Manager, or the Tender and Information Agent has any responsibility or liability for the distribution of the Purchase Prices plus Accrued Interest by DTC to the Bondholders.**

Purchase and Accrued Interest Funds

The source of funds to purchase the Bonds validly tendered for purchase pursuant to this Tender Offer with respect to the principal amount thereof will be primarily from proceeds of the Series 2024A Bonds and supplemented by available funds of the Authority at the Authority’s sole determination. The source of funds for payment of Accrued Interest on Bonds validly tendered and accepted for purchase will be from available funds of the Authority and paid on the Settlement Date. The purchase of any Bonds tendered pursuant to this Tender Offer is contingent on the issuance by the Authority of the Series 2024A Bonds, as well as certain other conditions which must be satisfied on or prior to the Settlement Date. See “INTRODUCTION – General” and “– Conditions to Purchase” herein for more information on the conditions precedent to this Tender Offer.

Conditions to Purchase

In addition to the Financing Conditions (see “INTRODUCTION – General” herein), if after the Acceptance Date, but prior to payment for Bonds accepted by the Authority on the Settlement Date, any of the following events

should occur, the Authority will have the absolute right to cancel its obligations to purchase Bonds without any liability to any Bondholder:

- Litigation or another proceeding is pending or threatened which the Authority reasonably believes may, directly or indirectly, have an adverse impact on this Tender Offer or the expected benefits of this Tender Offer to the Authority or the Bondholders;
- A war, national emergency, banking moratorium, suspension of payments by banks, a general suspension of trading by the New York Stock Exchange, or a limitation of prices on the New York Stock Exchange exists and the Authority reasonably believes this fact makes it inadvisable to proceed with the purchase of Bonds;
- A material change in the business or affairs of the Authority has occurred which the Authority reasonably believes makes it inadvisable to proceed with the purchase of Bonds;
- A material change in the net economics of the transaction has occurred due to a material change in market conditions which the Authority reasonably believes makes it inadvisable to proceed with the purchase of Bonds; or
- For any reason, the Series 2024A Bonds, are not issued.

These conditions (including the Financing Conditions) (the “*Conditions to Purchase*”) are for the sole benefit of the Authority and may be asserted by the Authority, prior to the time of payment of the Bonds it has agreed to purchase, regardless of the circumstances giving rise to any of these conditions or may be waived by the Authority in whole or in part at any time and from time to time in its discretion, and may be exercised independently for each CUSIP. The failure by the Authority at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the Authority which may be asserted at any time and from time to time prior to the time of payment of the Bonds it has agreed to purchase. Any determination by the Authority concerning the events described in this section will be final and binding upon all parties.

UNTENDERED BONDS WILL REMAIN OUTSTANDING UNDER THE TRUST AGREEMENT. THE AUTHORITY RESERVES THE RIGHT TO, AND MAY DECIDE TO, DEFEASE OR REFUND (ON AN ADVANCE OR CURRENT BASIS) SOME OR ALL OF THE UNTENDERED BONDS THROUGH THE ISSUANCE OF PUBLICLY-OFFERED OR PRIVATELY-PLACED TAXABLE OR TAX-EXEMPT OBLIGATIONS OR FUNDS OF THE AUTHORITY. See “INTRODUCTION – Bonds Not Tendered for Purchase” and “ADDITIONAL CONSIDERATIONS” herein.

Extension, Termination and Amendment of this Tender Offer; Changes to Terms

Through and including the Expiration Date, the Authority has the right to extend this Tender Offer (an “*Extension*”) to any date in its sole discretion, provided that a notice of any Extension of an Expiration Date is given to the Information Services, including by posting such notice to the EMMA Website on or about 9:00 a.m., New York City time, on the first business day after the Expiration Date.

The Authority has the right, prior to acceptance of Bonds tendered for purchase as described above under the heading “– Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results,” to terminate this Tender Offer at any time by giving notice to the Information Services. The termination will be effective at the time specified in such notice.

The Authority has the right, prior to acceptance of Bonds tendered for purchase as described above under the heading “– Acceptance of Tenders Constitutes Irrevocable Agreement; Notice of Results,” to amend or waive the terms of this Tender Offer in any respect and at any time by giving notice to the Information Services. An amendment or waiver will be effective at the time specified in such notice.

Except with respect to Extensions of this Tender Offer as described above, the Authority has the right to amend the terms of this Tender Offer (including a waiver of any term) in any material respect, including, without limitation, to change the consideration offered for the Bonds by providing a notice of such amendment to the Information Services, including by posting such notice to the EMMA Website no later than on or about 9:00 a.m., New York City time, five (5) business days prior to the Expiration Date, as it may be extended.

In such event, any offers submitted with respect to the affected Bonds prior to the Authority providing notice of an Extension, or any other amendment or waiver of this Tender Offer, shall remain in full force and effect and any Bondholder of such affected Bonds wishing to revoke their offer to tender such Bonds must affirmatively withdraw such offer prior to the Expiration Date.

No extension, termination or amendment of this Tender Offer (or waiver of any terms of this Tender Offer) will change the Authority's right to decline to purchase any Bonds without liability. See "– Conditions to Purchase."

None of the Authority, the Dealer Manager, or the Tender and Information Agent has any obligation to ensure that a Bondholder actually receives any information given to the Information Services.

AVAILABLE INFORMATION

Certain information relating to the Bonds and the Authority may be obtained by contacting the Dealer Manager or the Tender and Information Agent at the contact information set forth on the page preceding APPENDIX A. Such information is limited to (i) this Tender Offer, including the information set forth in the 2024A POS which is attached hereto as APPENDIX A, and (ii) information about the Authority available through the EMMA Website.

References to website addresses herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not a part of, this Tender Offer.

ADDITIONAL CONSIDERATIONS

None of the Authority, the Dealer Manager or the Tender and Information Agent makes any recommendation that any Bondholder tender or refrain from tendering all or any portion of the Bonds. Each Bondholder must make its decision and should read this Tender Offer and the 2024A POS and consult with its broker, accounts executive, financial advisor and/or other financial professional in making such decision.

In deciding whether to participate in this Tender Offer, each Bondholder should consider carefully, in addition to the other information contained in this Tender Offer, the following:

- In the event that the Series 2024A Bonds are not issued and sold, tendered Bonds accepted for purchase are not required to be purchased by the Authority and in such event, Bondholders will continue to hold their respective tendered Bonds.
- The Authority may in the future, but is not obligated, to defease certain of the Bonds that are identified in the tables on pages (i) and (ii) under the heading "BONDS SUBJECT TO THIS TENDER OFFER," to their maturity dates to the extent it does not purchase such Bonds pursuant to this Tender Offer. Any such defeasance will be effected by purchasing an escrow consisting of direct obligations of or obligations guaranteed by the United States of America or other obligations, the payment of which is provided for by an irrevocable escrow deposit invested in direct obligations of the United States of America to provide for payment of principal of and interest on the applicable Bonds. The defeased Bonds will continue to be legal obligations of the Authority. There can be no assurance as to whether a particular Bondholder's Bonds will be among the Bonds defeased.
- Even if the Authority does not purchase any tendered Bonds, the Authority shall have the right now or in the future to defease or refund all or any portion of the tendered Bonds or may in the future invite Bondholders to tender such tendered Bonds for purchase by the Authority.

- The purchase or redemption by the Authority of Bonds of any CUSIP number may have certain potential adverse effects on Holders of Bonds with such CUSIP not purchased pursuant to this Tender Offer, including, but not limited to, the principal amount of the Bonds of such CUSIP number available to trade publicly may be reduced, which could adversely affect the liquidity and market value of any Untendered Bonds of that CUSIP number that remain outstanding and the average life of the remaining Untendered Bonds of that CUSIP number may change. See, “INTRODUCTION – Bonds not Tendered for Purchase.”

The Authority May Later Acquire Bonds at More Favorable Prices Than Those Offered Pursuant to this Tender Offer

The Authority reserves the right to, and may in the future decide to, acquire some or all of the Bonds not purchased pursuant to this Tender Offer through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers, or otherwise, upon such terms and at such prices as it may determine, which may be more or less than the consideration offered pursuant to this Tender Offer, which could be cash or other consideration. Any future acquisition of Bonds may be on the same terms or on terms that are more or less favorable to Bondholders than the terms of this Tender Offer described in this Tender Offer. The decision to make future purchases or exchanges by the Authority and the terms of such future transactions will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, the Authority will ultimately choose to pursue in the future.

Timeliness of Offers

This Tender Offer will expire at 5:00 p.m., New York City time, on the Expiration Date (currently scheduled for January 19, 2024), unless extended or terminated. Bonds tendered for purchase as described in this Tender Offer after 5:00 p.m., New York City time, on the Expiration Date will not be accepted for tender, except in the Authority’s sole discretion.

Acceptance Date

The Authority will accept tender offers, if at all, on or before 5:00 p.m., New York City time, on the Acceptance Date of January 25, 2024. Notification of the acceptance of Bonds tendered pursuant to this Tender Offer will be given on or before 5:00 p.m., New York City time, on the Acceptance Date, unless the Expiration Date is extended or this Tender Offer is terminated. See “TERMS OF THE TENDER OFFER – Acceptance of Tenders for Purchase” herein.

SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary of the U.S. federal income tax consequences for Bondholders that respond to this Tender Offer and have their offer to tender their Bonds accepted by the Authority. The discussion is based on the Internal Revenue Code of 1986, as amended (the “*Code*”), the Treasury Regulations promulgated thereunder, and relevant rulings and decisions now in effect, all of which are subject to change or differing interpretations. No assurances can be given that future changes in U.S. federal income tax laws will not alter the conclusions reached herein. The discussion below does not purport to deal with U.S. federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor’s particular circumstances or to certain types of investors subject to special treatment under U.S. federal income tax laws (including individuals who are neither citizens nor residents of the United States; foreign corporations, trusts and estates, in each case, as defined for U.S. federal income tax purposes; insurance companies; tax-exempt organizations; financial institutions; brokers-dealers; partnerships and other entities classified as partnerships for U.S. federal income tax purposes; and persons who have hedged the risk of owning the Bonds). Tendering Bondholders should note that no rulings have been or will be sought from the Internal Revenue Service (the “*IRS*”), and no assurance can be given that the IRS will not take contrary positions, with respect to any of the U.S. federal income tax consequences discussed below. This U.S. federal income tax discussion is included for general information only and should not be construed as a tax opinion nor tax advice by the Authority or any of its advisors or agents to the Bondholders, and Bondholders therefore should not rely upon such discussion.

The discussion does not deal with special classes of beneficial owners of the Bonds, such as dealers or traders in securities, investors that elect mark to market accounting, banks, financial institutions, insurance companies, retirement plans or other tax-deferred or tax advantaged accounts, tax-exempt organizations, partnerships or other pass-through entities (or entities treated as such for U.S. federal income tax purposes), U.S. expatriates, persons holding their Bonds as a part of a hedging, integration, conversion or constructive sale transaction or a straddle, Bondholders that are “United States persons,” as defined in section 7701(a)(30) of the Code (“*U.S. Holders*”) and are subject to the alternative minimum tax, U.S. Holders that have a functional currency other than the U.S. Dollar, and persons who are not U.S. Holders (all of such holders of the Bonds should consult their tax advisors).

If a partnership or other pass-through entity holds the Bonds, the tax treatment of a partner in the partnership or beneficial owner of the pass-through entity generally will depend upon the status of the partner owner and the activities of the partnership or pass-through entity. A partner of a partnership or a beneficial owner of a pass-through entity holding Bonds should consult its own tax advisor regarding the U.S. federal income tax consequences of this Tender Offer.

Non-tendering Bondholders will not be subject to any U.S. federal income tax consequences in connection with this Tender Offer.

BONDHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE U.S. FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE TENDER OF THE BONDS PURSUANT TO THIS TENDER OFFER.

A Bondholder who tenders their Bonds pursuant to this Tender Offer generally will realize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (i) the amount realized by the Bondholder and (ii) the Bondholder’s adjusted tax basis in the tendered Bonds.

In the event of a Bondholder who tenders Bonds for cash pursuant to this Tender Offer, the amount realized will be the amount of money received by the Bondholder, exclusive of any amount paid for Accrued Interest.

Any gain or loss arising in connection with a taxable sale pursuant to this Tender Offer may be capital gain or loss (either long-term or short-term, depending on the Bondholder’s holding period for the Tendered Bonds) or may be ordinary income or loss, depending on the particular circumstances of the tendering Bondholder. Non-corporate holders may be eligible for reduced rates of U.S. federal income tax on long-term capital gains. The deductibility of capital losses is subject to various limitations.

Bondholders that are U.S. Holders will be subject to “backup withholding” of federal income tax in the event they fail to furnish a taxpayer identification number or there are other, related compliance failures.

SOLICITING DEALER FEES; ELIGIBLE INSTITUTIONS ARE NOT AGENTS

The Authority agrees to pay or caused to be paid to any commercial bank or trust company having an office, branch or agency in the United States, and any firm which is a member of a registered national securities exchange or of the Financial Industry Regulatory Authority (an “*Eligible Institution*”), a solicitation fee of \$1.25 per \$1,000 on the principal amount of Bonds purchased from each of its Retail Customers (as defined herein) by the Authority pursuant to the Tender Offer. A “*Retail Customer*” is an individual who owns no more than \$250,000 in principal amount of Bonds and manages his or her own investments or an individual who owns no more than \$250,000 in principal amount of Bonds whose investments are managed by an investment manager or bank trust department that holds the investments of that individual in a separate account in the name of that individual.

The Solicitation Fee Payment Request Form, attached hereto as APPENDIX B, must be returned to the Tender and Information Agent no later than 5:00 p.m., New York City time, on or before the next business day following the Expiration Date, unless earlier terminated or extended. No payment of a solicitation fee will be made on requests received after this time. No solicitation fee will be paid on requests improperly submitted or for Bonds not purchased by the Authority.

Eligible Institutions are not agents of the Authority for the Tender Offer.

DEALER MANAGER

Pursuant to the terms of that certain Dealer Manager Agreement between the Authority and the Dealer Manager, the Authority has retained BofA Securities, Inc. (“*BofA Securities*”) to act as Dealer Manager for this Tender Offer. The Authority has agreed to pay the Dealer Manager customary fees for its services and to reimburse the Dealer Manager for its reasonable out-of-pocket costs and expenses relating to this Tender Offer. References in this Tender Offer to the Dealer Manager are to BofA Securities only in their capacity as the Dealer Manager. The compensation of the Dealer Manager is based upon the amount of Bonds tendered to and accepted by the Authority.

The Dealer Manager may contact Bondholders regarding this Tender Offer and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward this Tender Offer to beneficial owners of the Bonds.

The Dealer Manager and its affiliates together comprise a full-service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Dealer Manager and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Authority for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Dealer Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans and/or credit default swaps) for their own accounts and for the accounts of their respective customers and may at any time hold long and short positions in such securities and instruments. Such investment securities activities may involve securities and instruments of the Authority, including the Bonds. Affiliates of the Dealer Manager may have holdings of Bonds that they are unable to disclose for legal or regulatory reasons.

In addition to its role as a Dealer Manager for the Bonds, BofA Securities, Inc. also is serving as Representative to the Underwriters for the Series 2024A Bonds as described in the 2024A POS.

The Dealer Manager is not acting as a financial or municipal advisor to the Authority in connection with this Tender Offer.

TENDER AND INFORMATION AGENT

The Authority has retained Globic Advisors to serve as Tender and Information Agent for this Tender Offer. The Authority has agreed to pay the Tender and Information Agent customary fees for its services and to reimburse the Tender and Information Agent for its reasonable out-of-pocket costs and expenses relating to this Tender Offer.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters and the issuance of the Series 2024A Bonds will be passed upon by Hinckley, Allen & Snyder, Boston, Massachusetts, Bond Counsel to the Authority. A copy of the form of opinion of Bond Counsel which will be delivered with the Series 2024A Bonds is set forth in APPENDIX C of the 2024A POS attached hereto as APPENDIX A. Certain legal matters will be passed upon for the Authority by its general counsel, Bowditch & Dewey, LLP, Boston, Massachusetts, and for the Dealer Manager by their counsel Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts.

MISCELLANEOUS

No one has been authorized by the Authority, the Dealer Manager, or the Tender and Information Agent to recommend to any Bondholder whether to tender Bonds pursuant to this Tender Offer or the amount of Bonds to tender. No one has been authorized to give any information or to make any representation in connection with this Tender Offer other than those contained in this Tender Offer. Any recommendations, information and representations given or made cannot be relied upon as having been authorized by the Authority, the Dealer Manager or the Tender and Information Agent.

None of the Authority, the Dealer Manager, or the Tender and Information Agent makes any recommendation that any Bondholder tender or refrain from tendering or exchanging all or any portion of the principal amount of such Bondholder's Bonds. Bondholders must make their own decisions and should read this Tender Offer carefully and consult with their broker, accounts executive, financial advisor, attorney and/or other professional in making these decisions.

Investors with questions about this Tender Offer should contact the Dealer Manager or the Tender and Information Agent. The contact information for the Dealer Manager and the Tender and Information Agent is as follows:

The Dealer Manager for this Tender Offer is:

BofA Securities, Inc.

One Bryant Park, 12th Floor
New York, New York 10036

Attn: Contact your BofA Securities representative
or the Municipal Liability Management Group

Tel: (646) 743-1362

Email: dg.muni-lm@bofa.com

The Tender and Information Agent for this Tender Offer is:

Globic Advisors

485 Madison Avenue, 7th Floor
New York, New York 10022

Attn: Robert Stevens

Tel: (212) 227-9622

Email: rstevens@globic.com

Document Website: <https://www.globic.com/mscba>

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APPENDIX A
2024A POS

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PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 4, 2024

NEW ISSUE – BOOK-ENTRY ONLY

Moody's: Aa2
S&P: AA
See "RATINGS" herein.

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series 2024A Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that such interest will be taken into account in computing the alternative minimum tax imposed on certain corporations with respect to their tax years beginning after December 31, 2022. Under existing law, interest on the Series 2024A Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Series 2024A Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2024A Bonds. See "TAX EXEMPTION" herein.

\$164,545,000*

MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

**Project and Refunding Revenue Bonds
(State University Program)
Series 2024A**

Dated: Date of Initial Delivery

Due: May 1 and November 1, as shown on the inside cover

The \$164,545,000* Project and Refunding Revenue Bonds (State University Program), Series 2024A (the "Series 2024A Bonds") of the Massachusetts State College Building Authority (the "Authority"), will be issued as fully registered bonds and will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2024A Bonds. Purchases of the Series 2024A Bonds will be made in book entry form, in the denomination of \$5,000 or any multiple thereof, and no physical delivery of the Series 2024A Bonds will be made to purchasers. So long as Cede & Co. is the registered holder of the Series 2024A Bonds, principal and interest (payable semiannually on May 1 and November 1, commencing May 1, 2024) are payable to DTC by U.S. Bank Trust Company, National Association, as Trustee. See Appendix C - "BOOK-ENTRY ONLY SYSTEM" hereto.

The Series 2024A Bonds shall be subject to redemption prior to maturity as more fully described herein.

The Series 2024A Bonds will be special obligations of the Authority secured by a pledge of revenues, as more fully described herein. In addition, the Series 2024A Bonds will be secured by an intercept of appropriations to the State Universities, as more fully described herein. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Commonwealth Appropriation Intercept."

THE SERIES 2024A BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF MASSACHUSETTS OR OF ANY POLITICAL SUBDIVISION OR INSTRUMENTALITY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THE SERIES 2024A BONDS. THE AUTHORITY DOES NOT HAVE TAXING POWER.

The Series 2024A Bonds are offered when, as and if issued by the Authority and received by the Underwriters, subject to the approval of legality by Hinckley, Allen & Snyder LLP, Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed upon for the Authority by its general counsel, Bowditch & Dewey, LLP, Boston, Massachusetts and for the Underwriters by their counsel Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. Hilltop Securities Inc. is acting as municipal advisor to the Authority in connection with the issuance of the Series 2024A Bonds. It is expected that the Series 2024A Bonds in definitive form will be available for delivery through DTC in New York, New York, or its custodial agent, on or about February 1, 2024.

BofA SECURITIES

Jefferies

Raymond James

Mischler Financial Group, Inc.

Blaylock Van LLC

Siebert Williams Shank & Co

January __, 2024

* Preliminary, subject to change.

\$164,545,000*
Massachusetts State College Building Authority

Project and Refunding Revenue Bonds
(State University Program)
Series 2024A

Dated: Date of Initial Delivery

Due: May 1 and November 1, as shown below

<u>Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>	<u>Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP†</u>
May 1, 2024	\$7,175,000	%	%		November 1, 2034	\$10,490,000	%	%	
November 1, 2024	6,745,000				November 1, 2035	9,040,000			
November 1, 2025	4,820,000				November 1, 2036	8,895,000			
November 1, 2026	4,020,000				November 1, 2037	9,630,000			
November 1, 2027	3,880,000				November 1, 2038	8,650,000			
November 1, 2028	3,335,000				November 1, 2039	7,275,000			
November 1, 2029	6,050,000				November 1, 2040	9,295,000			
November 1, 2030	6,890,000				November 1, 2041	5,190,000			
November 1, 2031	10,230,000				November 1, 2042	5,575,000			
November 1, 2032	12,820,000				November 1, 2043	4,245,000			
November 1, 2033	12,400,000								

\$7,895,000* _____% Term Bonds due November 1, 2048*, Yield: _____% CUSIP† _____

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of The American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are included solely for the convenience of owners of the Series 2024A Bonds and the Authority is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products.

No dealer, broker, salesperson or other person has been authorized by the Massachusetts State College Building Authority (the “Authority”), The Commonwealth of Massachusetts (the “Commonwealth”), the Board of Higher Education (the “BHE”), the State Universities (as defined herein) or the Underwriters to give any information or to make any representation with respect to the Series 2024A Bonds other than as contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Certain information contained herein has been obtained from the Authority, the BHE, The Depository Trust Company and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Authority, the Commonwealth, the BHE, the State Universities or the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

U.S. Bank Trust Company, National Association by acceptance of its duties as Trustee under the Trust Agreement described herein has not reviewed this Official Statement and makes no representations as to the information contained herein, including but not limited to any representations as to the use of the proceeds of the Series 2024A Bonds or related activities.

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

The Underwriters of the Series 2024A Bonds have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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OFFICIAL STATEMENT

\$164,545,000*
MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY
Project and Refunding Revenue Bonds
(State University Program)
Series 2024A

INTRODUCTION

This Official Statement (including the cover page and Appendices attached hereto) provides certain information in connection with the issuance by the Massachusetts State College Building Authority (the “Authority”) of its \$164,545,000* Project and Refunding Revenue Bonds (State University Program), Series 2024A (the “Series 2024A Bonds”). The Series 2024A Bonds are being issued pursuant to Chapter 703 of the Massachusetts Acts of 1963, as amended (the “Act”), and under the Trust Agreement dated as of November 1, 1994 (as amended, restated and supplemented to the date of issuance of the Series 2024A Bonds, the “Trust Agreement”) between the Authority and U.S. Bank Trust Company, National Association, as successor Trustee (the “Trustee”). Reference is also made to the Contract for Financial Assistance, Management and Services dated as of February 1, 2003, as amended and restated (the “Contract”), between the Authority and the Commonwealth of Massachusetts (the “Commonwealth”), acting by and through its Board of Higher Education (“BHE”), and acknowledged by the Comptroller of the Commonwealth. As used herein, the term “Bonds” means the Series 2024A Bonds, all outstanding bonds issued under the Trust Agreement and all additional parity bonds to be issued under the Trust Agreement in the future. For definitions of certain other capitalized terms used but not defined herein, see the “SUMMARY OF LEGAL DOCUMENTS” in Appendix D.

The Series 2024A Bonds will be special obligations of the Authority secured by a pledge of revenues, as more fully described herein, on a parity with all outstanding Bonds of the Authority. In addition, the Series 2024A Bonds will be secured by an intercept of Commonwealth appropriations to the State Universities, as more fully described herein. The Series 2024A Bonds shall not be deemed to constitute a debt or liability of the Commonwealth or any political subdivision thereof. Neither the faith and credit nor the taxing power of the Commonwealth or of any political subdivision or instrumentality thereof is pledged to the payment of the principal of or premium or interest on the Series 2024A Bonds. The Authority does not have taxing power. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS” herein.

The Series 2024A Bonds are being issued to: (i) finance certain capital projects of the Authority; (ii) refund, together with other available funds of the Authority, portions of the Authority’s Project Revenue Bonds, Series 2014A (the “Refunded Series 2014A Bonds”), the Authority’s Project Revenue Bonds, Series 2014B (Green Bonds) (the “Refunded Series 2014B Bonds”), the Authority’s Project Revenue Bonds, Series 2014C (the “Refunded Series 2014C Bonds”), the Authority’s Project Revenue Bonds, Series 2015A (the “Refunded Series 2015A Bonds”), the Authority’s Refunding Revenue Bonds, Series 2016A (the “Refunded Series 2016A Bonds”), the Authority’s Project Revenue Bonds, Series 2017A (the “Refunded Series 2017A Bonds”), the Authority’s Refunding Revenue Bonds, Series 2019B (Federally Taxable) (the “Refunded Series 2019B Bonds”), the Authority’s Refunding Revenue Bonds, Series 2019C (Federally Taxable) (the “Refunded Series 2019C Bonds”), and the Authority’s Refunding Revenue Bonds, Series 2020A (Federally Taxable) (the “Series 2020A Bonds” and collectively with the Refunded Series 2014A Bonds, the Refunded Series 2014B Bonds, the Refunded Series 2014C Bonds, the Refunded Series 2015A Bonds, the Refunded Series 2016A Bonds, the Refunded Series 2017A Bonds, the Refunded Series 2019B Bonds, the Refunded Series 2019C Bonds, and the Refunded Series 2020A Bonds, the “Refunded Series Bonds”), (iii) purchase certain other Bonds of the Authority (collectively, the “Tendered Bonds,” and together with the Refunded Series Bonds, the “Refunded Bonds”); and (iv) pay certain costs of issuance of the Series 2024A Bonds. The Tendered Bonds will be refunded by means of purchasing such Tendered Bonds in accordance with the Authority’s Invitation to Tender Bonds, dated January 4, 2024 (the “Invitation”), pursuant to which the Authority invited the holders of certain outstanding Bonds, described in more detail in the Invitation, to tender such Bonds for purchase by the Authority (the “Tender Offer”), as set forth in “SOURCES AND USES OF FUNDS – Plan of Refunding” and “– Purchase of Tendered Bonds” and in Appendix G – “TABLE OF REFUNDED BONDS.” The list of bonds set forth in Appendix G to be refunded or purchased with the proceeds of the Series 2024A Bonds is not final and is subject to change prior to the sale of the Series 2024A

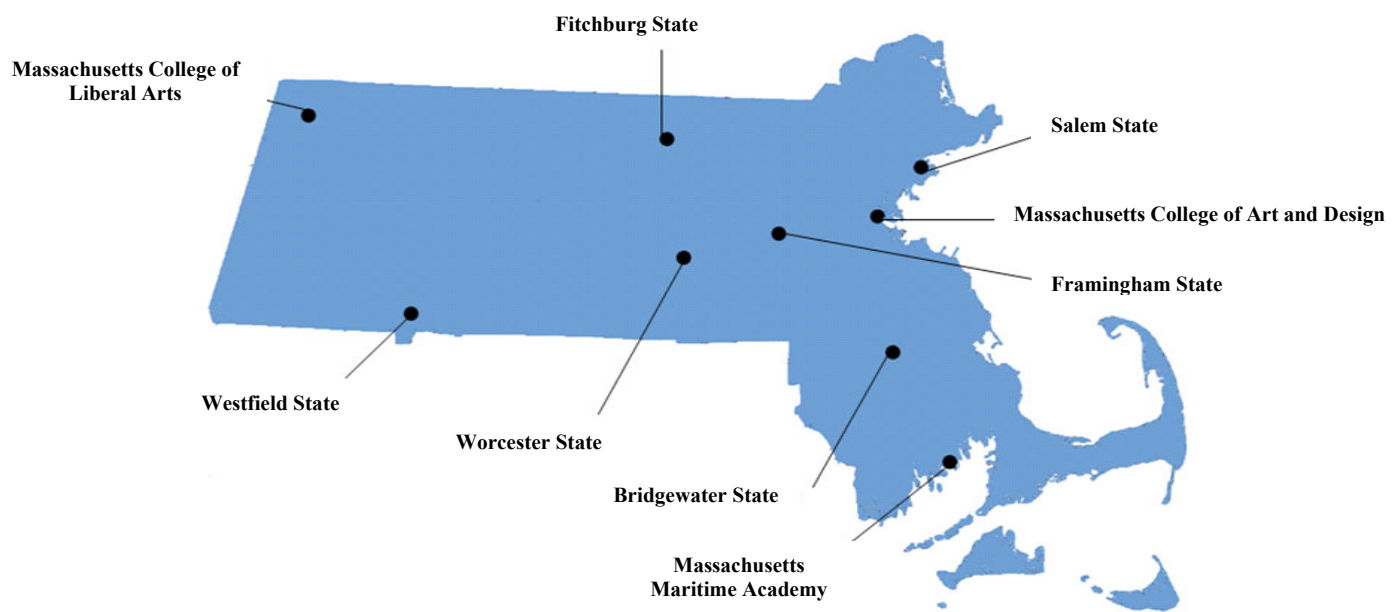
* Preliminary, subject to change.

Bonds. The Authority reserves the right not to refund or purchase any or all of the bonds listed in Appendix G. See “SOURCES AND USES OF FUNDS.”

The Authority

The Authority was created by the Act in 1963 to finance, design and construct residential, dining, parking, athletic, cultural, healthcare, and other revenue-producing facilities for the Massachusetts state colleges, which include the public institutions of higher education in the state university segment and the community college segment.

The Authority’s residence halls portfolio currently has capacity for approximately 16,616 students in 54 residential complexes. These facilities can house approximately 50% of the undergraduate student population and comprise approximately 4.5 million square feet of space on the nine State University campuses. There are no residence halls on the Community College campuses. See “THE AUTHORITY” and “COVID-19” herein.



Purpose and Content of Official Statement

This Official Statement describes the terms and use of proceeds of, and security for, the Series 2024A Bonds. This introduction is subject in all respects to the additional information contained in this Official Statement, including Appendices A through G. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document.

Appendix E attached hereto contains the proposed form of legal opinion of Bond Counsel with respect to the Series 2024A Bonds. Appendix F attached hereto contains the proposed form of the Authority’s and BHE’s continuing disclosure undertaking to be entered into upon the issuance of the Series 2024A Bonds and referenced in the form of the Series 2024A Bonds to facilitate compliance by the underwriters of the Series 2024A Bonds with the requirements of paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission. Appendix G attached hereto contains a listing of the bonds expected to be refunded or purchased with the proceeds of the Series 2024A Bonds.

THE SERIES 2024A BONDS

General

The Series 2024A Bonds will be issued as fully registered bonds in the aggregate principal amounts as set forth on the inside cover page hereof, will be dated the date of delivery and will bear interest, calculated on the basis of 30-day months and a 360-day year, from that date to their respective maturities at the rates as set forth on the

inside cover page hereof, subject to redemption as described below. Ownership interests in the Series 2024A Bonds will be available in denominations of \$5,000 and integral multiples thereof. Interest on the Series 2024A Bonds will be payable on each May 1 and November 1, commencing May 1, 2024.

So long as Cede & Co. is the registered owner of the Series 2024A Bonds, all payments of principal and interest on the Series 2024A Bonds are payable by wire transfer by the Trustee to Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York, which will, in turn, remit such amounts to the DTC Participants for subsequent disposition to Beneficial Owners. The record date for principal and interest payments will be the fifteenth day of the month next preceding the debt service payment date. See Appendix C – “BOOK-ENTRY ONLY SYSTEM” hereto.

Redemption Provisions*

Optional Redemption. The Series 2024A Bonds maturing on or after November 1, 20__ are subject to redemption, at the option of the Authority, in whole or in part at any time, on any date on or after _____ and in such order of maturity as may be directed by the Authority, at a Redemption Price equal to 100% of the principal amount of such Series 2024A Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2024A Bonds maturing on November 1, 2048* shall be subject to mandatory sinking fund redemption and shall be redeemed prior to their stated date of maturity, from Sinking Fund Installments, payable on the dates and in the amounts set forth below, at a Redemption Price of 100% of the principal amount of such Series 2024A Bonds called for redemption, plus accrued interest to the redemption date as follows:

Series 2024A Bonds Maturing November 1, 2048*	
<u>Date (November 1)</u>	<u>Amount</u>
2044	\$1,630,000
2045	1,715,000
2046	1,825,000
2047	1,925,000
2048†	800,000

† Maturity

The Authority is entitled to reduce its mandatory sinking fund redemption obligation in any year with respect to any Series 2024A Bonds issued as term bonds by the principal amount of any Series 2024A Bonds previously purchased or optionally redeemed by the Authority.

Partial Redemption. If less than all of the Series 2024A Bonds of any maturity shall be called for redemption and such Series 2024A Bonds are not held in the book-entry only system, the Series 2024A Bonds to be so redeemed shall be selected by the Trustee by lot or in such other manner as the Trustee in its discretion determines to be fair and appropriate. So long as all of the Series 2024A Bonds are held in the book-entry only system and DTC or its nominee is the sole registered owner of the Series 2024A Bonds, if less than all of the Series 2024A Bonds of any one maturity is to be redeemed, the Series 2024A Bonds will be selected for redemption by lot in accordance with DTC procedures.

Notice of Redemption. The Trustee is required to give notice of redemption of any Series 2024A Bonds, specifying, among other things, the date of redemption, the portions of the principal amounts to be redeemed and the redemption price, by mailing, postage prepaid, not more than 45 days nor less than 30 days prior to the redemption date, copies thereof to the registered holder of any Series 2024A Bonds, or portions thereof, to be redeemed.

Notice having been given as specified above, the Series 2024A Bonds so called for redemption shall be due and payable on the redemption date, interest from and after such date shall cease to accrue thereon and such Series 2024A Bonds shall cease to be entitled to any security under the Trust Agreement except as to payment from funds set apart therefor of the redemption price and interest accrued to the date of redemption. The mailing of notice of

* Preliminary, subject to change.

redemption shall not be a condition precedent to redemption, and failure to mail any such notice to any particular registered holder or any defect therein shall not affect the validity of the proceedings for the redemption of any other Series 2024A Bonds.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Series 2024A Bonds are expected to be applied as follows:

<u>Sources of Funds</u>	<u>Total</u>
Par amount	\$
Net original issue [premium/discount].....	
Other available funds	
Total	\$
<u>Uses of Funds</u>	
Deposit to Series 2024A Project Account.....	\$
Deposit to Refunding Escrow Fund	
Purchase of Tendered Bonds.....	
Costs of issuance*	
Total	\$

*Includes Underwriters' discount and dealer manager fee.

Application of New Money Project Proceeds

The proceeds of the Series 2024A Bonds deposited to the Series 2024A Project Account are expected to be used to pay Project Costs in the amount of \$2.2 million comprising renewal Projects at the Massachusetts Maritime Academy.

Plan of Refunding

A portion of the proceeds of the Series 2024A Bonds, together with certain earnings thereon and certain moneys made available by the Authority, will be used to refund a portion of the Refunded Series Bonds. Such proceeds will be deposited in a refunding escrow fund (the "Refunding Escrow Fund") held by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as escrow agent, and will be invested in Defeasance Obligations. According to the report described in "VERIFICATION OF MATHEMATICAL CALCULATIONS," such investments will mature at such times and earn interest in such amounts that will produce sufficient moneys, together with any initial cash deposits, to provide for the payment of principal of and redemption premium, if any, and interest on the Refunded Series Bonds. The Refunded Series Bonds are set forth in Appendix G – "TABLE OF REFUNDED BONDS." The refunding of the Refunded Series Bonds is contingent upon the delivery of the Series 2024A Bonds.

A portion of the proceeds of the Series 2024A Bonds, together with other available funds of the Authority, will be used to refund the Tendered Bonds by means of purchasing such Tendered Bonds in accordance with the Authority's Invitation, as described below.

The remaining portion of the proceeds of the Series 2024A Bonds will be used to pay the costs of issuing the Series 2024A Bonds.

Purchase of the Tendered Bonds

On January 4, 2024, the Authority released the Invitation which sets forth the terms and conditions of the Tender Offer. The purpose of the Tender Offer is to afford the Authority the opportunity to restructure a portion of its debt service requirements.

Pursuant to the Invitation, the Authority has invited the holders of certain outstanding Bonds, described in more detail in the Invitation (the “Target Bonds”), to tender such Target Bonds for purchase by the Authority. The Target Bonds tendered and purchased by the Authority are referred to herein as the “Tendered Bonds.” The purchase of the Tendered Bonds is contingent upon the issuance of the Series 2024A Bonds and certain other conditions to the acceptance of the Tendered Bonds as set forth in the Invitation. The Tendered Bonds are set forth in Appendix G – “TABLE OF REFUNDED BONDS.” The list of bonds set forth in Appendix G to be refunded or purchased with the proceeds of the Series 2024A Bonds is not final and is subject to change prior to the sale of the Series 2024A Bonds. The Authority reserves the right not to refund or purchase any or all of the bonds listed in Appendix G.

The Authority expects to purchase the Tendered Bonds, for cash, subject to the terms and conditions set forth in the Invitation. The Tendered Bonds will be purchased and cancelled on the Settlement Date set forth in the Invitation, which is the expected issuance date of the Series 2024A Bonds. Upon purchase and cancellation, the Tendered Bonds shall no longer be deemed outstanding under the Trust Agreement.

This section is not intended to summarize all of the terms of the Tender Offer and reference is made to the Invitation for the discussion of the terms and conditions for settlement of the Tendered Bonds. The Tendered Bonds are set forth in Appendix G – “TABLE OF REFUNDED BONDS.”

Tax-Exempt Advance Refunding of Target Bonds

If Target Bonds offered to be tendered for purchase are less than the maximum amount the Authority determines to be economically beneficial, the Authority may use a portion of the proceeds of the Series 2024A Bonds to defease certain maturities, or portions of maturities, of the Target Bonds not tendered, described in more detail in the Invitation and set forth in Appendix G – “TABLE OF REFUNDED BONDS” (the “Defeased Target Bonds”).

If the Authority defeases the Defeased Target Bonds, the Authority will deposit a portion of the proceeds of the Series 2024A Bonds in the Refunding Escrow Fund. The Escrow Agent will apply the amount so deposited in the Refunding Escrow Fund to purchase Defeasance Obligations. The Defeasance Obligations will mature and bear interest at times and in the amounts which, together with any initial cash deposits, will be sufficient to pay the interest when due and the principal and redemption premium, if any, on the Defeased Target Bonds on their payment or redemption dates, as applicable, as set forth in Appendix G attached hereto.

Simultaneously with the issuance of the Series 2024A Bonds, the Trustee will be given irrevocable instructions to optionally redeem in advance of their scheduled maturity dates or defease to maturity the Defeased Target Bonds as detailed in Appendix G attached hereto. As a result of the deposit of the Defeasance Obligations to the Refunding Escrow Fund and such instructions, the Defeased Target Bonds will no longer be deemed outstanding under the Trust Agreement. Amounts held by the Escrow Agent in the Refunding Escrow Fund are held solely for the benefit of the holders of the Defeased Target Bonds and will not constitute security for the payment of the Series 2024A Bonds.

SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS

General

The following summary of the security for the Series 2024A Bonds is qualified in its entirety, and reference is hereby made to Appendix D hereto and to the Trust Agreement and the Contract which set forth in further detail the provisions relating to the security for the Series 2024A Bonds.

The Series 2024A Bonds will be issued pursuant to the Act and under the Trust Agreement. The Series 2024A Bonds are special obligations of the Authority payable solely from the Revenues and Pledged Funds provided under the provisions of the Act, the Trust Agreement and the Contract, subject only to the provisions of the Trust Agreement regarding the application of Revenues and Pledged Funds.

Pursuant to the Trust Agreement, the Authority has covenanted to fix, revise and adjust fees, rents, rates and other charges for the use of its projects in accordance with the Trust Agreement to assure the timely payment of debt service on the Bonds and to meet all other requirements with respect to such Bonds. See “Rate Covenant,” below. The Trust Agreement assigns to the Trustee all rights of the Authority under the Contract to receive

Revenues payable to the Authority thereunder and pledges the Revenues to the Trustee for the benefit of the Owners of the Bonds.

Bonds

In March 2003, the Authority amended and restated the Trust Agreement and defeased all of the bonds previously issued under the Trust Agreement except for certain senior-lien Commonwealth-guaranteed bonds that are no longer outstanding. The Series 2024A Bonds will be the twenty-ninth series of Bonds issued by the Authority since March 2003 that are secured by a parity lien on the Revenues of the Authority. Such Bonds, together with bonds to be issued in the future on parity with the Bonds under the Trust Agreement, are referred to herein as “Bonds.”

After the issuance of the Series 2024A Bonds, there will be approximately \$1.1 billion of Bonds outstanding under the Trust Agreement.

All Bonds are special obligations of the Authority payable solely from the Revenues and Pledged Funds provided under the provisions of the Act, the Trust Agreement and the Contract, subject only to the provisions of the Trust Agreement regarding the application of Revenues and Pledged Funds.

The Series 2024A Bonds, the Trust Agreement and the Contract relate only to the state university segment. Authority financings for the community college segment are undertaken under an entirely separate credit structure.

Pledge of Revenues

Under the Trust Agreement, the Authority has pledged as security for the Bonds (i) all Revenues, (ii) all moneys and securities on deposit in all funds and accounts created under the Trust Agreement (except moneys or securities in the Operating Fund and the Rebate Fund), (iii) all Pledged Funds and (iv) all rights of the Authority under the Contract to receive all Revenues and Pledged Funds payable to the Authority and pledged under the Trust Agreement.

The term “Revenues” is defined in the Trust Agreement to include the following: (i) all moneys received by the Authority in payment of fees, rents, rates and other charges for the use and occupancy of, and for the services and facilities provided by any Project, including, without limitation, the moneys which the BHE is required to remit to the Authority under the Contract and all other income derived by the Authority from the operation, ownership or control of the Projects and (ii) any other amounts designated as Revenues under the Contract. The term “Revenues” does not include Pledged Funds.

Flow of Funds

The Trust Agreement provides that the Authority shall promptly deposit all Revenues, except earnings on investment of the funds and accounts held under the Trust Agreement, into the Revenue Fund to be applied as follows on or before the last business day of each February and on each October 10 (or the next preceding business day, if October 10 is not a business day):

First, to the Debt Service Fund, an amount which, when added to other amounts on deposit in such Fund and available for such purpose, including amounts in any capitalized interest account that may have been established by the applicable Supplemental Trust Agreement, will equal the interest to become due and payable on Outstanding Bonds on the next interest payment date and any Principal Installment to become due and payable on Outstanding Bonds on or before the next date (within the next twelve months) on which such Principal Installment is payable (and if the amount on deposit in the Debt Service Fund shall be less than such required amount, the Trustee shall notify the Authority and the BHE in writing of the amount of the deficiency and request payment of such amount pursuant to the Contract);

Second, to the Debt Service Reserve Fund, an amount which, together with the amounts on deposit therein, will equal the Debt Service Reserve Fund Requirement (the Debt Service Reserve Fund Requirement is zero, see “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS - Debt Service Reserve

Fund” and “SUMMARY OF LEGAL DOCUMENTS – Summary of the Trust Agreement; Debt Service Reserve Fund” in Appendix D);

Third, to the Authority for deposit in the Operating Fund, the amount directed to be deposited therein by an Authorized Officer of the Authority for the purposes of paying Operating Expenses;

Fourth, to the Authority for deposit in the System Projects Capital Improvement Reserve Account or one or more Campus Project Capital Improvement Reserve Accounts in the Capital Improvement Reserve Fund, the amount, if any, directed in writing to be deposited therein by an Authorized Officer of the Authority; and

Fifth, to the Authority for deposit in the Multipurpose Reserve Fund, the amount, if any, directed in writing to be deposited therein by an Authorized Officer of the Authority.

Any balance remaining in the Revenue Fund following the above payments shall be retained in the Revenue Fund to be available for payments therefrom.

Rate Covenant

Pursuant to the Trust Agreement, the Authority covenants to fix, revise, adjust and collect fees, rents, rates and other charges for the use of the Projects of the Authority at least sufficient, with other available funds, to pay or provide for, as the same become due or are payable, (i) all Operating Expenses of the Projects, (ii) all payments of the Principal Installments and Redemption Price of and interest on Outstanding Bonds allocable to the Projects, (iii) all amounts payable to the Debt Service Reserve Fund and allocable to the Projects and (iv) all other amounts that the Authority may by law or contract be obligated to pay from Revenues allocable to the Projects. When fixing fees, rents, rates and other charges for the State Universities pursuant to the Trust Agreement, the Authority is required, insofar as consistent with the rate covenant, to maintain reasonable uniformity of charges for like rooms or other accommodations, facilities and services at the State Universities whether or not contained in or provided by a Project of the Authority. To the extent the Act requires the approval of the BHE for the fixing, revision or adjustment of fees, rents, rates or other charges by the Authority, the Authority also covenants to use its best efforts to obtain such approval.

Under the Act and the Contract, in the event that the BHE does not approve the Authority’s proposed schedule of fees, rents, rates and charges by March 31 of a particular year and if the BHE has not proposed an alternative schedule of fees, rents, rates and charges by March 1 in such year that will produce sufficient revenues to pay debt service and other costs described above, the Authority may proceed to fix fees, rents, rates and other charges without BHE approval if necessary to provide sufficient revenues to pay debt service and such other required costs described above. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – The Contract; Annual Budget and the Fixing of Rents and Fees” and “THE BOARD OF HIGHER EDUCATION.”

Debt Service Reserve Fund

The Trust Agreement establishes a Debt Service Reserve Fund as security for all Bonds and requires it to be funded in an amount equal to the Debt Service Reserve Fund Requirement. Upon the issuance of the Authority’s Refunding Revenue Bonds, Series 2019C (Federally Taxable) (the “Series 2019C Bonds”), the consent of a majority of the Owners of the Bonds was obtained to amend the Trust Agreement to eliminate the Debt Service Reserve Fund Requirement by reducing the amount of the Requirement to zero. Although the Authority currently has amounts on deposit in the Debt Service Reserve Fund, it is no longer obligated under the Trust Agreement to continue to retain such amounts in the Debt Service Reserve Fund or to make any additional deposits to such Fund. The Authority may determine at any time and from time to time to transfer moneys from the Debt Service Reserve Fund as permitted under the Trust Agreement.

See “SUMMARY OF LEGAL DOCUMENTS – Summary of the Trust Agreement; Debt Service Reserve Fund” in Appendix D.

Other Reserves

The Trust Agreement also establishes a Capital Improvement Reserve Fund and a Multipurpose Reserve Fund. Moneys on deposit in the Capital Improvement Reserve Fund and the Multipurpose Reserve Fund are available to pay debt service on Bonds. The Contract requires each State University to maintain an operating reserve within the trust fund for the Projects on its campus to provide for extraordinary and unexpected operating, maintenance and repair costs for its Projects (with the exception of non-residential Projects for which the requirement may be waived). See “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – The Contract; Trust Funds and Reserves of State Universities.” See also “SUMMARY OF LEGAL DOCUMENTS – Summary of the Trust Agreement; Capital Improvement Reserve Fund” and “SUMMARY OF LEGAL DOCUMENTS – Summary of Contract for Financial Assistance, Management and Services; Operating Reserves” and “SUMMARY OF LEGAL DOCUMENTS – Summary of Contract for Financial Assistance, Management and Services; Capital Improvement Reserve Accounts” in Appendix D.

Capital Improvement Reserve Fund. The Trust Agreement establishes the Capital Improvement Reserve Fund, including the following accounts within such fund: the “System Projects Capital Improvement Reserve Account” and separate “Campus Project Capital Improvement Reserve Accounts” for each State University at which a Campus Project is located. The Capital Improvement Reserve Fund is funded from amounts required by the Contract to be deposited by the State Universities at the times specified by the Authority’s annual operating budget, which is required by the Contract to be submitted to the BHE by February 1 of each year (the “Annual Budget”). The Authority may apply amounts in the System Projects Capital Improvement Reserve Account to Project Costs of any System Project and may apply amounts in a Campus Project Capital Improvement Reserve Account to Project Costs of any Campus Project located at the State University to which said account relates. The Authority may, in its discretion, transfer amounts in the Capital Improvement Reserve Fund to the Trustee for deposit in the Revenue Fund or the Multipurpose Reserve Fund. Under the Trust Agreement, the Authority has covenanted to cause its architects and engineers to make regular inspections of the Authority’s Projects and periodically to assess the state of repair of the Projects. If the Authority’s architects and engineers find that any of the Projects has not been maintained in good repair, the Authority has further covenanted that it will, to the extent consistent with sound business judgment, restore such Project to good repair as expeditiously as practicable and will make adequate provision therefor in its capital improvements budget.

System Projects Capital Improvement Reserve Account. “System Projects” are projects financed with Bonds issued before 1998. Amounts held in the System Projects Capital Improvement Reserve Account are maintained to make Capital Improvements to System Projects. Under the Contract, the System Projects Capital Improvements Reserve Account requirement for each fiscal year is an amount equal to 7.5% of the total Revenues collected with respect to System Projects during such fiscal year or such greater amount as may be specified by the Authority’s Annual Budget as being required by the Trust Agreement to be so deposited.

Campus Project Capital Improvement Reserve Accounts. “Campus Projects” are projects financed and those to be financed in the future with Bonds issued after 1998. Amounts held in each Campus Project Capital Improvement Reserve Account are maintained to make Capital Improvements to Campus Projects. Separate Campus Project Capital Improvement Reserve Accounts are held for each State University at which a Campus Project is located. Under the Contract, commencing with the second full fiscal year after completion of a Campus Project (with the exception of non-residential Projects for which the requirement has been waived), each applicable State University is required to pay to the Trustee for deposit in the applicable Campus Project Capital Improvement Reserve Account the greater of the amount specified in the Authority’s Annual Budget as being required by the Trust Agreement to be so deposited or an amount not less than the following percentages of Revenues collected with respect to each such Campus Project during the fiscal year: (i) in the second fiscal year after completion of the Campus Project, and in each of the next seven fiscal years, 2.5%, (ii) in each of the next five fiscal years, 5%, and (iii) in each year thereafter, 7.5%.

Multipurpose Reserve Fund. The Multipurpose Reserve Fund is funded from the Revenue Fund at the discretion of the Authority to the extent provided in any Supplemental Trust Agreement or as directed in a certificate of an Authorized Officer of the Authority. Amounts not subject to the lien of the Trust Agreement may be deposited by the Authority in the Multipurpose Reserve Fund at any time. The Authority may apply amounts in the Multipurpose Reserve Fund to any lawful purpose. Except for fiscal year 2021, the Authority has previously directed \$1.4 million to be funded to the Multipurpose Reserve Fund annually.

Campus Project Operating Reserves. The Contract requires each State University with a Campus Project (with the exception of non-residential Projects for which the requirement may be waived) to maintain within its trust fund for the Projects a minimum balance as an operating reserve. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – The Contract; Trust Funds and Reserves of State Universities.” Pursuant to the Authority’s Annual Budget, and at such time or times in each fiscal year as may be specified in the Annual Budget, commencing with the second full Fiscal Year after completion of a Campus Project, the applicable State University is required to add to the balance in such trust fund held as an operating reserve the amount, if any, necessary to cause such reserve amount to equal the following percentages of the operating expenses for the Campus Project for the fiscal year prior to the year in which the deposit is to be made: (i) in the second full fiscal year after completion of the Campus Project, 1%, (ii) in the third year, 2%, (iii) in the fourth year, 3%, (iv) in the fifth year, 4%, and (v) in the sixth year and thereafter, 5%.

Moneys held in the operating reserve may be expended by a State University for the payment of extraordinary and unexpected operating, maintenance and repair costs or to meet budgetary shortfalls with respect to the applicable Campus Project resulting from an unexpected decline in use of the Campus Project, damage to or destruction of a portion of the Campus Project or any other unexpected occurrence with respect to the Campus Project. Moneys withdrawn from the operating reserve must be replenished by the State University by the end of the next fiscal year after such withdrawal, in addition to the annual deposits described above.

The Contract

The Authority and the BHE have entered into the Contract in order to provide Revenues and Pledged Funds for the payment of debt service on the Bonds. The BHE, acting in the name of the Commonwealth, is authorized by the Act to enter into the Contract and to offer the services of the various State Universities. The Trust Agreement assigns to the Trustee all rights of the Authority under the Contract to receive Revenues payable to the Authority thereunder.

Annual Budget and the Fixing of Rents and Fees. The Contract requires the Authority to submit its Annual Budget to the BHE by February 1 of each year detailing, among other things, projected costs of operating, maintaining and repairing the Projects, the Authority’s projected debt service costs, the Authority’s projected operating and administrative costs, any projected required deposits to reserves, any projected payments to the Commonwealth pursuant to the Act and any additional reserves the Authority may propose to create or augment consistent with the Trust Agreement. The Contract also requires the Authority to include in its Annual Budget a fixing of fees, rents, rates and other charges for the use of the Projects by the State Universities. The fees, rents, rates and other charges for the use of the Projects are required to be sufficient, in the aggregate, together with other available moneys, to cover all of the costs (including debt service) and transfers to reserves as aforesaid allocable to the Projects. When fixing rents and fees in the case of a Campus Project that is not a Campus Residence Hall Project, such fees, rents, rates and other charges are required by the Contract to be fixed so as to be sufficient, in the aggregate, to cover all of the debt service and operating costs and transfers to reserves described above, provided that, in the case of operating and maintenance costs, the fees, rents, rates and other charges need only be sufficient to cover costs that are borne directly by the Authority. Under the Act and the Contract, the fixing or revision of fees, rents, rates and other charges by the Authority requires the prior approval of the BHE. However, if the BHE does not approve the Authority’s proposed schedule of fees, rents, rates and charges by March 31 in a particular year and if the BHE has not proposed an alternative schedule of fees, rents, rates and charges by March 1 in such year that will produce sufficient revenues to pay debt service and other required costs described above, the Authority may proceed to fix fees, rents, rates and other charges without BHE approval if necessary to provide sufficient revenues to pay debt service and other required costs as described above. Under the Contract, the State Universities remain responsible for collecting rents and for the day-to-day operation of the Authority’s projects, though the Authority reserves the power to contract with third parties for the operation of particular Projects.

Pledged Funds. As additional security for all Bonds, the BHE under the Contract pledges a portion of each State University’s non-appropriated funds or other revenues legally available to the State University, including without limitation tuition, fees and other charges (the “Trust Funds”) in an amount equal to 25% of the average annual aggregate debt service costs allocable to such State University’s Projects. The aggregate amount of Trust Funds of a particular State University that are pledged are referred to herein as the “Pledged Trust Funds” of the State University. As of June 30, 2023, the aggregate amount of Pledged Trust Funds pledged by each of the various State Universities ranged from \$591,463 to \$4,784,674.

The BHE under the Contract also pledges the entirety of the annual appropriations made by the Legislature on behalf of each State University (“Pledged Appropriations”) to secure Bonds. The pledge of appropriations and the payment mechanisms associated with it are sometimes referred to as an “appropriation intercept.” See “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Commonwealth Appropriation Intercept.” Pledged Trust Funds and Pledged Appropriations are collectively referred to herein as “Pledged Funds.”

The Contract requires the BHE to make payments from Pledged Funds if and to the extent Revenues related to a particular State University and other moneys received by the Authority or otherwise available pursuant to the Trust Agreement in connection with the Projects of such State University are insufficient to pay debt service on the Bonds allocable to such Projects and the Authority’s expenses in connection with such Bonds or such Projects. Upon receipt from the Authority or the Trustee of notice of any such insufficiency relating to a particular State University, the BHE is required, as promptly as practicable, to pay to the Trustee, or to cause the applicable State University to pay to the Trustee, from the Pledged Funds of such State University the amount of such insufficiency. Pledged Funds may also be used to replenish the Debt Service Reserve Fund in the event of a withdrawal precipitated by such a deficiency. The Pledged Trust Funds of one State University may not be used to make payments on behalf of any other State University. However, if the Pledged Trust Funds of the applicable State University have been exhausted and the Pledged Appropriations of such State University are insufficient to cover the insufficiency, the BHE is required to pay to the Trustee, or cause the Trustee to be paid, the amount of the remaining insufficiency from the Pledged Appropriations of all of the State Universities, ratably, according to the percentage of outstanding Bonds then allocable to each particular State University. In order to comply with the provisions of the Contract or to effectuate the pledge of Pledged Funds, the BHE is required to take all actions necessary or desirable to effectuate transfers from funds made available for expenditure on behalf of an applicable State University pursuant to an appropriation or other spending authorization in the Commonwealth’s annual operating budget, including supplemental and deficiency budgets.

Under the Contract, the BHE and/or any State University is permitted to grant a lien on Pledged Funds on a parity with the pledge made to the holders of the Bonds if the BHE or the applicable State University, as the case may be, certifies in writing to the Authority that the total revenues available for expenditure by the applicable State University during each of the three most recently completed fiscal years (including the Pledged Funds, but excluding any Revenues, in respect of such State University) were not less than 200% of the maximum annual debt service requirements on all outstanding debt obligations allocable to such State University, all other outstanding debt obligations issued by the Authority to finance or refinance Projects for such State University and any debt obligation being issued in connection with the creation of such parity pledge.

The Contract requires the Authority to keep an accurate account of the sufficiency of available funds to pay debt service on its outstanding indebtedness, including without limitation Pledged Funds and to provide the BHE and the Comptroller with reports as to the sufficiency of available funds to pay debt service no later than September 30, in the case of payments due November 1, and no later than January 31, in the case of payments due May 1. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Commonwealth Appropriation Intercept.” If such report is not received by the Comptroller during the month of September or January, as the case may be, the Contract requires the Comptroller to prevent any amounts from being expended from the appropriations account of any State University until such time as the Comptroller has determined whether there is an insufficiency of available funds to pay debt service. If such report indicates that there is an insufficiency of funds available to pay debt service, or if, in the absence of a report, the Comptroller ascertains that there is such an insufficiency, the Comptroller shall, within five days, but not later than the last business day in February (in the case of a May 1 debt service payment) or October 10 (in the case of a November 1 debt service payment), transfer amounts, without further allotment, from the appropriation account of one or more State Universities, as appropriate, to cure such insufficiency in accordance with the provisions of this section.

See Appendix D – “SUMMARY OF LEGAL DOCUMENTS – Summary of Contract for Financial Assistance, Management and Services; Payments from Pledged Funds.”

Trust Funds and Reserves of State Universities. The Contract requires each State University to hold all revenues derived from Projects separate and apart from all other moneys and to deposit all revenues derived from Projects into a trust fund held by such State University. State Universities that have Campus Projects also are required, pursuant to the Contract, to maintain a minimum balance as an operating reserve within such trust fund for the Projects (with the exception of non-residential Projects for which the requirement may be waived). See “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Other Reserves; Campus Project Operating Reserves.”

Such trust funds are held by the State Universities in trust for the Authority and are distinct from the Pledged Trust Funds described above which consist of the State Universities' own assets and which are pledged as additional security for the Bonds. Such trust funds are accounted for in the financial statements of the individual State Universities and not in the financial statements of the Authority.

The Contract also requires each State University to make a deposit into the Capital Improvement Reserve Fund held under the Trust Agreement in the amount and at the times specified in the Authority's Annual Budget. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Other Reserves; Capital Improvement Reserve Fund" above.

Commonwealth Appropriation Intercept

As additional security for all Bonds, the Act and the Contract provide for an intercept of legislative appropriations to the State Universities, if the Authority lacks sufficient funds to pay debt service. See "SECURITY FOR AND SOURCE OF PAYMENT FOR THE BONDS – The Contract; Pledged Funds."

The Authority is required to keep an accurate account of the sufficiency of available funds to pay debt service on its outstanding indebtedness, including without limitation Pledged Funds, and to provide the BHE and the Comptroller with reports as to the sufficiency of available funds to pay debt service no later than September 30, in the case of payments due November 1, and no later than January 31, in the case of payments due May 1. If such report is not received by the Comptroller by September 30 or January 31, as the case may be, the Act requires the Comptroller to prevent any amounts from being expended from the appropriation account of any State University until such time as the Comptroller has determined whether there is an insufficiency of available funds to pay debt service. If such report indicates or, in the absence of such report, if the Comptroller determines that such an insufficiency exists, the Comptroller must transfer amounts, without further allotment, from such State University's appropriations account to cure such insufficiency within five days, but in any event no later than the applicable deposit date (October 10 in the case of a November 1 debt service payment and the last business day of February in the case of a May 1 debt service payment). If the Pledged Trust Funds of the applicable State University have been exhausted and the Pledged Appropriations of such State University are insufficient to cover the insufficiency, the BHE is required to pay to the Trustee, or cause the Trustee to be paid, the amount of the remaining insufficiency from the Pledged Appropriations of all of the State Universities, ratably, according to the percentage of outstanding Bonds then allocable to each particular State University.

In addition, the Trustee is required to give notice directly to the BHE and the Comptroller if there is an insufficiency of funds on any such deposit date. See Appendix D – "SUMMARY OF LEGAL DOCUMENTS – Summary of the Trust Agreement; Pledged Funds."

Total Budgeted Appropriations for the System of Public Higher Education. The following table sets forth appropriation information for the system of public higher education for fiscal years 2014-2024 as enacted in the original budgets for the related fiscal years. The Commonwealth makes budgetary adjustments over the course of each fiscal year which have resulted in increases and decreases to the original budgeted amounts. The Commonwealth is not obligated to continue to appropriate such money on an annual basis, and the Legislature may fail to make or may reduce appropriations in the future. Commonwealth appropriations for State Universities are disbursed evenly throughout the year to cover payroll costs.

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Total Budgeted Appropriations for the System of Public Higher Education
(Fiscal 2014 – 2024)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Bridgewater	\$40,591,669	\$40,591,669	\$42,461,139	\$43,592,400	\$44,027,968	\$45,569,315	\$48,394,114	\$51,141,209	\$52,628,005	\$58,124,389	\$60,739,987
Fitchburg	27,430,823	27,430,823	28,474,577	29,109,894	29,400,755	30,430,027	32,009,925	33,197,515	33,771,458	36,634,034	37,687,632
Framingham	24,964,332	25,164,332	26,466,879	27,637,347	27,913,495	29,890,701	31,341,005	32,545,150	34,693,587	37,587,625	38,587,442
Mass. College of Art	16,353,460	16,353,460	17,201,537	17,899,354	18,078,201	18,711,090	19,665,615	20,413,215	20,783,873	22,482,084	23,163,212
Mass. College of Liberal Arts	14,779,296	14,779,296	15,523,258	16,233,085	16,319,534	16,888,607	17,745,143	18,354,298	18,734,535	20,319,258	20,943,485
Mass. Maritime Academy	14,734,703	14,734,703	15,541,878	16,344,745	16,344,745	16,929,177	18,335,358	18,974,172	19,355,243	21,413,427	22,041,908
Salem	41,482,180	41,482,180	43,129,420	44,004,594	44,444,281	46,000,203	48,463,307	50,183,983	51,250,658	55,463,164	56,889,874
Westfield	24,829,786	24,829,786	26,034,463	26,875,492	27,094,027	28,117,028	29,515,559	30,992,952	31,621,476	34,336,799	35,424,405
Worcester	<u>24,128,143</u>	<u>24,128,143</u>	<u>25,276,495</u>	<u>26,368,898</u>	<u>26,632,372</u>	<u>27,564,727</u>	<u>28,923,383</u>	<u>30,471,800</u>	<u>31,201,398</u>	<u>33,836,414</u>	<u>34,859,139</u>
Total State Universities	<u>\$229,294,392</u>	<u>\$229,494,392</u>	<u>\$240,109,646</u>	<u>\$248,065,809</u>	<u>\$250,255,378</u>	<u>\$260,100,875</u>	<u>\$274,393,409</u>	<u>\$286,274,294</u>	<u>\$294,040,233</u>	<u>\$320,197,194</u>	<u>\$330,337,084</u>
Community Colleges	<u>225,670,016</u>	<u>249,348,859</u>	<u>260,880,694</u>	<u>271,266,283</u>	<u>276,593,627</u>	<u>284,643,883</u>	<u>295,291,787</u>	<u>309,400,797</u>	<u>316,542,347</u>	<u>328,524,385</u>	<u>338,728,644</u>
University of Massachusetts	<u>478,891,873</u>	<u>519,005,373</u>	<u>537,807,373</u>	<u>509,492,447</u>	<u>515,460,371</u>	<u>522,557,080</u>	<u>561,534,794</u>	<u>563,554,919</u>	<u>574,858,384</u>	<u>669,784,465</u>	<u>700,865,395</u>
Total	<u>\$933,856,281</u>	<u>\$997,848,624</u>	<u>\$1,038,797,713</u>	<u>\$1,028,824,539</u>	<u>\$1,042,309,376</u>	<u>\$1,067,301,838</u>	<u>\$1,131,219,990</u>	<u>\$1,159,230,010</u>	<u>\$1,185,440,964</u>	<u>\$1,318,506,044</u>	<u>\$1,369,931,123</u>

Source: Commonwealth of Massachusetts enacted General Appropriations Act for the related fiscal year.

THE AUTHORITY

General

The Authority was created in 1963 as a body politic and corporate and a public instrumentality placed in the Commonwealth's Department of Education, but not subject to the supervision or regulation of that Department or of any other department, commission, board, bureau or agency of the Commonwealth except as specifically provided in the Act.

The Authority was established for the general purpose of aiding and contributing to the performance of the educational and other purposes of the Massachusetts state colleges by providing dormitories, dining commons and other buildings, structures and facilities designed primarily for housing, feeding, medical care, parking, athletics and cultural and extracurricular and other student life activities and services primarily (i) for the use of the colleges, their students, staff and their dependents, (ii) for lease to or use by an organization or association of students or others, the activities of which are a part of the activities at one or more state colleges and subject to regulation by the BHE, or (iii) for lease to or use by any other entity the activities of which are approved by the BHE as furthering the purposes of one or more of the state colleges. Under the Act, the term "state colleges" includes the public institutions of higher education in the state university segment and the community college segment. The state university segment includes: Bridgewater, Fitchburg, Framingham, Salem, Westfield and Worcester State Universities, Massachusetts College of Liberal Arts, Massachusetts College of Art and Design, and Massachusetts Maritime Academy. The community college segment includes: Berkshire, Bristol, Bunker Hill, Cape Cod, Greenfield, Holyoke, Massachusetts Bay, Massasoit, Middlesex, Mount Wachusett, North Shore, Northern Essex, Quinsigamond, Roxbury, and Springfield Technical Community Colleges. The Series 2024A Bonds, the Trust Agreement and the Contract relate only to the state university segment. Authority financings for the community college segment are undertaken under an entirely separate credit structure.

Under the Act, the Authority must obtain a written request made by authority of the BHE and written approval from the Commonwealth's Secretary of Administration and Finance and Commissioner of Higher Education before initiating a project. The Act also requires the Authority to obtain the written approval of the BHE prior to refunding any of its outstanding bonds or notes.

The Authority is empowered, among other things, to acquire, construct, remove, demolish, add to, alter and do other work upon any building or structure and to provide and install furnishings, furniture, equipment and other facilities therein. The Act authorizes the Authority, among other things, to acquire property from the Commonwealth or others (but the Authority has no eminent domain power), to rent or lease as lessor or lessee any portion of a project, to operate projects, to employ experts and other persons, to enter into contracts, to borrow money to finance and refinance projects it undertakes and to issue and sell its revenue bonds and notes therefor payable solely from its revenues.

Pursuant to Section 156 of Chapter 131 of the Acts of 2010 ("Section 156"), the Authority is also authorized to provide supplemental financing for certain state university and community college projects under the Act that were authorized for funding by the Commonwealth pursuant to Chapter 258 of the Act of 2008.

The Act does not limit the amount of debt of the Authority that may be issued or outstanding. The Act requires approval by the Treasurer and Receiver-General of the Commonwealth and the Secretary of Administration and Finance of the Commonwealth of the sale and terms of bonds or notes sold by the Authority.

Members, Officers and Staff

The Authority consists of nine members appointed by the Governor of the Commonwealth, three of whom are to be appointive members of the BHE. Pursuant to the Act, each member continues in office for a term expiring on June thirtieth in the sixth calendar year after the calendar year in which the term of office of such member began, except that a person appointed to fill a vacancy in any such membership shall serve only for the unexpired term. Members serve until a successor is appointed and qualified. The members of the Authority are sometimes referred to as the Authority's board. The Authority annually elects a chairman and vice-chairman from its members and also elects a secretary-treasurer and may elect an assistant secretary-treasurer, neither of whom need be a member. There is currently one vacancy. The present members of the Authority are listed below.

Michael Fallon, Chair (member since 2017). Mr. Fallon, Chief Executive Officer of The Fallon Company, is responsible for creating, communicating, and implementing The Fallon Company's vision, mission, and strategic direction. As CEO, Michael leads the firm's growth and geographic expansion throughout the U.S., manages the investment portfolio, and directs the executive team. Mr. Fallon brings expertise in real estate development, permitting, acquisition, and financing, as well as experience with State and Federal regulatory agency real estate and marine permitting. Previously, Mr. Fallon served as Materials Expediter and subsequently as an Engineer for Turner Construction of Boston, involved in the scheduling, fabrication, and construction of all major structural components. Mr. Fallon holds a Bachelor of Arts degree in International Relations and European Business and Economics from Boston University, a Master's Degree in Finance from Bentley University, and a master's degree in construction management from Wentworth Institute of Technology.

James M. Karam, Vice Chair (member since 2014). Mr. Karam is Co-Managing CEO of First Bristol Corporation of Fall River, Massachusetts, a firm that develops and manages large scale commercial real estate projects throughout New England. Mr. Karam serves as President of the Board of Directors of the Fall River Boys and Girls Club, Treasurer of the Board of Directors of the Fall River Office of Economic Development and board member of the Saint Anne's Hospital. He is a graduate of Providence College.

John J. Burns, Secretary-Treasurer (member since 2016). Mr. Burns is President of Black Brook Realty Corporation. He previously served as Chairman, Board of Trustees, Milford Regional Medical Center. He is also a past member of the Boards of Trustees of the Tri-County Medical Associates, Salem State University, the Board of Overseers of Babson College, former Chairman of the Hopkinton Chamber of Commerce, the Hopkinton Board of Assessors, the Hopkinton Education Foundation, and the Milford Regional Healthcare Foundation, as well as a past member of the Board of Directors for the Beacon Society of Boston, for the Strata Bank, for the Service Bank Corporation, MHC, and for Marathon Mortgage. He is the current Corporator of the Middlesex Savings Bank and a past President of the Crohn's and Colitis Foundation New England Chapter. Mr. Burns holds a Bachelor of Science in Business Administration from Salem State College.

Rosalind Gorin (member since 2018). Ms. Gorin is the third generation to lead her family's 105-year old real estate company, HN Gorin, Inc., a real estate investment and development company that acquires, develops, manages, and owns commercial, multi-family residential, industrial, and retail real estate.

Barbara Stern (member since 2018). Ms. Stern has spent her professional career leading transformation in human resources, diversity and inclusion, talent management, and organizational development. She was Global Director of Talent Management and Human Resources at McKinsey & Company through 2017; previously she served as Chief of Staff for the CEO of Harvard Pilgrim Health Care.

James H. Collins (member since 2023). Mr. Collins is a Massachusetts native and a graduate of Boston University with a degree in mechanical and aerospace engineering. Mr. Collins has spent the past two years working for Dean Kamen at DEKA in New Hampshire. He worked as a product design engineer focusing on medical devices and regenerative medicine research. Mr. Collins recently currently works in Cambridge, MA at Helbling Precision Engineering as a project manager and technical lead. At Helbling, he works as a biomedical engineer designing novel research equipment and surgical devices. Mr. Collins is looking to the future, working to return to school for an MBA and study real estate management and development.

Bill Walczak (member since 2023). Mr. Walczak is most associated with the re-development of the Codman Square area of Boston, a multi-cultural community which foundered in the 1970s and became an area known for racial unrest and economic disintegration. Mr. Walczak was founding president and CEO of the Codman Square Health Center, a major factor in the regeneration of the community, is founding president of Codman Academy Charter School, and most recently was CEO of the South End Community Health Center in Boston.

Mr. Walczak is chair of the Board of Trustees of Bunker Hill Community College, and chair of the Massachusetts Business Alliance for Education. He is a trustee of the Massachusetts Board of Higher Education. He was founding president of the Massachusetts Nonprofit Network, a founder of the Edward Kennedy Health Careers Academy, a founder of the Center for Community Health, Education, Research and Service at Northeastern University, and founding president of Boston HealthNet. He is a past President of the UMass/Boston Alumni Association. He serves on the boards of the Rappaport Center at Boston College Law School, Daily Table, HealthWorks at Codman, and The American City Coalition. Mr. Walczak served on both Governors Deval Patrick's

and Charlie Baker's Health Care Transition Committees, and on Acting Mayor Kim Janey's Transition Committee. Mr. Walczak has worked on community regeneration efforts in a number of countries around the world and was involved with the Northern Irish peace process for over a decade. He has been a President and/or CEO of health care organizations for 42 years. He is currently retired from regular employment and writes regular columns for his community newspaper.

Secretary Patrick Tutwiler, PHD (member since 2023). Mr. Tutwiler is the Secretary of the Executive Office of Education, and the first Black person to ever hold that role in Massachusetts' history. As Massachusetts Secretary of Education, Secretary Tutwiler directs the Executive Office of Education, which oversees early education, K-12, and higher education. Secretary Tutwiler sits on each of the boards governing the Commonwealth's education agencies, as well as the University of Massachusetts system. He is Governor Maura Healey's top advisor on education and helps shape the Commonwealth's education agenda.

Before being sworn in as Secretary, Dr. Tutwiler served as the senior program officer at the Boston-based Barr Foundation, a grantmaking organization focused on arts, climate, and education, where he specialized in developing new high school models that will have a positive impact across the entire school system. He has more than twenty years' experience in public education as a high school history teacher, as a high school principal and as the superintendent of the Lynn Public Schools. As Lynn Superintendent, Secretary Tutwiler led a collaborative, equity-centered effort that resulted in increased graduation rates, decreased push out rates, a more racially diverse faculty and staff, and the establishment of Massachusetts' second largest early college program. He earned a Bachelor of Arts in history from The College of the Holy Cross, a master's in education from Harvard University Graduate School of Education, and a PhD in curriculum and instruction from the Lynch School of Education at Boston College. He lives in Andover with his family.

In addition to its Executive Director, the Authority employs capital project and financial management personnel for the purpose of managing its overall affairs. The Authority's staff, 14 in total, is responsible for management of facility planning, design and construction, strategic asset management, financial management, including overseeing operating budgets and advising the Authority in connection with setting rates and user fees, and implementing operating procedures. The present key staff members are listed below.

Janet L. Chrisos, Executive Director and Assistant Secretary-Treasurer. Ms. Chrisos is currently serving as Executive Director after being part of the senior leadership team at the MSCBA since 2017. She has held numerous positions with the Authority since joining in 2005 as Capital Projects Coordinator, promoted to Director of Capital Projects and then as Deputy Director. In that time, Ms. Chrisos has overseen the design and construction of over \$1 billion in new construction and renovation including 11 new residence halls, 3 parking garages and 10 major student activity projects. She has managed the project management staff to provide direct coordination between campuses, Division of Capital Asset Management, and the Board of Higher Education to plan and develop projects for Authority bond issues.

Ms. Chrisos has over 30 years of construction project management experience as an employee for General Electric and as a consultant to manufacturing, construction and higher educational clients including Hewlett Packard and Salem State University. She has a Bachelor of Science degree in mechanical engineering from the University of Massachusetts.

Jennifer Gonzalez, Deputy Director, Administration and Finance. Ms. Gonzalez joined the Authority in February 2020, and is responsible for managing the Authority's financial controls, insurance program, human resources, information technology, accounting, reporting, debt and rate-setting process and providing oversight and direction for the administrative and financial operations of the Authority. Ms. Gonzalez has been serving public issuers since 2000, when she began working on debt financing, continuing disclosure, and capital planning while employed by a major financial advisory firm. She joined the Massachusetts School Building Authority as Director of Finance in 2012, and was appointed Chief Financial Officer in 2015. Subsequently, she served as the Chief Financial Officer for the University of Massachusetts Building Authority and Treasurer/Collector for the Town of Watertown. She has been on the board of Boston Women in Public Finance since 2014. Ms. Gonzalez has an Associate of Science in Business Administration from the Community College of Rhode Island, a Bachelor of Science in Accounting from Rhode Island College, and a Juris Doctor from Roger Williams University School of Law. She is a member of the Massachusetts bar.

The Authority also engages the services of several advisors, including Bowditch & Dewey, LLP, general counsel; CohnReznick LLP, certified public accountants; and Darov & Associates, project counsel. Various architects, engineers, project managers and cost estimators are engaged from time to time to assist in project activities.

Authority Operations

The Authority's principal operations consist of financing and constructing Projects at the State Universities and overseeing their operation and maintenance. Under the Contract, each State University is required to operate and maintain the Projects located on its campus and to keep them in good order and repair. The State Universities collect rents and fees from students for the use of the Projects, procure all necessary equipment, materials and supplies, and make necessary repairs. The Authority establishes the operating budget for each of its Projects, including the fees, rents, rates and charges for their use, and maintains close oversight over the operations and maintenance of Projects. Under the Contract, the Authority retains the right to contract directly with a third party to operate and maintain its Projects, except for Projects with respect to which the Authority has neither legal title nor a leasehold interest. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Commonwealth-owned Projects."

Each year the Authority sets the fees, rents, rates and other charges for the use of its Projects and approves operating budgets for its Projects providing for the payment of all of the projected costs of operating and maintaining the Projects, projected debt service costs, the Authority's projected operating and administrative costs, and any projected required deposits to reserves. Under the Act, the Authority's fees, rents, rates and charges must be sufficient to pay all costs of its Projects, including maintenance, operations, financing and administration (and the funding of reserves and capital renewal). The annual setting of Project fees, rents, rates and charges is subject to the approval of the BHE, but if the BHE does not approve the Authority's proposed schedule of charges by March 31 of a particular year, the Authority may proceed to fix charges without BHE approval. See "SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – The Contract; Annual Budget and the Fixing of Rents and Fees" and "THE BOARD OF HIGHER EDUCATION."

The Authority regularly updates a strategic plan to determine the number, type and location of facilities to support the State Universities, as well as a facility renewal plan to maintain quality facilities over time. Once the need for a project is determined, the staff of the Authority oversees feasibility studies that determine the revenue and expense associated with the construction and operation of the proposed facility. Once financial feasibility is determined, the project is approved by the Authority and the BHE and a project manager on the staff of the Authority is assigned to coordinate master planning and architectural design services. The planning and design process is closely coordinated with a construction management firm to control budget and schedule. Detailed design and construction site activity is managed through the use of an owner's project manager, a qualified individual or professional firm that provides quality control and assurance and assists in ensuring compliance with contract documents, budget and schedule. Throughout the study, planning and construction period the Authority prepares monthly reports to track the progress of each project which are reviewed by the design and construction committee of the Authority board on a monthly basis and by the full board. After completion of a facility, the Authority continues to assist with its operation and management through the review of occupancy reports, the preparation of budgets, the development of rent assessments, the payment of debt service, the payment of insurance premiums and the annual review of all facilities to schedule facility renewal projects.

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Management’s Discussion and Analysis

The following table sets forth the receipts and disbursements related to Authority Projects during fiscal years 2019 through 2023. The table combines receipts and disbursements of the various State Universities and of the Authority and, because it presents cash receipts and disbursements with no accruals of revenues or expenses, it has not been prepared in a manner consistent with either the Authority’s or the State Universities’ financial statements, which are prepared in accordance with generally accepted accounting standards.

Authority Project Receipts and Disbursements ⁽¹⁾ Unaudited

	Fiscal 2019 Actual	Fiscal 2020 Actual	Fiscal 2021 Actual	Fiscal 2022 Actual	Fiscal 2023 Actual
Combined Beginning Fund Balance⁽²⁾	<u>\$50,618,424</u>	<u>\$55,612,795</u>	<u>\$43,210,417</u>	<u>\$50,738,039</u>	<u>\$71,889,759</u>
Building Receipts					
Room rents	123,333,401	97,280,242	60,285,668	104,443,747	111,328,167
Non-residential Campus Project fees	26,533,227	25,069,953	4,536,875	15,419,005	23,270,802
Other Receipts	<u>5,308,678</u>	<u>7,136,099</u>	<u>1,979,336</u>	<u>4,947,195</u>	<u>5,482,240</u>
	<u>\$155,175,306</u>	<u>\$129,486,293</u>	<u>\$66,801,879</u>	<u>\$124,809,948</u>	<u>\$140,081,210</u>
Other Receipts					
Investment earnings	2,282,211	1,982,895	4,130,022	3,569,785	4,389,415
Debt Service Reserve Fund releases ⁽³⁾	-	-	16,211,820	7,705,310	9,064,199
Federal support	-	8,049,539	17,310,542	14,577,330	4,000,000
Transfers from Capitalized Interest Accounts	242,844	350,473	298,222	369,549	240,154
State University contributions	1,664,408	5,111,256	5,083,825	3,089,859	2,617,093
Build America Bond subsidy	<u>2,337,727</u>	<u>2,144,246</u>	<u>1,999,325</u>	<u>1,999,325</u>	<u>1,966,403</u>
	<u>\$6,527,189</u>	<u>\$17,638,409</u>	<u>\$45,033,757</u>	<u>\$31,311,158</u>	<u>\$22,277,263</u>
Total Receipts	<u>\$161,702,495</u>	<u>\$147,124,702</u>	<u>\$111,835,636</u>	<u>\$156,121,106</u>	<u>\$162,358,472</u>
Building Disbursements					
Residence hall operations and staff ⁽⁴⁾	23,959,039	24,410,608	21,462,930	23,212,443	24,394,327
Facility maintenance and repair ⁽⁴⁾	8,175,954	8,178,165	8,987,105	8,038,420	8,134,861
Facility renewal	6,621,187	8,457,061	8,269,492	10,650,474	7,029,274
Utilities ⁽⁴⁾	10,912,392	10,297,288	9,524,041	11,107,406	11,512,337
Administration ⁽⁴⁾	<u>967,179</u>	<u>744,078</u>	<u>720,707</u>	<u>826,132</u>	<u>1,571,919</u>
	<u>\$50,635,750</u>	<u>\$52,087,199</u>	<u>\$48,964,275</u>	<u>\$53,834,875</u>	<u>\$52,642,718</u>
Debt Service					
Parity Bonds	<u>100,500,214</u>	<u>101,662,398</u>	<u>48,104,439</u>	<u>73,548,230</u>	<u>99,953,073</u>
	<u>\$100,500,214</u>	<u>\$101,662,398</u>	<u>\$48,104,439</u>	<u>\$73,548,230</u>	<u>\$99,953,073</u>
Other Disbursements					
Authority operating expenses and insurance	3,196,222	3,359,034	3,468,684	3,585,328	4,167,648
Housing Grant Scholarship Program ⁽⁴⁾	<u>2,375,938</u>	<u>2,418,449</u>	<u>3,770,616</u>	<u>4,000,952</u>	<u>4,995,200</u>
	<u>\$5,572,160</u>	<u>\$5,777,483</u>	<u>\$7,239,300</u>	<u>\$7,586,280</u>	<u>\$9,162,848</u>
Total Disbursements	<u>\$156,708,125</u>	<u>\$159,527,080</u>	<u>\$104,308,014</u>	<u>\$134,969,385</u>	<u>\$161,758,638</u>
Net Change	<u>4,994,370</u>	<u>(12,402,378)</u>	<u>\$7,527,622</u>	<u>21,151,721</u>	<u>599,834</u>
Combined Ending Fund Balance	<u>\$55,612,795</u>	<u>\$43,210,417</u>	<u>\$50,738,039</u>	<u>\$71,889,759</u>	<u>\$72,489,593</u>

Source: Authority.

⁽¹⁾ Totals may not add due to rounding.

⁽²⁾ Fund balance includes the trust funds (operating reserves) held by the State Universities, the Capital Improvement Reserve Funds, and certain supplementary reserves held by the Authority. The debt service, debt service reserve, rebate, and project funds maintained under the Trust Agreement are excluded.

⁽³⁾ Debt Service Reserve Fund corpus release to provide fiscal relief to the State Universities due to COVID-19.

⁽⁴⁾ Denotes disbursements made directly by the State Universities before Revenues are transferred to the Authority for deposit in the Revenue Fund under the Trust Agreement.

Specific reference is made to the Authority’s audited financial statements for the year ended June 30, 2023, included as Appendix B to this Official Statement, and to the audited financial statements for each of the State Universities for the year ended June 30, 2023 which have been filed with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”). Revenues and expenses related to the Authority’s Projects are reported as auxiliary enterprise income and expenses in the financial statements of the individual State Universities. The Authority’s financial statements include the revenues paid to the Authority by the State Universities, which are used by the Authority to defray its debt service costs, certain operating and insurance premium costs for the Projects and the Authority’s own operating expenses, and certain deposits to reserves. The financial statements of the Authority for the year ended June 30, 2023 have been examined by CohnReznick LLP, certified public accountants, to the extent and for the periods indicated in its report thereon.

Such financial statements have been included in reliance upon the report of CohnReznick LLP and the authority of such firm as experts in accounting and auditing. CohnReznick LLP has not been requested to consent, nor has it consented, to inclusion of its report in this Official Statement. CohnReznick LLP has not been engaged to perform and has not performed, since the date of its report referenced herein, any procedures on the financial statements included in that report. CohnReznick LLP has also not performed any procedures relating to this Official Statement.

The foregoing table summarizes a number of trends in Authority operations and developments over the past several years, including the following:

Receipts. Room Rents – These are the revenues for the Authority’s residence hall projects. To ensure affordability and full occupancy, Authority room rents are typically maintained at or below the off-campus market rental rates in the applicable geographic area. Increases in revenue from year to year reflect the increased number of beds. In addition, regular modest increases to room rents permit the Authority to fund increases in operating expenses (salaries and utilities) and debt service and additions to capital improvement reserves. Room rent revenue in fiscal year 2020 was impacted by the early closure of the residence halls in the spring of 2020 as a result of the COVID-19 pandemic. Occupancy during fiscal years 2021, 2022 and 2023 was lower than previous years in part due to lower density for public health purposes/student needs and some classes being taught remotely impacting class sizes as student groups proceed through their academic programs toward graduation. See “COVID-19” herein.

Non-residential Project fees – These are the amounts collected to fund debt service (as well as insurance and reserves, in the case of Authority-owned projects) for non-residential projects. These projects include new construction and improvements to or renovations of campus center, dining, athletic and parking facilities, which improve the overall campus environment for student recruitment and retention. In limited circumstances, they also include other types of facilities on campus for which the Authority provides supplemental financing pursuant to Section 156, such as academic facilities. The source of this fee revenue to pay debt service includes fees generated from the use of the financed facilities, an assessment on student fees, and assessments charged to the State Universities payable from any available funds of the University, as specified in the Contract. The changes from year to year reflect the financing schedules of student activity facilities.

Other Receipts – This includes primarily revenue from summer room rental, conferences, commissions, and miscellaneous sources. The reduced amounts in fiscal year 2021 and fiscal year 2022 reflect reduced summer room rentals and conferences due to the impact of the COVID-19 pandemic.

Investment earnings – This category includes interest earnings on investments. Year-to-year changes are a function of the amounts invested and the effective interest rates.

Transfers from Capitalized Interest Accounts – These figures reflect capitalized interest which is used to pay debt service before the revenues of a given Project are sufficient to cover all of its associated costs.

State University contributions – These figures include funding from the State Universities in order to support the residence life programs at the campuses. Prior to fiscal year 2020, the majority of these contributions supported initial operations of new residence halls. Since fiscal year 2020, some State Universities contributed campus funds or federal aid to support the operations or reserve balances in the residence hall trust funds to offset reduced room rent receipts resulting from the COVID-19 pandemic. See “COVID-19” herein.

Build America Bond subsidy – These figures represent credit payments received by the Authority from the United States Treasury pursuant to the American Recovery and Reinvestment Act of 2009 as a result of designating certain Bonds issued in 2009 and 2010 as Build America Bonds. The credit payments were to equal 35% of the interest payable on such Bonds, but were reduced by 7.2% in federal fiscal year 2014, 7.3% in fiscal year 2015, 6.8% in fiscal year 2016, 6.9% in fiscal year 2017, 6.6% in fiscal year 2018, 6.2% in fiscal year 2019, 5.9% in fiscal year 2020, and 5.7% in fiscal years 2021 through 2023 due to federal government sequestration.

Disbursements. Residence hall operations and staff – These amounts include salary and benefit costs for the staff who manage, operate and maintain the residence halls. Year-to-year increases reflect the use and occupancy of the new residence halls as well as funding for new collective bargaining agreements.

Facility maintenance and repair – These are the amounts spent for routine upkeep of the residence halls and for annual contracts for service and operations support.

Facility renewal – These figures reflect the use of Capital Improvement Reserve Funds to fund planned renewal and unexpected repair projects at Authority facilities.

Utilities – These figures represent the annual expense of utilities for Authority projects. Year-to-year increases reflect increases in utility rates and the increases in consumption to support new residence halls.

Housing Grant Scholarship Program – Starting in fiscal year 2005, in an effort to maintain the affordability of residence hall room rents, the Authority implemented a general rent increase sufficient to fund a \$300,000 housing grant scholarship program. This program has grown each year and has recently been increasing at approximately the same rate as the average rent increase.

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Debt Service Obligations

The following table sets forth for each fiscal year the amounts required for the payment of debt service for all outstanding Bonds.

<u>Year Ending</u>	<u>Existing Debt Service on Outstanding Bonds*</u>	<u>Principal of the Series 2024A Bonds</u>	<u>Interest on the Series 2024A Bonds</u>	<u>Total Debt Service on the Series 2024A Bonds</u>	<u>Total Combined Debt Service*</u>
2024	\$98,052,280				
2025	99,629,374				
2026	98,923,572				
2027	98,493,675				
2028	99,528,496				
2029	94,432,129				
2030	92,324,968				
2031	89,245,779				
2032	86,863,451				
2033	83,576,763				
2034	78,993,242				
2035	75,882,247				
2036	73,809,002				
2037	69,977,668				
2038	68,642,821				
2039	60,415,477				
2040	51,897,594				
2041	43,261,160				
2042	26,734,153				
2043	23,316,622				
2044	14,785,253				
2045	8,436,866				
2046	8,436,113				
2047	8,438,604				
2048	8,439,032				
2049	4,647,244				
2050	1,319,563				
2051	1,314,988				
2052	504,400				
2053	-				
Total	\$1,570,322,535				

* Includes debt service on the Refunded Bonds. Excludes the receipt of any Federal subsidies on the Series 2009C and Series 2010A Build America Bonds. Includes debt service payment paid November 1, 2023.

Project Delivery and Capital Improvement Program

In addition to the standard public procurement procedures, the Authority is permitted to use an alternate means of procurement for design and construction management services which has resulted in improved quality and reduced time and cost of delivering new and renovated facilities. The Authority's procurement methodology is considered exemplary in the public sector in its ability to provide high-quality, cost-effective facilities in critical timeframes while providing for the public solicitation of architectural design and construction management services and for the public bidding of trade contractor work.

The Authority maintains a facility renewal database to identify the required periodic reinvestment necessary to maintain its facilities, including the estimated cost, desired frequency and anticipated funding source for these projects. There was an estimated deferred maintenance need for Authority projects of \$54.7 million in 2023 which is a combined amount for both system and campus projects. Campus projects which were built starting in 2002 have been included in the Facility Condition Index (FCI) calculation as of 2022. Typical renewal projects include the repair, replacement or extended use of building exterior components, mechanical systems and interior finishes. Specifically, these include replacement of roofing and windows, re-pointing of masonry and repainting of exterior trim; replacement of domestic water heaters, plumbing fixtures, boilers, electrical equipment and fixtures, fire alarm systems and elevators; repainting of interior walls and ceilings, replacement of flooring and repair of doors and hardware. Typical adaptation projects include the provision of sprinkler systems where they are not required by code and the improvement of access for individuals with disabilities.

The continuous improvement in facility condition and the expedited procurement model achieve best practices in facility renewal, reduce deferred maintenance, improve quality and cost control and mitigate the need for future borrowings.

Projects Financed by Bonds

Since 1999, the Authority has financed approximately \$744.83 million for new residence hall capacity and approximately \$299.81 million for repairs and major renovations at residence halls at numerous State Universities with bond proceeds. Such projects have included hazardous material abatement, fire safety improvements, access for the physically disabled, sprinklers and fire alarms, elevator replacement, bathroom renovations, mechanical, electrical and plumbing upgrades, masonry and roof repairs, common area improvements, interior finishes, and exterior and interior renewals. The Authority also has financed approximately \$137.31 million of student life projects and \$228.83 million to support projects owned by the Commonwealth for the state university segment with bond proceeds.

Commonwealth-Owned Projects

The Authority's residence halls and certain parking structures and property acquisitions are owned by the Authority and, in some cases, located on land that the Authority has leased from the Commonwealth. Approximately 50 student life facilities (or portions of such facilities) constitute Commonwealth-owned Projects, including: a parking facility and a student center at Bridgewater State; a dining hall, campus center and athletic fields at Fitchburg State; athletic fields, and a campus center at Framingham State; a dining hall and art gallery at the Massachusetts College of Art and Design; tennis courts, a gymnasium and the Ashland Street Facility at the Massachusetts College of Liberal Arts; parking lots and athletic facilities at Salem State; and a dining hall and a campus center at Westfield State. Under limited circumstances, the Authority may also provide supplemental financing for certain Commonwealth-owned academic facilities. To date, these projects include science centers at Framingham and Westfield State, a Center for Design + Media at Massachusetts College of Art and Design, and a wellness (athletic) center at Worcester State.

The Authority has no responsibility for the operation or maintenance of Commonwealth-owned Projects, although the Authority has agreed in the Contract to maintain certain insurance policies with respect to such Projects upon written request of the Commissioner of the Division of Capital Asset Management and Maintenance of the Commonwealth. The Authority's fees, rents, rates and charges with respect to Commonwealth-owned Projects generally consist of an assessment on student fees sufficient to pay the Authority's debt service costs and direct administrative costs, without regard to the Project's overall operating costs and without any requirement of maintaining operating or capital improvement reserves.

Demand for Authority Residence Facilities

Actual occupancy of the Authority's residence halls for the fall 2023 semester was 76.5% of design capacity. See "COVID-19" herein. As part of the strategic planning process, the Authority is working with the campuses to identify the expected level of demand in the future and explore alternative uses for some residence halls. The predictable schedule, quality and funding of facility improvement projects reduces the likelihood of substantial unanticipated project requirements and their attendant inconvenience and expense. The revenue stream from the System Projects directly funds a system capital improvement reserve, and the revenue stream from the Campus Projects, implemented after 1999, directly funds a designated capital improvement reserve for these projects. For further information relating to demand for Authority residence facilities, see Appendix A – "STATE UNIVERSITIES SELECTED FINANCIAL AND STATISTICAL INFORMATION."

THE BOARD OF HIGHER EDUCATION

The BHE is established under Chapter 15A of the General Laws of the Commonwealth. The purpose of the BHE is to define the mission of and coordinate the system of public higher education of the Commonwealth. The system includes, in addition to the State Universities, the five-campus University of Massachusetts and 15 community colleges. See "THE STATE UNIVERSITIES" herein for additional information on the State Universities. The University of Massachusetts, with campuses in Amherst, Boston, Dartmouth, Lowell and Worcester, offers four-year undergraduate programs and a broad range of graduate degrees. The 15 community colleges serve each region of the Commonwealth and offer two-year programs leading to associate degrees. Each institution in the system of public higher education is governed by a separate board of trustees. Under Chapter 15A, the BHE is responsible for working with each of the boards of trustees to hold the system accountable for achieving its goals and measuring its performance.

In addition to its powers under Chapter 15A, the BHE has certain powers with respect to the Authority under the Act. Among other things, the Authority may not initiate any project except upon written request made by authority of the BHE and may not issue refunding bonds or notes without the prior written approval of the BHE. The Authority's power to establish rules and regulations ensuring the use and occupancy of its projects and to fix and revise fees, rents, rates and other charges sufficient to cover all the costs of its projects is also subject to approval of the BHE. If the BHE does not approve the Authority's proposed schedule of fees, rents, rates and charges, the Authority may proceed without BHE approval. The BHE has the power under the Act to convey or lease to the Authority certain property owned by the Commonwealth, to provide utilities and services necessary for the operation and maintenance of Authority projects and to cooperate with the Authority in carrying out the purposes of the Authority.

The BHE consists of 13 members, nine of whom are appointed by the Governor of the Commonwealth, three of whom are chosen as described below to represent public institutions of higher education and one of whom is the Secretary of Education of the Commonwealth, serving *ex officio*. The Governor appoints one of the members to be the chairman. Of the members appointed by the Governor, at least one must be a representative of organized labor, one must be a representative of the business community, and one must be a full-time undergraduate student at an institution within the higher education system. These appointed members are also to reflect regional geographic representation. Of the three members chosen to represent public institutions of higher education, one must be a member of the board of trustees of the University of Massachusetts, selected by such board, one must be a member of the board of trustees of one of the State Universities, chosen by a vote of the chairs of the boards of trustees of the State Universities, and one must be a member of the board of trustees of a community college, chosen by a vote of the chairs of the boards of trustees of the community colleges. Three of the board members appointed by the Governor serve for terms that are coterminous with that of the Governor. The remaining appointed members serve five-year terms, except the student member, who serves for a one-year term. Appointments to the student position are cycled among community college, state university and University of Massachusetts students every three years. No member may be appointed for more than two consecutive full terms, and a student member may serve only one term. Under state law, members of the BHE whose terms have expired continue to serve until a successor is appointed.

The present members of the BHE are as follows:

Chris Gabrieli, Chair
Ann Christensen
Veronica Conforme
Alex Cortez*
Bill Walczak
Paul Mattera, J.D. *
Judy Pagliuca
Patrick Tutwiler, Ph.D., Secretary of Education
Mary Burns
Noe Ortega, Ph.D. **
Harneen Chernow
Danielle Allen, Ph.D.
Dr. Christina Royal

Cindy Mack ** (Student Advisory Council)
Andrew Whitcomb ** (Student Advisory Council)

* in holdover capacity

** non-voting member

The Commonwealth's Secretary of Education appoints a Commissioner of Higher Education, who must be nominated by a two-thirds vote of the BHE. The Commissioner of Higher Education serves as the executive and administrative head of the Commonwealth's Department of Higher Education and as the secretary to the BHE and its chief executive officer and the chief school officer for higher education. The Commissioner is responsible for carrying out the policies established by the BHE. The Commissioner serves at the pleasure of the BHE and may be removed by majority vote of the BHE. The current Commissioner is Noe Ortega, Ph.D.

Budget Process

The board of trustees of each institution of public higher education in the Commonwealth submits operating and capital budget requests annually to the BHE. The BHE uses the data to prepare operating and capital outlay budgets for the statewide system of public higher education. The BHE submits its operating budget to the Budget Director in the Executive Office for Administration and Finance and also to the House and Senate Committees on Ways and Means. The Legislature appropriates funds for the public higher education system in the Commonwealth's annual operating budget in various line items for each institution. Capital budget requests of the various State Universities are reviewed by the BHE and the Commonwealth's Division of Capital Asset Management, and then by the Executive Office for Administration and Finance, which maintains a rolling five-year capital finance plan for the Commonwealth. Capital outlay authorization requests are filed with the Legislature periodically by the Governor.

THE STATE UNIVERSITIES

General

The State Universities are nine Massachusetts institutions of higher learning under the jurisdiction of the BHE. Each institution is under the direct administration of its own board of trustees. The State Universities are Bridgewater, Fitchburg, Framingham, Salem, Westfield and Worcester State Universities, the Massachusetts College of Art and Design, the Massachusetts College of Liberal Arts, and the Massachusetts Maritime Academy. State law empowers the State Universities generally to provide educational programs, research, extension and continuing education services in the liberal, fine and applied arts and sciences and other related disciplines through the master's degree level and to offer doctoral programs in cooperation with the University of Massachusetts.

Bridgewater State University is located on a 278-acre campus in the town of Bridgewater, 28 miles south of Boston. The University was founded as a teacher-training institution in 1840 and now offers 43 graduate degree programs, five graduate certificate programs and 53 undergraduate programs with 90 concentrations.

Fitchburg State University, located in North Central Massachusetts, was founded in 1894. Originally a teacher-training institution, today the University offers more than 50 undergraduate programs in 23 academic disciplines, and more than 30 pre-professional and graduate programs. Its offerings emphasize career-orientated learning that is firmly grounded in the liberal arts. The University features small class sizes, hands-on professional education, and an accessible faculty dedicated to teaching.

Framingham State University was founded in 1839 as the first public normal school in America. The University now offers a wide variety of programs in fields ranging from business to the sciences to fashion. In recent years, the University has begun positioning itself as a leader in the areas of STEM (Science, Technology, Engineering, and Mathematics) education as employers increasingly seek to hire graduates with these skill sets. The University offers 39 undergraduate majors and 35 graduate programs with the breadth of programs offered reflecting diverse faculty expertise.

The Massachusetts College of Art and Design, the only publicly supported professional college of the arts in the United States, was established in 1873 and is presently located on campuses on Longwood and Huntington Avenues in the city of Boston. It grants Bachelor of Fine Arts degrees in 24 concentrations and offers Master of Fine Arts and Master of Science in art education degrees.

Massachusetts College of Liberal Arts (“MCLA”) is the Commonwealth’s designated public liberal arts college. The College is located in Berkshire County on a 26-acre campus in the city of North Adams in northwestern Massachusetts. It was founded in 1894 and offers Bachelor of Arts and Bachelor of Science degrees in 22 academic disciplines complemented by 44 areas of concentration. MCLA offers graduate programs (M.Ed. and CAGS) in Education and launched a Professional Master of Business Administration (“PMBA”) graduate program in 2010. As the Commonwealth’s designated public liberal arts college, MCLA is a member of the Council for Public Liberal Arts Colleges (“COPLAC”).

The Massachusetts Maritime Academy was founded in 1891 and is now the largest maritime academy in the United States. It is located on 55 acres in the village of Buzzards Bay on Cape Cod. Bachelor of Science degrees are offered in seven fields, including the traditional marine engineering and marine transportation programs that prepare cadets for qualification as licensed merchant marine officers able to sail the biggest merchant ships afloat or handle tug boats in local harbors. The Academy also grants Master of Science degrees in facilities management, maritime business management, and emergency management.

Salem State University is located in the city of Salem on five campuses totaling 115 acres. Established in 1854, it grants Bachelor of Arts and Bachelor of Science degrees in 32 disciplines. At the graduate level, the University grants eight Master’s degrees. Continuing education courses are also available for credit or non-credit.

Westfield State University was founded as a teacher-training institution in 1838 by noted educator and social reformer Horace Mann. The school was the first public co-educational college in America that accepted students without consideration of race, gender or class background. The University is located in the city of Westfield, a few miles west of Springfield, in the Connecticut River valley. It occupies a 256-acre campus and grants Bachelor of Arts and Bachelor of Science degrees in 32 majors as well as Master of Arts, Master of Science, Master of Public Administration, and Master of Education degrees. Certificates of advanced graduate study are also available.

Worcester State University was established in 1874 and is located on a 57-acre campus in the city of Worcester. It offers 60 undergraduate majors and minors, 29 master’s degrees, post-baccalaureate certificates, and graduate programs, and real-time access to online, noncredit professional training. It grants Bachelor of Arts or Bachelor of Science degrees in 24 disciplines and a Bachelor of Science in education. It also grants Master of Science degrees in seven disciplines, Master of Occupational Therapy, Master of Education in 10 disciplines, and a certificate of graduate studies in psychology.

Certain financial and statistical information about the State Universities is provided in Appendix A. For additional information about the State Universities, specific reference is made to the audited financial statements for each of the State Universities for the fiscal year ended June 30, 2023. Copies of such financial statements have been filed with the MSRB through EMMA.

Amounts Paid by State Universities to the Authority

Under the Contract, all moneys received by a State University as payment of fees, rents, rates or other charges for the use and occupancy of a Project of the Authority are held in trust for the Authority in a trust fund at that State University. The moneys in the trust fund are expended by the State University in accordance with the Authority’s annual operating budget and are remitted to the Authority or to the Trustee at such times and in such amounts as may be directed by the Authority.

The following table shows the amounts paid to the Authority by each of the State Universities in each of the fiscal years 2018 through 2023 and expected amounts in 2024. The amounts received by the Authority were used to pay debt service on the Bonds and all other expenses of the Authority. Amounts shown exclude debt service paid from capitalized interest on certain projects, earnings on the Debt Service Fund and Debt Service Reserve Fund, and Build America Bond interest subsidies. During fiscal years 2021 and 2022, the Authority was able to reduce assessments and provide fiscal relief to the Universities while continuing to satisfy all of its debt service and other funding obligations by refunding debt, using amounts on deposit in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement to pay debt service costs, and reducing or eliminating certain other funding requirements for operations and reserves. See “COVID-19” herein.

<u>State University</u>	<u>Fiscal 2018</u>	<u>Fiscal 2019</u>	<u>Fiscal 2020</u>	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>	<u>Fiscal 2023</u>	<u>Estimated Fiscal 2024⁽¹⁾</u>
Bridgewater	\$ 18,658,426	\$ 19,696,073	\$ 19,612,568	\$ 6,034,998	\$ 11,070,678	\$ 18,795,495	\$ 19,161,849
Fitchburg	11,465,652	12,498,210	13,090,595	3,644,709	9,178,993	11,356,392	11,137,236
Framingham	14,073,798	13,826,253	14,166,745	4,435,820	10,802,240	11,854,492	11,720,173
Mass. College of Art and Design	8,931,440	9,698,391	9,847,586	2,648,659	8,044,544	9,864,384	10,203,176
Mass. College of Liberal Arts	3,209,520	3,409,103	3,547,136	1,594,123	2,631,960	3,027,048	3,524,548
Mass. Maritime Academy	8,491,603	8,681,794	8,714,403	2,555,002	6,213,818	9,565,937	9,837,771
Salem	17,587,120	17,931,396	17,728,903	4,848,504	12,822,054	14,977,514	14,435,844
Westfield	12,968,155	13,433,023	14,326,150	4,677,282	10,250,575	12,094,589	13,898,499
Worcester	<u>9,633,642</u>	<u>9,812,128</u>	<u>9,752,716</u>	<u>4,360,392</u>	<u>5,798,927</u>	<u>8,613,038</u>	<u>8,725,602</u>
Total	<u>\$ 105,019,356</u>	<u>\$ 108,986,371</u>	<u>\$ 110,786,802</u>	<u>\$ 34,799,489</u>	<u>\$ 76,813,789</u>	<u>\$ 100,148,890</u>	<u>\$102,644,699</u>

Source: Authority.

⁽¹⁾ Does not reflect the estimated impact of future bond issues, including the issuance of Series 2024A Bonds and refunding of the Refunded Bonds.

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Pledged Trust Funds

The following table sets forth, for each State University, the amount of Pledged Trust Funds (which is an amount equal to 25% of the average annual principal and interest due on the State University’s allocable share of debt service on Bonds) as of June 30, 2023. The table does not include the estimated impact of the issuance of the Series 2024A Bonds. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – The Contract; Pledged Funds.”

<u>State University</u>	<u>Pledged Trust Funds Authority-owned Projects</u>	<u>Pledged Trust Funds Commonwealth-owned Projects</u>	<u>Total Pledged Trust Funds</u>
Bridgewater	\$4,592,271	\$192,403	\$4,784,674
Fitchburg	1,513,946	860,209	2,374,155
Framingham	2,618,640	606,838	3,225,478
Mass. College of Art and Design	1,799,880	721,767	2,521,647
Mass. College of Liberal Arts	487,115	104,351	591,463
Mass. Maritime Academy ⁽¹⁾	1,493,586	382,877	1,876,463
Salem	3,012,344	301,631	3,313,975
Westfield ⁽¹⁾	2,117,909	407,221	2,525,130
Worcester	<u>2,104,941</u>	<u>200,338</u>	<u>2,305,279</u>
Total	\$19,740,629	\$3,777,635	\$23,518,264

Source: Authority. Totals may not add due to rounding.

⁽¹⁾ Subordinate to the lien granted to Bank of America, N.A. in connection with the loan obtained from the Massachusetts Health and Educational Facilities Authority (“HEFA”) financed by HEFA’s Variable Rate Demand Revenue Bonds, Capital Asset Program Issue, Series M-2 (Pool 2).

COVID-19

On March 10, 2020, the Governor of Massachusetts declared a state of emergency to support the Commonwealth’s response to the outbreak of COVID-19. During the state emergency, the Governor and his administration took action through a series of orders and advisories intended to reduce the spread of COVID-19. Certain of these orders had a significant impact on the local economy and on the operations of the State Universities and the Authority, including, but not limited to: an order mandating that all non-essential businesses and organizations close their physical facilities and workspaces to customers; a stay-at-home advisory; an order limiting the size of gatherings in public and private venues; and an advisory from the Department of Higher Education and the Department of Public Health strongly recommending that all public and private colleges and universities pursue strategies to reduce the need for students, faculty and staff to be on campus, including suspending in-person classes and shifting to remote learning. The Governor ended the state of emergency on June 15, 2021.

The State University campuses took steps to comply with the advisory relating to public and private colleges and universities referenced above, including a shift to online instruction. There were no changes to the assessments by the Authority for fiscal year 2020. The Universities utilized reserves, campus contributions, and federal aid to fund operations for the remainder of academic year 2019-2020. The Authority issued the Series 2020A Bonds on July 1, 2020 in part to refund Bonds maturing in fiscal years 2021 and 2022 to provide fiscal relief to the State Universities as they faced or were likely to face lower occupancy and a reduction in revenues in those fiscal years. As a result, debt service assessments were reduced by approximately 50% in fiscal year 2021 and 25% in fiscal year 2022. All nine State Universities reopened the residence halls beginning with the fall 2020 semester with public health procedures in place for testing and quarantine. Enrollment declined by 2,623 or 6.7% from fall 2019 to fall 2020. Occupancy in residence halls declined from 87.7% in fall 2019 to 42.9% in fall 2020. Fall 2022 occupancy improved to 12,827 or 77.5%. Fall 2023 occupancy is 12,704 or 76.5%. Typically, there is lower occupancy in the spring semester compared to the fall semester in the same academic year. In addition to the debt service assessment, operating and reserve assessments to the Universities were also reduced in fiscal year 2021 to more closely align expenses with the lower revenue.

LEGAL MATTERS

All legal matters related to the authorization and issuance of the Series 2024A Bonds are subject to the approval of Hinckley, Allen & Snyder LLP, Boston, Massachusetts, Bond Counsel to the Authority. The approving opinion of Bond Counsel, substantially in the form attached hereto as Appendix E, will be delivered on the date of delivery of the Series 2024A Bonds. Certain matters will be passed upon for the Authority by its counsel, Bowditch & Dewey, LLP, Boston, Massachusetts. Certain matters will be passed upon for the Underwriters, by their counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

LITIGATION

There is no litigation of any nature now pending or, to the knowledge of the Authority, threatened seeking to restrain or enjoin or restraining or enjoining the issuance, sale, execution or delivery of the Series 2024A Bonds or in any way contesting the validity of the Series 2024A Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or of the Contract, or any proceedings of the Authority or of the BHE taken with respect thereto, or of the pledge of any moneys or security provided for the payment of the Series 2024A Bonds or the existence or powers of the Authority or the titles of its officers to their offices.

LEGALITY FOR INVESTMENT

As declared by the Act, the Series 2024A Bonds are securities in which all public officers and public bodies of the Commonwealth and its political subdivisions, all Massachusetts savings banks, insurance companies, trust companies in their commercial departments, and, within the limits set by Section 54 of Chapter 172 of the General Laws of the Commonwealth, banking associations, investment companies, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereto be authorized to invest in bonds or other obligations of a similar nature, may properly and legally invest funds, including capital, in their control or belonging to them. The Series 2024A Bonds are securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or other obligations of the Commonwealth is now or may hereto be authorized by law.

TAX EXEMPTION

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel to the Authority (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is of the further opinion that interest on the Series 2024A Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that such interest will be taken into account in computing the “adjusted financial statement income” of corporate holders of the Series 2024A Bonds for purposes of computing the alternative minimum tax imposed on certain corporations with respect to their tax years beginning after December 31, 2022. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2024A Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2024A Bonds. Failure to comply with these requirements may result in interest on the Series 2024A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2024A Bonds. The Authority has covenanted to comply with such requirements to ensure that interest on the Series 2024A Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Series 2024A Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Series 2024A Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Series 2024A Bonds. Prospective Series 2024A Bondholders should be aware, however, that the Series 2024A Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Series 2024A Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Series 2024A

Bonds, their transfer or the income therefrom, including any profit made on the sale thereof, or any other tax consequences arising with respect to the Series 2024A Bonds under the laws of any state other than Massachusetts.

To the extent the issue price of any maturity of the Series 2024A Bonds is less than the amount to be paid at maturity of such Series 2024A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2024A Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Series 2024A Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. In general, the issue price of a particular maturity of the Series 2024A Bonds is the first price at which a substantial amount of such maturity of the Series 2024A Bonds is sold to the public. The original issue discount with respect to any maturity of the Series 2024A Bonds accrues daily over the term to maturity of such Series 2024A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2024A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2024A Bonds. Series 2024A Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Series 2024A Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series 2024A Bonds in the original offering to the public at the issue price established therefor.

Series 2024A Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Series 2024A Bonds, or, in some cases, at the earlier redemption date of such Series 2024A Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Series 2024A Bondholder’s basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Series 2024A Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2024A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2024A Bonds.

Prospective Series 2024A Bondholders should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Series 2024A Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Series 2024A Bondholders from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Series 2024A Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Series 2024A Bonds. Prospective Series 2024A Bondholders are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2024A Bonds may otherwise affect the federal tax liability of a Series 2024A Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Series 2024A Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Series 2024A Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of these other tax consequences will depend upon the particular tax status of the Series 2024A Bondholder or the Series 2024A Bondholder’s other items of income, deduction or exclusion. Bond Counsel expresses no opinion regarding any such other consequences, and Series 2024A Bondholders should consult with their own tax advisors with respect to such consequences.

Opinion of Bond Counsel

On the date of delivery of the Series 2024A Bonds, the Underwriters of the Series 2024A Bonds will be furnished with the opinion of Bond Counsel substantially in the applicable form shown in “PROPOSED FORM OF OPINION OF BOND COUNSEL” attached hereto as Appendix E.

RATINGS

Moody’s Investors Service, Inc. (“Moody’s”) has assigned the Series 2024A Bonds an enhanced rating of “Aa2,” with a stable outlook, based in part on the Pledged Appropriations. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – The Contract; Pledged Funds” and “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Commonwealth Appropriation Intercept.” S&P Global Ratings (“S&P”) has assigned the Series 2024A Bonds a rating of “AA,” with a stable outlook, based on the state aid intercept. Such ratings reflect only the respective views of such organizations, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that a particular rating will continue for any given period of time or that a rating will not be revised or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any revision or withdrawal of the rating could have an adverse effect on the market price of the Series 2024A Bonds.

MUNICIPAL ADVISOR

Hilltop Securities Inc. is acting as municipal advisor to the Authority in connection with the issuance of the Series 2024A Bonds.

UNDERWRITING

The underwriters identified on the cover page hereof (the “Underwriters”), represented by BofA Securities, Inc., have agreed to purchase the Series 2024A Bonds from the Authority at a price of \$ _____ (which amount represents the principal amount of the Series 2024A Bonds, plus/less net original premium/discount of \$ _____, less an underwriting discount of \$ _____). The Underwriters may offer and sell the Series 2024A Bonds to certain dealers and others (including dealers depositing bonds into investment trusts) at prices lower than the public offering prices (or yields higher than the offering yields) stated on the inside cover hereof. The purchase contract provides that the Underwriters will purchase all of the Series 2024A Bonds, and the obligation to make such purchase is subject to certain terms and conditions set forth in the purchase contract.

In connection with the Tender Offer, BofA Securities, Inc. is also serving as Dealer Manager pursuant to the terms of the dealer manager agreement with the Authority. For their services as Dealer Manager, the Dealer Manager will be compensated (the “Dealer Manager Fee”) in an amount equal to a percentage of the aggregate principal amount of the Tendered Bonds. The Dealer Manager Fee is expected to be paid from a portion of the proceeds of the Series 2024A Bonds.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the Authority as Underwriters) for the distribution of the Series 2024A Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may, including with respect to this transaction, provide, a variety of these services to the Authority and to persons and entities with relationships with the Authority, for which they received or will receive customary fees and expenses. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the Authority and its affiliates in connection with such activities.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their

own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationship with the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research reviews in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

VERIFICATION OF MATHEMATICAL CALCULATIONS

American Municipal Tax-Exempt Compliance Corporation d/b/a AMTEC, of Avon, Connecticut, and Michael Torsiello, C.P.A. (an independent Certified Public Accountant) of Morrisville, North Carolina (together, the “Verification Agents”) will deliver to the Authority on or before the date of delivery of the Series 2024A Bonds their verification report indicating that they have verified, in accordance with the standards established by the American Institute of Certified Public Accountants the mathematical accuracy of certain computations showing the adequacy of the cash and the maturing principal of and interest on certain government obligations held in the refunding escrow fund to provide for the payment of the principal of and interest and redemption premiums, if any, on the Refunded Series Bonds. The verification report will state that the Verification Agents have no obligation to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

CONTINUING DISCLOSURE

The Authority and the BHE will undertake to provide annual reports and notices of certain events. A description of these undertakings is set forth in Appendix F attached hereto.

Certain of the Authority’s and State Universities’ financial statements and annual financial information and operating data, though filed on a timely basis, did not appear under all of the applicable CUSIP numbers on EMMA. In addition, after the publication and timely filing of all of the original audited financial statements required to be filed for fiscal year 2018, five of the State Universities published restated audited financial statements for fiscal year 2018 which were not filed. All corrective filings have been made.

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MISCELLANEOUS

All quotations from and summaries and explanations of the Act, Chapter 15A, the Trust Agreement and the Contract contained herein do not purport to be complete and reference is made to said laws and documents for full and complete statements of their provisions. The Appendices attached hereto are a part of this Official Statement. Copies, in reasonable quantity, of the Act, the Trust Agreement and the Contract may be obtained upon request directed to the Massachusetts State College Building Authority, 10 High Street, Suite 201, Boston, Massachusetts 02110, Attention: Executive Director.

Any statements in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Series 2024A Bonds.

The execution and delivery of this Official Statement by its Executive Director have been duly authorized by the Authority.

MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY

By: _____
Janet L. Chrisos
Executive Director

January __, 2024

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STATE UNIVERSITIES SELECTED FINANCIAL AND STATISTICAL INFORMATION**State University Revenue Sources**

To illustrate the relative importance of State University revenue sources in recent years, the following table sets forth revenues for each of the State Universities for fiscal years 2020 through 2023. Fees collected by State Universities for the use of Authority projects are included in auxiliary enterprise income in the table below and on the financial statements of the individual State Universities. Tuition receipts are generally remitted to the Commonwealth, and the tuition figures below include such remitted receipts. Recent state budgets have authorized the Massachusetts College of Art and Design and the Massachusetts Maritime Academy to retain all tuition and fees received by such institutions rather than remitting tuition to the state treasury. The Massachusetts College of Liberal Arts has been similarly authorized to retain out-of-state tuition and fees. The figures for state support in the table below include all unrestricted funds received by the State Universities from the Commonwealth, including appropriations and fringe benefit support, less tuition remitted to the Commonwealth.

	<u>Fiscal 2020</u>	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>	<u>Fiscal 2023</u>
<u>Bridgewater State</u>				
Tuition and fees	\$116,055,084	\$110,514,093	\$104,993,317	\$105,795,481
Grants and contracts	24,848,570	25,320,236	25,455,875	29,262,334
State support	67,350,219	70,562,036	79,219,174	82,684,885
Auxiliary enterprises	18,277,013	15,422,689	34,940,605	36,792,690
Other revenues	320,740	19,482,162	29,896,940	648,877
Scholarship allowance (credit)	<u>(26,239,591)</u>	<u>(27,135,063)</u>	<u>(31,809,718)</u>	<u>(27,960,590)</u>
Total revenues	<u>\$200,612,035</u>	<u>\$214,166,153</u>	<u>\$242,696,193</u>	<u>\$227,223,677</u>
<u>Fitchburg State</u>				
Tuition and fees	\$50,508,655	\$49,534,322	\$47,294,541	\$46,740,334
Grants and contracts	12,945,616	15,686,580	19,439,712	8,270,526
State support	44,088,228	45,829,701	51,097,469	52,188,530
Auxiliary enterprises	10,628,321	8,582,870,	11,383,959	10,963,496
Other revenues	3,493,690	5,300,419	3,018,438	2,903,840
Scholarship allowance (credit)	<u>(6,792,063)</u>	<u>(6,182,413)</u>	<u>(7,835,655)</u>	<u>(5,294,046)</u>
Total revenues	<u>\$114,872,447</u>	<u>\$118,751,479</u>	<u>\$124,398,464</u>	<u>\$115,772,680</u>
<u>Framingham State</u>				
Tuition and fees	\$45,306,315	\$41,444,412	\$38,359,877	\$34,286,586
Grants and contracts	7,910,707	8,023,243	12,658,227	16,291,586
State support	44,146,319	43,364,246	50,648,041	54,994,262
Auxiliary enterprises	13,064,000	6,416,628	19,119,319	19,782,478
Other revenues	7,530,480	2,861,237	5,170,409	4,900,775
Scholarship allowance (credit)	<u>(9,920,408)</u>	<u>(8,800,319)</u>	<u>(10,930,592)</u>	<u>(8,335,449)</u>
Total revenues	<u>\$108,037,413</u>	<u>93,309,447</u>	<u>\$115,025,281</u>	<u>\$121,820,238</u>
<u>Massachusetts College of Art and Design</u>				
Tuition and fees	\$39,411,574	\$34,955,541	\$35,946,972	\$38,265,245
Grants and contracts	3,950,831	4,305,010	4,804,700	8,017,581
State support	30,614,576	30,857,673	33,868,481	34,857,751
Auxiliary enterprises	12,600,274	9,567,811	14,513,306	16,615,238
Other revenues	4,827,309	3,754,922	3,075,604	3,567,321
Scholarship allowance (credit)	<u>(10,574,690)</u>	<u>(9,543,061)</u>	<u>(12,449,752)</u>	<u>(11,217,848)</u>
Total revenues	<u>\$80,829,874</u>	<u>\$73,897,896</u>	<u>\$79,759,311</u>	<u>\$90,105,288</u>

	<u>Fiscal 2020</u>	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>	<u>Fiscal 2023</u>
<u>Mass. College of Liberal Arts</u>				
Tuition and fees	\$15,341,267	\$12,711,389	\$10,522,117	\$9,883,863
Grants and contracts	6,242,830	6,050,124	5,894,449	8,392,400
State support	24,898,435	25,824,653	28,194,832	28,425,244
Auxiliary enterprises	6,787,391	4,871,395	4,977,937	5,507,351
Other revenues	1,650,305	2,852,706	18,263,792	1,710,450
Scholarship allowance (credit)	<u>(6,124,775)</u>	<u>(4,605,276)</u>	<u>(4,186,958)</u>	<u>(4,755,447)</u>
Total revenues	<u>\$48,795,453</u>	<u>\$47,704,991</u>	<u>\$63,666,169</u>	<u>\$49,163,861</u>
<u>Massachusetts Maritime Academy</u>				
Tuition and fees	\$32,780,952	\$30,629,712	\$32,861,889	\$33,483,055
Grants and contracts	4,379,202	3,488,263	4,920,334	5,980,072
State support	25,826,590	26,361,024	30,172,141	29,921,260
Auxiliary enterprises	14,259,733	11,946,140	19,440,055	19,248,920
Other revenues	1,908,776	1,748,024	658,241	897,884
Scholarship allowance (credit)	<u>(6,497,996)</u>	<u>(7,344,855)</u>	<u>(8,205,800)</u>	<u>(8,759,755)</u>
Total revenues	<u>\$72,657,257</u>	<u>\$66,828,308</u>	<u>\$79,846,860</u>	<u>\$80,771,436</u>
<u>Salem State</u>				
Tuition and fees	\$84,392,502	\$80,468,545	\$77,629,014	\$74,159,486
Grants and contracts	18,107,485	19,842,915	21,529,646	21,808,569
State support	66,736,681	67,962,635	77,309,109	78,474,052
Auxiliary enterprises	24,082,551	12,100,426	20,063,176	22,710,462
Other revenues	7,395,232	12,209,854	21,108,404	1,524,436
Scholarship allowance (credit)	<u>(18,637,194)</u>	<u>(18,694,682)</u>	<u>(20,255,085)</u>	<u>(18,611,121)</u>
Total revenues	<u>\$182,077,257</u>	<u>\$173,889,693</u>	<u>\$197,384,264</u>	<u>\$180,065,884</u>
<u>Westfield State</u>				
Tuition and fees	\$56,967,200	\$53,243,430	\$49,972,964	\$49,258,184
Grants and contracts	12,765,510	12,905,962	13,299,863	15,924,343
State support	40,097,220	41,889,628	46,984,608	48,107,868
Auxiliary enterprises	21,158,360	8,590,132	21,508,596	23,811,504
Other revenues	7,371,734	9,594,747	16,858,000	3,470,317
Scholarship allowance (credit)	<u>(10,391,561)</u>	<u>(10,236,061)</u>	<u>(10,975,319)</u>	<u>(12,706,931)</u>
Total revenues	<u>\$127,968,463</u>	<u>\$115,987,838</u>	<u>\$137,648,712</u>	<u>\$127,865,285</u>
<u>Worcester State</u>				
Tuition and fees	\$48,742,481	\$46,997,815	\$45,003,788	\$43,977,503
Grants and contracts	13,156,982	11,566,478	13,230,956	13,309,051
State support	41,086,913	42,192,196	46,843,303	48,616,049
Auxiliary enterprises	10,966,151	7,798,550	12,850,325	12,837,603
Other revenues	3,063,947	8,467,581	14,736,582	3,553,961
Scholarship allowance (credit)	<u>(9,090,786)</u>	<u>(8,458,224)</u>	<u>(7,247,315)</u>	<u>(7,632,116)</u>
Total revenues	<u>\$107,925,688</u>	<u>\$108,564,396</u>	<u>\$125,417,639</u>	<u>\$114,662,051</u>

Source: University Financial Statements

Enrollment

The following table sets forth enrollment information for the system of public higher education for the fall semesters of 2018 through 2022 and preliminary fall 2023 information for the state university segment on the basis of full-time equivalent students and headcount. Both degree and non-degree students are included.

	<u>Fall 2018</u>	<u>Fall 2019</u>	<u>Fall 2020</u>	<u>Fall 2021</u>	<u>Fall 2022</u>	<u>Fall 2023⁽¹⁾</u>
<u>Full-Time Equivalent</u>						
Bridgewater	9,047	8,976	8,619	7,897	7,774	7,802
Fitchburg	4,745	4,659	4,469	4,169	4,026	3,921
Framingham	4,405	4,333	3,983	3,598	3,220	3,053
Mass. College of Art and Design	1,820	1,863	1,675	1,707	1,733	1,802
Mass. College of Liberal Arts	1,288	1,320	1,063	889	799	785
Mass. Maritime Academy	1,786	1,791	1,650	1,559	1,431	1,318
Salem	6,778	6,260	5,803	5,564	5,144	4,899
Westfield	5,345	5,081	4,652	4,270	4,005	3,810
Worcester	<u>4,930</u>	<u>4,850</u>	<u>4,596</u>	<u>4,224</u>	<u>4,018</u>	<u>4,092</u>
State Universities	<u>40,144</u>	<u>39,133</u>	<u>36,510</u>	<u>33,878</u>	<u>32,150</u>	<u>31,482</u>
Community Colleges	<u>47,535</u>	<u>45,494</u>	<u>39,855</u>	<u>37,244</u>	<u>34,491</u>	-
University of Massachusetts	<u>64,296</u>	<u>64,883</u>	<u>64,937</u>	<u>63,669</u>	<u>63,432</u>	-
Total	<u>151,975</u>	<u>149,510</u>	<u>141,302</u>	<u>134,790</u>	<u>130,073</u>	-
<u>Headcount</u>						
Bridgewater	10,990	10,881	10,651	9,942	9,604	9,638
Fitchburg	7,199	7,252	6,728	6,674	6,554	6,295
Framingham	5,565	5,463	4,876	4,495	4,111	4,028
Mass. College of Art and Design	2,087	2,095	1,894	1,907	1,939	1,986
Mass. College of Liberal Arts	1,452	1,507	1,202	994	938	933
Mass. Maritime Academy	1,802	1,792	1,637	1,531	1,426	1,277
Salem	8,338	7,706	7,242	7,131	6,539	6,264
Westfield	6,101	5,798	5,395	5,013	4,702	4,536
Worcester	<u>6,217</u>	<u>6,204</u>	<u>5,724</u>	<u>5,417</u>	<u>5,311</u>	<u>5,651</u>
State Universities	<u>49,751</u>	<u>48,698</u>	<u>45,349</u>	<u>43,104</u>	<u>41,124</u>	<u>40,608</u>
Community Colleges	<u>79,948</u>	<u>76,327</u>	<u>67,685</u>	<u>64,988</u>	<u>62,344</u>	-
University of Massachusetts	<u>73,388</u>	<u>73,656</u>	<u>73,656</u>	<u>73,131</u>	<u>72,471</u>	-
Total	<u>203,087</u>	<u>198,681</u>	<u>186,690</u>	<u>181,223</u>	<u>175,939</u>	-

Source: Massachusetts Department of Higher Education

Totals may not add due to rounding.

- (1) Fall 2023 estimates were sourced from the individual campus rather than the BHE. These numbers are preliminary and subject to change.

Tuition and Fees

The following are the tuition rates and fees for Massachusetts residents for each of the State Universities, the Community Colleges and the University of Massachusetts for the academic years 2019-2020 through 2023-2024. Fees which are payable by some students but not others, including fees for the use of Authority residence halls and other Authority projects, are not included.

	Academic Year <u>2019-2020</u>		Academic Year <u>2020-2021</u>		Academic Year <u>2021-2022</u>		Academic Year <u>2022-2023</u>		Academic Year <u>2023-2024</u>	
	<u>Tuition</u>	<u>Fees</u>	<u>Tuition</u>	<u>Fees</u>	<u>Tuition</u>	<u>Fees</u>	<u>Tuition</u>	<u>Fees</u>	<u>Tuition</u>	<u>Fees</u>
Bridgewater	\$910	\$9,822	\$910	\$9,822	\$910	\$9,822	\$910	\$10,146	\$910	\$10,480
Fitchburg	970	9,534	970	9,684	970	9,684	970	9,950	970	10,074
Framingham	970	10,130	970	10,410	970	10,410	970	10,410	970	10,660
Mass. College of Art and Design	1,030	12,670	1,030	13,170	1,030	13,170	1,030	13,540	1,030	13,930
Mass. College of Liberal Arts	1,030	9,900	1,030	10,276	1,030	10,276	1,030	10,560	1,030	10,854
Mass. Maritime Academy	1,836	8,182	1,890	8,424	1,946	8,570	1,994	8,782	2,054	9,038
Salem	910	10,374	910	10,764	910	10,764	910	11,068	910	11,068
Westfield	970	9,880	970	10,170	970	10,170	970	10,530	970	10,912
Worcester	970	9,192	970	9,616	970	9,616	970	9,816	970	10,316
State Universities*	<u>\$994</u>	<u>\$9,901</u>	<u>\$998</u>	<u>\$10,151</u>	<u>\$1,001</u>	<u>\$10,149</u>	<u>\$1,004</u>	<u>\$10,435</u>	<u>\$1,005</u>	<u>\$10,726</u>
Community Colleges*	<u>\$732</u>	<u>\$5,833</u>	<u>\$732</u>	<u>\$6,047</u>	<u>\$731</u>	<u>\$6,067</u>	<u>\$731</u>	<u>\$6,126</u>	<u>\$731</u>	<u>\$6,279</u>
University of Massachusetts*	<u>\$15,073</u>	<u>\$556</u>	<u>\$15,093</u>	<u>\$606</u>	<u>\$15,093</u>	<u>\$609</u>	<u>\$15,486</u>	<u>\$719</u>	<u>\$15,887</u>	<u>\$720</u>

Source: Board of Higher Education

* Represents the average, weighted by number of students

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Room Rates of Residence Facilities at State Universities

The following table shows the range of annual rates charged for the Authority’s residence facilities for the academic years 2019-2020 through 2023-2024. The Authority conducts a biennial market evaluation to ensure that rents are at or below the cost of off-campus housing in the area served by each university. In addition, a program for housing financial aid makes about \$4 million available annually as part of financial aid for students with need. See “THE AUTHORITY – Management’s Discussion and Analysis; Debt Service – Housing Grant Scholarship Program.” Regular modest rent increases are implemented to ensure adequate funding for debt service, operating cost increases and to fund capital improvements:

<u>State University</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>
Bridgewater	\$7,948-9,425	\$8,099-10,024	\$8,100-10,220	\$8,140-10,480	\$8,301-10,691
Fitchburg	\$6,331-9,034	\$6,600-10,000	\$6,600-10,000	\$6,600-10,484	\$6,998-10,484
Framingham	\$7,840-10,440	\$8,040-13,640	\$8,040-13,640	\$8,040-13,640	\$8,280-13,880
Mass. College of Art and Design	\$9,358-13,378	\$9,360-13,860	\$9,210-14,280	\$9,490-14,710	\$9,780-15,150
Mass. College of Liberal Arts	\$5,000-6,850	\$6,900-7,100	\$7,040-7,340	\$7,300-8,400	\$8,200-9,400
Mass. Maritime Academy	\$7,790	\$8,004	\$8,200	\$8,410	\$8,662
Salem	\$8,350-11,820	\$8,680-12,530	\$8,680-12,000	\$8,897-12,013	\$9,208-12,800
Westfield	\$4,510-9,830	\$6,800-10,120	\$7,700-9,700	\$8,300-10,300	\$8,550-10,550
Worcester	\$7,778-8,878	\$7,878-9,278	\$7,878-9,278	\$8,098-9,498	\$8,098-9,498

Source: Authority

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**Occupancy as a Percentage of Design Capacity at
Residence Facilities of State Universities**

The following table shows for the academic years 2017-2018 through 2022-2023 the occupancy rates of the Authority’s residence facilities at State Universities expressed as a percentage of design capacity. Actual occupancy can exceed 100% of design capacity when, for example, a double room is occupied by three students and/or when lounge spaces are converted to residence space (consistent with prevailing codes).

	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020*</u>	<u>2020-2021**</u>	<u>2021-2022**</u>	<u>2022-2023**</u>
Bridgewater	94.8%	94.8%	95.7%	37.1%	81.2 %	88.6%
Fitchburg	92.1	84.8	76.2	50.3	57.8	52.3
Framingham	92.9	89.9	87.9	32.8	64.0	69.3
Mass. College of Art and Design	99.0	96.2	99.9	65.0	97.9	100.9
Mass. College of Liberal Arts	74.4	70.8	73.4	46.3	42.6	42.2
Mass. Maritime Academy	102.0	101.8	101.3	57.3	94.5	87.0
Salem	95.7	89.9	79.0	36.5	63.1	79.1
Westfield	93.9	86.0	82.2	37.5	66.4	66.4
Worcester	<u>95.5</u>	<u>96.0</u>	<u>95.6</u>	<u>50.4</u>	<u>77.6</u>	<u>84.2</u>
State University Average	<u>93.9%</u>	<u>90.5%</u>	<u>87.7%</u>	<u>42.9%</u>	<u>71.4%</u>	<u>74.5%</u>

Source: Authority

* The 2019-2020 academic year occupancy reflects actual occupancy prior to the actions taken to protect public health. See also “COVID-19” herein.

** The 2020-2021 academic year reflects lower occupancy due in part to many buildings limiting the number of students per room and keeping some space available for quarantine. Some classes were taught remotely, so the demand for on-campus housing was reduced as a result. See also “COVID-19” herein. Occupancy in 2021-2022 and 2022-2023 improved but was impacted by smaller class sizes as student groups who began their academic career during the height of the public health emergency proceed through their academic programs toward graduation.

Total Number of Residence Hall Beds by State University

The following table shows the total number of residence hall beds by State University for the academic years 2018-2019 through 2023-2024:

	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>
Bridgewater	3,294	3,294	3,304	3,298	3,298	3,298
Fitchburg	1,712	1,706	1,705	1,705	1,705	1,705
Framingham	1,978	1,972	1,972	1,972	1,972	1,972
Mass. College of Art and Design	890	919	919	919	919	919
Mass. College of Liberal Arts	1,026	1,026	1,026	1,026	1,026	1,026
Mass. Maritime Academy	1,411	1,411	1,449	1,434	1,434	1,506
Salem	2,282	2,282	2,282	2,282	1,926	1,926
Westfield	2,752	2,752	2,760	2,680	2,680	2,680
Worcester	<u>1,577</u>	<u>1,577</u>	<u>1,584</u>	<u>1,584</u>	<u>1,584</u>	<u>1,584</u>
Total State Universities	<u>16,922</u>	<u>16,939</u>	<u>17,001</u>	<u>16,900</u>	<u>16,544</u>	<u>16,616</u>

Source: Authority

State Higher Education Admissions Data

The following table sets forth freshman application, acceptance and the percentage registered information for the system of public higher education for fall 2019 through fall 2022. This information is based solely on fall semester statistics.

	Fall 2019			Fall 2020			Fall 2021			Fall 2022		
	<u>Applied</u>	<u>Accepted</u>	<u>% Registered</u>	<u>Applied</u>	<u>Accepted</u>	<u>% Registered</u>	<u>Applied</u>	<u>Accepted</u>	<u>% Registered</u>	<u>Applied</u>	<u>Accepted</u>	<u>% Registered</u>
Bridgewater	9,025	7,668	21.57%	9,554	7,756	18.48%	8,856	7,603	18.87%	8,641	7,605	21.38%
Fitchburg	2,902	2,564	26.29%	2,998	2,638	25.06%	3,414	2,911	19.48%	3,084	2,654	18.31%
Framingham	5,945	4,415	17.58%	5,695	4,572	13.45%	5,117	4,288	13.53%	4,526	3,956	12.39%
Mass. College of Art and Design	3,087	1,784	21.47%	2,677	1,881	17.65%	2,433	1,914	20.32%	2,598	2,043	20.02%
Mass. College of Liberal Arts	1,754	1,432	19.90%	1,355	1,188	14.39%	1,371	1,247	13.39%	1,456	1,346	13.15%
Mass. Maritime Academy	774	707	57.14%	785	726	45.04%	1,109	1,002	32.04%	1,010	932	34.01%
Salem	5,825	4,985	20.28%	6,557	5,688	17.53%	6,287	5,659	16.61%	5,093	4,719	18.29%
Westfield	4,455	3,883	26.86%	4,049	3,743	22.39%	3,629	3,424	23.48%	6,621	5,394	14.80%
Worcester	3,896	3,145	28.17%	4,047	3,279	24.64%	3,446	3,078	24.59%	4,718	4,136	19.34%
Total State Universities	<u>35,204</u>	<u>28,587</u>	<u>24.80%</u>	<u>37,717</u>	<u>31,471</u>	<u>19.64%</u>	<u>35,662</u>	<u>31,126</u>	<u>19.15%</u>	<u>37,747</u>	<u>32,785</u>	<u>18.20%</u>
Community Colleges	37,997	34,923	48.99%	33,718	30,047	39.75%	32,208	27,325	43.31%	30,096	27,164	44.84%
University of Massachusetts	<u>78,607</u>	<u>52,745</u>	<u>22.00%</u>	<u>77,223</u>	<u>53,831</u>	<u>19.78%</u>	<u>80,633</u>	<u>58,681</u>	<u>17.54%</u>	<u>86,192</u>	<u>62,608</u>	<u>18.02%</u>
Total	<u>151,808</u>	<u>116,255</u>	<u>31.64%</u>	<u>148,658</u>	<u>115,349</u>	<u>24.95%</u>	<u>148,503</u>	<u>117,132</u>	<u>23.98%</u>	<u>154,035</u>	<u>122,557</u>	<u>24.01%</u>

State University Faculty Levels

The following table sets forth for each State University the number of full-time faculty members for the fall semester of the academic years 2017-2018 through 2021-2022.

	Academic Year <u>2018-2019</u>	Academic Year <u>2019-2020</u>	Academic Year <u>2020-2021</u>	Academic Year <u>2021-2022</u>	Academic Year <u>2022-2023</u>
Bridgewater	355	361	337	338	330
Fitchburg	200	206	200	191	189
Framingham	200	198	189	179	173
Mass. College of Art and Design	114	121	114	119	111
Mass. College of Liberal Arts	90	89	87	81	79
Mass. Maritime Academy	88	88	96	90	94
Salem	325	318	293	294	295
Westfield	232	233	226	207	198
Worcester	<u>207</u>	<u>208</u>	<u>203</u>	<u>208</u>	<u>202</u>
Total	<u>1,811</u>	<u>1,822</u>	<u>1,745</u>	<u>1,707</u>	<u>1,671</u>

Source: Integrated Postsecondary Education Data System

FINANCIAL STATEMENTS OF THE AUTHORITY

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**Massachusetts State College Building Authority
(A Component Unit of the
Commonwealth of Massachusetts)**

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Reports**

June 30, 2023 and 2022

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**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

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Independent Auditor's Report

To the Board
Massachusetts State College Building Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Massachusetts State College Building Authority (the "Authority"), a component unit of the Commonwealth of Massachusetts, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Index.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority as of June 30, 2023 and 2022, and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Massachusetts State College Building Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Massachusetts State College Building Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Massachusetts State College Building Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Massachusetts State College Building Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and OPEB benefit schedules on pages 5 to 18 and 65 to 73, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary

information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information. The other information comprises the statistical section contained on pages 74 to 77 but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Boston, Massachusetts
November 15, 2023

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

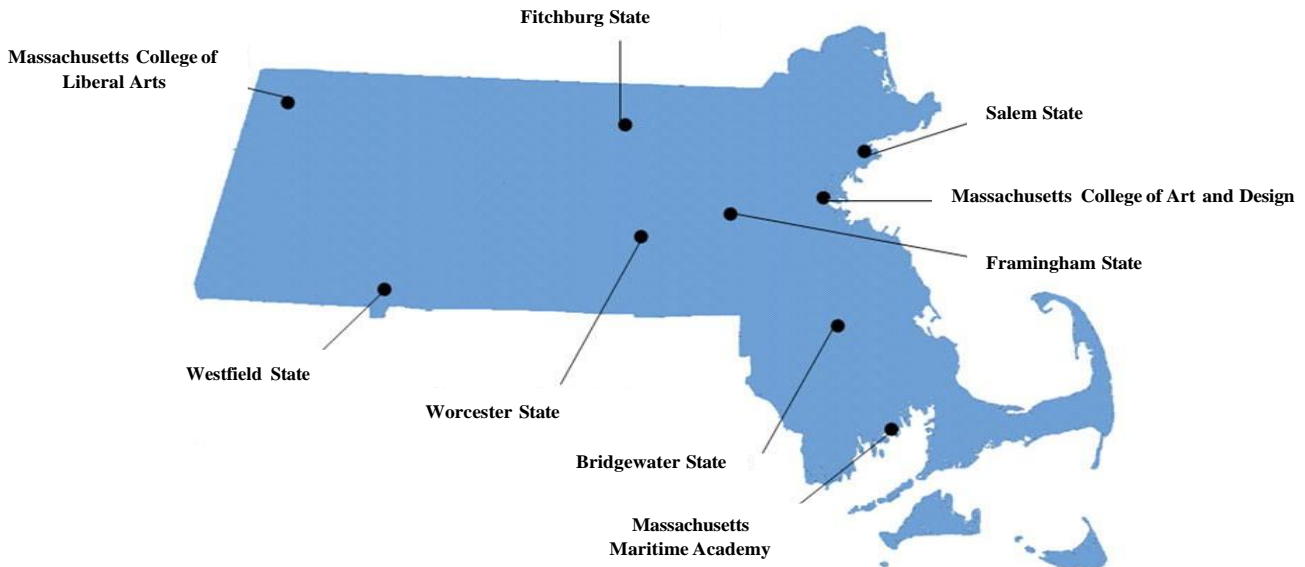
**Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022
Unaudited**

The following discussion and analysis provide management's overview of the financial position of the Massachusetts State College Building Authority (the "Authority" or "MSCBA") as of June 30, 2023 and 2022, and the results of its operations and cash flows for the years then ended. This management's discussion and analysis is unaudited and should be read in conjunction with the Authority's audited financial statements and notes, which are attached hereto.

Introduction

The Massachusetts State College Building Authority is a public instrumentality of the Commonwealth of Massachusetts (the "Commonwealth") charged with financing, designing, constructing, and overseeing the management of revenue-funded facilities - housing, dining, athletic, parking, and other student activity facilities - for the nine State Universities. Recent amendments to the enabling legislation expand the mission of the Authority to include the 15 Community Colleges, as well as enabling the Authority to finance certain academic facility projects located at the State Universities and Community Colleges. The Authority was created pursuant to Chapter 703 of the Acts of 1963 (the "Act") of the Commonwealth of Massachusetts.

The State University segment of the public institutions of higher education includes Bridgewater, Fitchburg, Framingham, Salem, Westfield, and Worcester State Universities, Massachusetts College of Liberal Arts, Massachusetts College of Art and Design, and Massachusetts Maritime Academy.



The Community College segment includes the following institutions: Berkshire, Bristol, Bunker Hill, Cape Cod, Greenfield, Holyoke, Massachusetts Bay, Massasoit, Middlesex, Mount Wachusett, North Shore, Northern Essex, Quinsigamond, Roxbury, and Springfield Technical Community Colleges. There are two loans outstanding under the Community College program for Mount Wachusett Community College.

**Massachusetts State College Building Authority
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As required by statute, the offices of the Authority are in Boston, Massachusetts. The nine board members of the Authority are appointed by the Governor; three members must be appointive members of the Commonwealth's Board of Higher Education.

SUMMARY

The Authority's Fiscal Year 2023 (FY23) financial statements reflect the Authority's on-going response efforts to support the state universities while they navigate the continuing impact of the COVID-19 pandemic upon enrollment and institutional operations. The FY23 financial statements, and the related variances from prior years, reflect a deliberate, structured approach by the Authority to provide short term financial flexibility to the campuses, in order to allow them to concurrently prioritize the public health needs of their community while maintaining financial stability. For these reasons, comparison of FY23 to prior years may not be indicative of results since the COVID-19 outbreak and for the foreseeable future.

As compared to Fiscal Year 2022 (FY22), which saw a variety of financing activities including the issuance of three new money bonds as well as defeasances for a Framingham State property sale and the termination of a ground lease at Salem State, FY23 was relatively placid with no new financing activities. The impact of FY22's financing activity was still evident in FY23 as FY22's ending Cash, Cash Equivalent, and Investment balances were actually utilized in FY23 as planned.

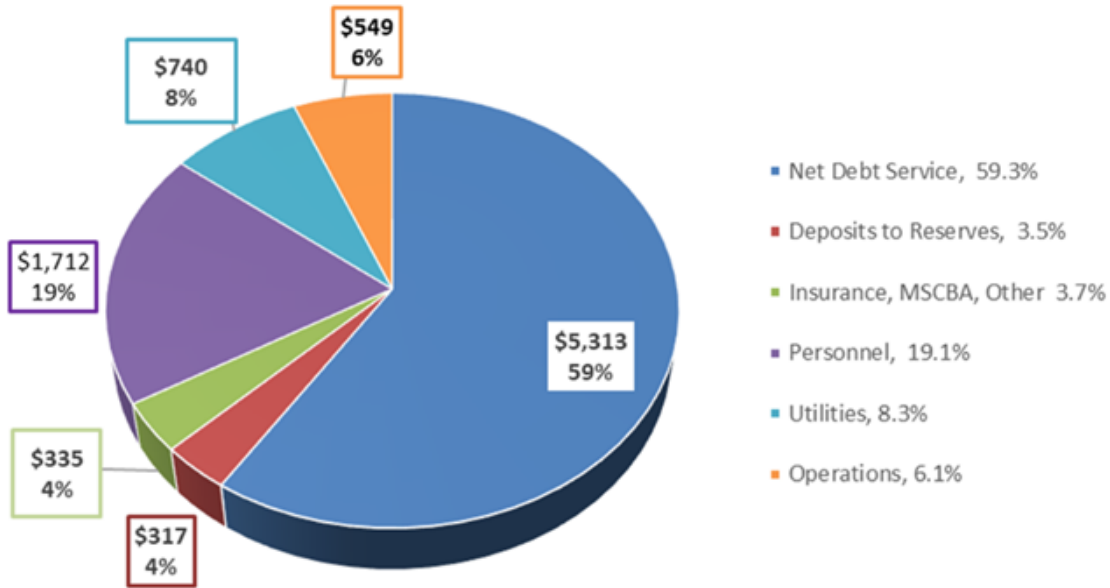
**Massachusetts State College Building Authority
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Revenue

The Authority receives no appropriation from the Commonwealth; all revenues to support facility design, construction, and operation are derived from the rents and fees paid by students for the use of these facilities and services. Pursuant to the Act and a Contract for Financial Assistance, Management and Services between the Commonwealth acting by and through the Board of Higher Education ("BHE") (the "Contract"), the Authority annually sets and assesses rents and fees sufficient to provide for the payment of all costs of its facilities. The average budgeted rent in academic year 2022/23 was \$8,967 and included maintenance, operations, administration, reserves, and related debt service on revenue bonds issued to finance its projects.

Uses of FY2023 Average Rent (\$8,966)



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Enrollment and Occupancy

The State Universities certify residence hall occupancy to the Authority and to the Commonwealth's Department of Higher Education on a semi-annual basis. For the academic years 2022/23, 2021/22 and 2020/21, the number of students housed in on-campus housing owned by the Authority was 75%, 71% and 43% of design occupancy, respectively.

At the beginning of the spring 2023 semester, approximately 11,809 students resided in the 54 residential complexes owned by the Authority. These facilities can house 53% of the fall semester full-time undergraduate students and comprise about 4.5 million square feet of space on the nine State University campuses. In addition, the Authority owns three parking structures that provide spaces for 2,114 vehicles.

The following table shows average annual residence hall occupancy from academic year 2013/14 through 2022/23. During fiscal year 2023 as compared to fiscal year 2022, the Authority decreased design occupancy by 2.1%, or 356 beds.

<u>State University</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
Bridgewater	95%	99%	97%	96%	95%	95%	96%	37%	81%	89%
Fitchburg	100%	103%	101%	96%	92%	85%	76%	50%	58%	52%
Framingham	100%	98%	98%	94%	93%	90%	88%	33%	64%	64%
Mass. College of Art and Design	99%	99%	98%	99%	99%	96%	100%	65%	98%	101%
Mass. College of Liberal Arts	86%	86%	79%	77%	74%	71%	73%	46%	43%	42%
Mass. Maritime Academy	111%	93%	101%	105%	102%	102%	10%	57%	95%	87%
Salem	106%	107%	100%	96%	96%	90%	79%	37%	63%	79%
Westfield	98%	98%	102%	99%	94%	86%	82%	38%	66%	66%
Worcester	101%	87%	94%	92%	96%	96%	96%	50%	78%	84%
Average Occupancy	99%	98%	98%	96%	94%	91%	88%	43%	71%	75%
Design Occupancy	15,717	16,458	17,289	16,857	16,957	16,922	16,939	17,001	16,900	16,544

Financial Statements

The Authority's financial statements (pages 19 to 25 of this report) have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB").

The *Statement of Net Position (Deficiency in Net Position)* presents assets and deferred outflows of resources, less liabilities and deferred inflows of resources, with the residual balance being reported as *net position (deficiency in net position)*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the Authority's net position changed during the fiscal year presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., the payment for accrued compensated

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absences, or the receipt of amounts due from state colleges (includes State Universities and Community Colleges) and others for services rendered).

The *Statement of Cash Flows* is reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g., income from contracts for financial assistance, management, and services) and disbursements (e.g., cash paid to employees, contractors, consultants, or vendors for services). GASB Statements 34 and 35 require this method to be used.

The notes to the financial statements describe significant accounting policies adopted by the Authority and provide additional information that is essential to a full understanding of the data provided in the financial statements.

New or Recent Governmental Accounting Standards Board (GASB) Statements

- **GASB Statement 87, Leases:** In FY22, the Authority implemented GASB Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information regarding the Authority's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority's lease receivables are largely attributable to the use of the residence halls that are owned by the Authority but utilized by the state universities. The implementation of this standard has had a significant impact (\$1.0 Billion) on both lease receivables and associated capital asset accounting. This change is reflected in both the FY23 financial statements and the FY22 financial statements.
- The GASB Statement No. 87 impact is further discussed in Footnote #14 of the audited Financial Statements. Implementation of GASB 87 does make trend analysis difficult as prior years' statements (including FY2020) do not account for this significant adjustment. With the implementation of GASB 87, all the outstanding debt of the Authority falls into either the Accounts Receivable category for campus/Commonwealth-owned buildings or Lease Receivable for MSCBA-owned buildings.
- **GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITAs),** was released by GASB in May 2020. It requires government entities to recognize a right-to-use subscription asset and corresponding subscription liability for such contracts with a specified term. The standards for SBITAs are based upon the standards established in GASB 87. The Authority has reviewed and evaluated its SBITAs and has determined that the financial impact is immaterial and as a result does not require disclosure at this time.

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Financial Highlights

- Total assets of the Authority declined from \$2.153 billion at June 30, 2022, to \$2.052 billion at June 30, 2023. This decline largely relates to the amortization of GASB 87 lease receivables, which decreased by \$41.3 million, depreciation exceeding investment in new capital assets on Authority-owned facilities by \$15.7 million and the reduction in cash and non-retirement fund related-investments balances of \$28.0 million, and a reduction in the receivables related to campus/Commonwealth-owned buildings of \$15.5 million. Details of capital assets are provided in Footnote #4.
- Total liabilities decreased from \$1.286 billion to \$1.215 billion. The decrease is primarily due to a decrease of \$13.367 million in interagency payables and reductions in bond payables of \$58.458 million. Interagency includes funds received from campuses or the Commonwealth for campus-owned projects and/or new money borrowing for campus-owned projects.
- FY23 operating revenues decreased to \$107.297 million from FY22's \$109.512 million. This decrease is due to the outstanding debt being paid down and no new debt added to assessments in FY 23.
- During FY22, the Authority established an Other Post Employment Benefits (OPEB) Trust, which is invested in the State Retirement Board Trust Fund (SRBTF). It is an irrevocable trust fund established for the purpose of accumulating assets to pay for future OPEB costs. The SRBTF is an investment vehicle established by Massachusetts law that enables government entities of the Commonwealth to invest funds set aside to fulfill OPEB for retirees such as healthcare or dental coverage in retirement. See Footnote #13 for additional information related to OPEB. During FY23, the Authority deposited an additional \$300,000 into the OPEB trust, bringing the trust to a fully funded position, based upon the current estimated Net OPEB liability.

Financial Analysis

Statements of Net Position (Deficiency in Net Position)

The Authority's net position reflects its investment in capital assets, including land, buildings, furniture and equipment, less accumulated depreciation and related outstanding debt used to acquire those assets. These assets provide on-going services to the State Universities and consequently they are generally not available to be used to liquidate liabilities. In fiscal year 2002, the Authority began depreciating its capital assets in accordance with GASB Statements 34 and 35. At that time, the initial accumulated depreciation of \$81.45 million represented the depreciation on its capital assets dating back to 1963. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets in accordance with guidelines established by the Commonwealth. The Authority's net position is as follows:

Massachusetts State College Building Authority
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Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022
Unaudited

Summary - Statements of Net Position at June 30, 2023, 2022, and 2021

	Fiscal year ended June 30,		
	2023	2022	2021 (restated)
Current assets	\$ 132,906,622	\$ 152,129,966	\$ 72,771,477
Capital assets, net	778,618,852	794,289,957	827,199,032
Long-term leases receivable	917,192,070	958,477,483	991,809,948
Other noncurrent assets	222,999,178	247,576,664	270,093,453
Total assets	2,051,716,722	2,152,474,070	2,161,873,910
Deferred outflows of resources	28,065,657	31,334,538	39,530,081
Current liabilities	84,979,384	96,644,924	45,651,904
Bonds payable, net of current portion	1,119,903,105	1,178,390,239	1,208,139,929
Other noncurrent liabilities	10,823,190	11,363,526	15,399,371
Total liabilities	1,215,705,679	1,286,398,689	1,269,191,204
Deferred inflows of resources	834,921,888	902,900,822	960,585,628
Net position			
Net investment in capital assets	(131,117,106)	(142,427,617)	(93,721,552)
Unrestricted	160,271,918	136,936,714	65,348,711
Total net position (deficiency in net position)	\$ 29,154,812	\$ (5,490,903)	\$ (28,372,841)

Current assets include cash related to project spending, debt service, and Authority operations, current accounts receivable, and prepaid expenses.

- For the year ended June 30, 2023, current assets decreased \$19.2 million or 12.6% from the prior year. Unrestricted cash increased by \$5.2 million while restricted cash, cash equivalents, and investments decreased by \$19.0 million. These decreases in cash and investments are primarily related to campus funds received for projects in prior years, which have not been disbursed, releases of debt service reserve funds to pay debt service or fund project costs, and changes in market value of fixed income investments. The current portion of accounts receivable also decreased by \$5.0 million, reflecting the payment of debt in FY23 with no new debt issued. The Authority sustains a capital reserve program consistent with the requirements of the Contract to ensure adequate reserves for building renewal. This reserve program is funded through annual assessments based on building age. Total capital reserves were \$36.9 million at June 30, 2023.
- The current portion of net accounts receivable related to university-owned assets was reduced by \$5.0 million from the year ended June 30, 2022 to June 30, 2023. This decrease is due to annual debt service payments.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis
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Capital assets include land, buildings and furniture and equipment, net of depreciation. Due to the reduction in Authority capital spending on Authority-owned assets in recent years and the impact of current year depreciation, capital assets have decreased \$15.7 million, or 2.0% in FY23. Further detail of capital assets is discussed in Footnote #4.

Other non-current assets include the non-current portion of restricted cash and investments, including debt service reserve funds, pension reserves, and long-term accounts receivable related to debt service on university-owned assets.

- Non-current restricted cash, cash equivalents, and investments, excluding investments related to the retirement fund, decreased by \$14.2 million. These decreases in cash and investments are primarily related to campus funds received for projects in prior years, which had not been disbursed, releases of debt service reserve funds to pay debt service or fund project costs, and changes in market value of fixed income investments. Restricted investments relating to the retirement fund remain basically unchanged at \$5.6 million as of both the years ended June 30, 2023 and 2022.
- Debt service reserve fund balances are represented in the restricted cash and cash equivalents and restricted investments line items. For the year ended June 30, 2023, total debt service reserve fund balances decreased by \$11.7 million, or 22.9%. This decrease reflects the use of debt service reserve funds to fund projects and payment of debt service.
- The non-current portion of net accounts receivable related to university-owned assets was also reduced by \$10.5 million from the year ended June 30, 2022 to June 30, 2023. Again, this decrease is due to annual debt service payments.
- Deferred outflow of resources includes deferred outflows for pensions and net OPEB liability of \$533 thousand and deferred losses on refunding of debt of \$27.5 million. Total deferred outflows of resources was \$28.1 million for the year ended June 30, 2023, a decrease of \$3.3 million or 10.4%.
- Beginning in FY18, the Authority implemented GASB 75 which requires the Authority to report the OPEB liability, which is the difference between the total liability and the value of the assets available to pay other postemployment benefits. As of June 30, 2023, the value of assets available to pay the OPEB liability actually exceeded the net OPEB liability by \$146 thousand. This excess is considered a non-current asset. As of June 30, 2022, the balance was a liability of \$260 thousand, which was shown as a non-current liability. The overall swing between the prior year liability and current year asset was about \$406 thousand or 156.0%.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis
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Unaudited**

Total liabilities include debt service, accounts payable, payroll related liabilities, liabilities related to university funds held by the Authority, and the net pension and OPEB liability of the Authority.

- For the year ended June 30, 2023, total liabilities decreased \$70.7 million, or 5.5%.
- Beginning with FY15, the Authority implemented GASB 68 which requires the Authority to report the net pension liability, which is the difference between the total pension liability and the value of the assets available in the pension plan's trust to pay pension benefits. The Commonwealth calculated the Authority's proportional share of the Commonwealth's net pension liability in FY23 to be \$3.0 million compared to \$2.6 million in FY22. The Authority invests its retirement trust fund with the Commonwealth's Pension Reserve Investment Trust. This investment was valued at \$5.6 million as of June 30, 2023, which is \$2.6 million greater than the liability assigned to the Authority by the Commonwealth.
- University-owned student activity facilities are not carried as capital assets of the Authority. Project funds associated with university-owned assets are carried as interagency payable liabilities of the Authority. Debt associated with university-owned facilities is carried as receivables due from the college. Interest payments received from the colleges are reflected as Interest income - interagency.
- Debt administration is discussed further on page 17.
- The total net position at June 20, 2023 improved by \$34.6 million as compared to June 30, 2022; major factors include:

Items decreasing the net position:

1. depreciation exceeding new capital asset investment by \$15.7 million
2. decrease in the long-term lease receivables of \$41.3 million
3. decrease in accounts receivable of \$15.5 million
4. decrease in restricted investments of \$22.8 million

Items increasing the net position:

1. decrease in overall cash and cash equivalents of \$5.2 million
2. decrease in deferred lease revenue related to GASB 87 of \$66.8 million
3. decrease in bonds payable of \$58.5 million
4. decrease in overall interagency payables of \$13.4 million

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

**Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022
Unaudited**

Statements of Revenues, Expenses and Changes in Net Position

Authority revenue is primarily derived from assessments of state college residence hall rents and student activity fees pursuant to the Contract, in which the BHE commits the state colleges to meet the statutory and financial obligations related to the projects undertaken by the Authority. The assessments provide sufficient revenue to fund annual debt service requirements associated with bonds issued to finance capital projects, capital improvement reserve deposits, insurance premiums, and Authority operating expenses.

Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)

Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022
Unaudited

Summary - Operating and Non-Operating Revenues and Expense

	Fiscal year ended June 30,		
	2023	2022	2021 (restated)
Total operating revenues	\$ 107,296,964	\$ 109,512,201	\$ 89,006,809
Total operating expenses	49,174,963	48,989,870	50,012,007
Operating income	58,122,001	60,522,331	38,994,802
Nonoperating expenses, net	(23,476,286)	(37,640,393)	(37,043,043)
Increase (decrease) in net position	34,645,715	22,881,938	1,951,759
Net position - beginning of the year	(5,490,903)	(28,372,841)	(30,324,600)
Net position - end of the year	\$ 29,154,812	\$ (5,490,903)	\$ (28,372,841)

Operating revenues include contracts for assistance, management and services, management fees on campus owned projects, and other miscellaneous revenue.

For the year ended June 30, 2023, total operating revenue decreased by \$2.2 million, or 2.0%. The decrease is attributed to utilization of the debt service reserve to reduce assessments.

Operating expenses include depreciation, insurance premium costs and general operating expenses (including contributions to the OPEB trust fund) of Authority operations.

- The net change in expenses related to pension and OPEB-related liabilities increased \$260 thousand as compared to FY22.
- Authority general operating expenses, excluding depreciation, pension and OPEB expenses, and the amortization of deferred loss on receivables, increased by \$43 thousand from FY22 to FY23. The increased expenses were primarily due to insurance costs, which rose by \$115 thousand, but were offset by lower operating expenses.
- No amortization of deferred loss on receivables was required in FY23 as compared to \$277 thousand in FY22.

Non-operating expenses, net include other revenue including investment income (or losses) on project funds and reserves, net transfers between the Authority and the State Universities in support of capital projects, bond issuance costs, interest expense incurred on debt obligations and interest subsidy received from the U.S. Treasury relating to the Authority's outstanding Build America Bonds, and other one-time expenses.

- For the year ended June 30, 2023, net investment earnings on both cash and investments of \$3.0 million were recorded as compared to investment losses of \$4.4 million for the year ended June 30, 2022.

**Massachusetts State College Building Authority
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**Management's Discussion and Analysis
For the Years Ended June 30, 2023 and 2022
Unaudited**

- In the year ended June 30, 2023, the Authority had interest expense of \$44.0 million, an increase of \$1.182 million or 2.8% increase from the prior year; this increase reflects the first full year of interest expense on the 22A bond series.
- Bond issuance costs decreased by \$1.1 million in FY23 as compared to FY22 as no new debt was issued during this fiscal year.
- Net transfers to the State Universities in FY23 were \$11.9 million as compared to net transfers of \$4.0 million in FY22.
- FY23 reports no losses on the sale of assets as compared to a \$521 thousand loss in FY22 as no sale of assets occurred in FY23.

Statements of Cash Flows

Authority cash in-flows are primarily generated from assessments received from the State Universities and proceeds from bond issuances. Cash out-flows are primarily from continued payments for additions to Authority capital assets, payments for additions to university-owned assets, and payment of principal and interest on Authority debt.

Summary - Statements of Cash Flows

	Fiscal year ended June 30,		
	2023	2022	2021
Cash received from operations	\$ 83,043,014	\$ 63,767,151	\$ 33,133,337
Cash expended for operations	(4,428,204)	(4,656,262)	(4,431,405)
Net cash provided by operations	78,614,810	59,110,889	28,701,932
Net cash provided by (used in) capital and related financing activities	(109,435,904)	(24,844,931)	(54,492,435)
Net cash provided by (used in) investing activities	25,640,715	(6,269,795)	27,915,507
Net increase (decrease) in cash and cash equivalents	(5,180,379)	27,996,163	2,125,004
Cash and cash equivalents, beginning of the year	87,858,375	59,862,212	57,737,208
Cash and cash equivalents, end of the year	\$ 82,677,996	\$ 87,858,375	\$ 59,862,212

**Massachusetts State College Building Authority
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**Management's Discussion and Analysis
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- Cash and cash equivalents were \$82.7 million at June 30, 2023 compared to \$87.9 million at June 30, 2022. This decrease reflects the spend down of the 21AB and 22A bonds received in FY22 as well as the continued spending of campus funds received for projects at campus/Commonwealth-owned buildings.

Cash provided by operations includes cash received for contract revenue from campus and other miscellaneous revenues. Cash provided by operations also includes cash spent on insurance, operating, and Authority expenses.

- Cash provided by operations increased by \$19.5 million, or 32.3% due to increases in assessment revenue.

Cash used in capital and related financing activities includes proceeds and cash paid related to bond issuances and refunding, payments for capital assets, payments and transfers for interagency payments and receipts between the Authority and the Universities, and principal and interest paid on capital debt.

- In FY23, net cash used in capital and related financing activities was \$109.4 million compared to \$24.8 million in FY22.

Cash provided by investing activities includes proceeds from sales and maturities of investments, purchases of investments, and interest earned on investments.

- For the year ended June 30, 2023, net cash provided by investing activities was \$25.6 million as compared to net cash used of \$6.3 million in FY22, reflecting lower purchases of investments due to the investment of bond proceeds and higher actual sales or maturities of investments.

Capital Assets

The Authority's investment in capital assets as of June 30, 2023 was \$778.6 million, net of accumulated depreciation, compared to \$794.3 million as of June 30, 2022. Capital assets include land, buildings, building improvements, furnishings, and equipment. Capital assets comprised approximately 37.9% of total assets at June 30, 2023 and 36.9% at June 30, 2022. During the year ended June 30, 2023, the Authority had a net reduction of capital assets of \$15.7 million, inclusive of depreciation, vs. an increase of \$17.6 million in FY22. During FY23, depreciation exceeded new capital asset additions causing the overall reduction. The major components of capital assets are presented below (see Footnote #4 for additional information):

- Construction in progress (CIP) represents the balance of additions to Authority assets for projects currently underway. The CIP balance was \$34.7 million at June 30, 2023 compared to \$14.6 million at June 30, 2022.

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- The buildings and improvements balances were stable at \$1.36 billion at June 30, 2023, compared to the balance at June 30, 2022 of \$1.35 billion.
- The furnishings and equipment balance was \$54.1 million at June 30, 2023, compared to \$61.6 million at June 30, 2022.
- The Authority has entered into various commitments for the purchase of equipment, construction of certain facilities and other improvements relating to both Authority assets and university-owned assets. As of June 30, 2023, such commitments were approximately \$23.2 million.
- Additions to university-owned facilities have no effect on the Authority's capital assets. Project funds associated with university-owned assets are held as interagency payable liabilities of the Authority. As university-owned asset project funds are spent, the corresponding payable balances are reduced accordingly.

Debt Administration

The Act authorizes the Authority to issue bonds to finance the design and construction of residence facilities, dining commons, parking, athletic, cultural, and other student activity facilities at the state colleges. Also, under certain circumstances, the Authority may provide financing for certain projects that are managed by the Commonwealth. Authority bonds are special obligations of the Authority, payable solely from revenues and certain pledged funds provided under the provisions of the Act, the Contract and the Trust Agreement between the Authority and trustee. Annually, the Authority collects assessments from each state college in amounts sufficient for the payment of, among other things, the debt service on the Authority's bonds. These assessments are primarily derived from the rents and fees on the Authority's facilities, and on university-owned facilities financed by the Authority, as annually set by the Authority. As additional security for the Authority's bonds, the Act and the Contract provide for an intercept of legislative appropriations to the state colleges, if the Authority otherwise lacks sufficient funds to pay debt service in full and on time. This intercept mechanism was clarified and streamlined by amendments to the Act in 2009 and 2011 and the Contract was amended to conform to the statutory changes.

As of June 30, 2023, the Authority had \$1.14 billion in principal amount of bonds outstanding compared to \$1.19 billion and \$1.20 billion at June 30, 2022 and 2021, respectively. The outstanding bond obligations carried unamortized premium balances of \$42.5 million, \$49.6 million, and \$36.6 million respectively, as of June 30, 2023, 2022 and 2021.

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All the outstanding bonds carry fixed interest rates payable semi-annually on May and November 1st. For all State University program bonds, principal is payable annually on May 1st, with a final maturity of 2052. Principal is payable semi-annually on May 1st and November 1st for the Community College Bonds, Series 2 issued in 2017 and Series 1 issued in 2014. Additional information regarding the Authority's Bonds Payable is available in Footnote #7.

The Authority's outstanding debt has no associated interest rate exchange agreements. Of the amount outstanding, \$94.5 million are taxable Build America Bonds for which the Authority was to receive a 35% interest rate subsidy directly from the U.S. Treasury. In each of the federal fiscal years 2023, 2022 and 2021, a portion of the Authority's interest rate subsidy was reduced by approximately 5.7%, due to the federal government budgetary sequestration. The Authority has no Commonwealth-guaranteed debt outstanding and no authorization to issue any.

The Authority's State University program bonds were rated Aa2 by Moody's and AA by S&P Global as of June 30, 2023. The Community College Program, Series 1 and Series 2 bonds were not previously rated. In July 2023, the Authority issued the Series 3 bonds, and the Community College program has also been rated Aa2 by Moody's and AA by S&P Global.

Required Supplementary Information (RSI)

In addition to the basic financial statements and accompanying notes, this report also presents certain RSI on the pension liability, OPEB liability, and statistical information.

Requests for Information

The Authority's financial statements are designed to present readers with a general overview of the Authority's finances. Additional financial information, including official statements relating to the Authority's bonds, can be found on the Authority's website www.mscca.org. Questions concerning the financial statements or requests for additional financial information should be addressed to the Executive Director, Massachusetts State College Building Authority, 10 High Street, Suite 201, Boston, Massachusetts 02110.

Massachusetts State College Building Authority
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Statements of Net Position (Deficiency in Net Position)
June 30, 2023 and 2022

	<u>Assets</u>	
	2023	2022
Current assets		
Cash and cash equivalents	\$ 46,139,695	\$ 40,910,625
Restricted cash and cash equivalents, current	26,927,485	37,247,192
Restricted investments, including amounts held by trustee, current	5,350,438	14,014,265
Current portion of accounts receivable, net	15,239,544	20,241,344
Current portion of leases receivable	39,190,416	39,667,066
Prepaid expenses	59,044	49,474
	<u>132,906,622</u>	<u>152,129,966</u>
Total current assets		
Noncurrent assets		
Restricted cash and cash equivalents	9,610,816	9,700,558
Restricted investments, including amounts held by trustee	35,494,702	49,630,197
Restricted investments, retirement fund	5,595,587	5,587,274
Accounts receivable, net	172,152,296	182,658,635
Capital assets, net	778,618,852	794,289,957
Net OPEB assets	145,777	-
Long-term leases receivable	917,192,070	958,477,483
	<u>1,918,810,100</u>	<u>2,000,344,104</u>
Total noncurrent assets		
Total assets	<u>2,051,716,722</u>	<u>2,152,474,070</u>
Deferred outflows of resources		
Deferred outflows for pensions	167,529	331,862
Deferred outflows for OPEB	365,790	278,318
Deferred losses on refunding of debt	27,532,338	30,724,358
	<u>28,065,657</u>	<u>31,334,538</u>
Total deferred outflows of resources		

Massachusetts State College Building Authority
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Statements of Net Position (Deficiency in Net Position)
June 30, 2023 and 2022

Liabilities and Net Position (Deficiency in Net Position)

	2023	2022
Current liabilities		
Accounts payable and accrued liabilities	\$ 13,047,067	\$ 11,621,567
Accrued payroll	12,379	263,175
Interagency payables, current portion	12,969,497	25,836,866
Current portion of lease payable	224,985	210,346
Current compensated absences	252,769	269,736
Current portion of bonds payable	58,472,687	58,443,234
Total current liabilities	84,979,384	96,644,924
Noncurrent liabilities		
Compensated absences	38,992	33,090
Interagency payables, long-term	5,798,827	6,298,827
Lease payable	1,950,095	2,177,563
Bonds payable, net of current portion	1,119,903,105	1,178,390,239
MSCBA portion of net pension liability	3,035,276	2,593,803
Net OPEB liability	-	260,243
Total noncurrent liabilities	1,130,726,295	1,189,753,765
Total liabilities	1,215,705,679	1,286,398,689
Deferred inflows of resources		
Deferred inflows for pensions	720,687	1,601,291
Deferred inflows for OPEB	3,890,749	4,207,176
Deferred lease revenue	830,310,452	897,092,355
Total deferred inflows of resources	834,921,888	902,900,822
Net position (deficiency in net position)		
Net investment in capital assets	(131,117,106)	(142,427,617)
Unrestricted	160,271,918	136,936,714
Total net position (deficiency in net position)	\$ 29,154,812	\$ (5,490,903)

See Notes to Financial Statements.

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Statements of Revenues, Expenses and Changes in Net Position (Deficiency in Net Position)
Years Ended June 30, 2023 and 2022

	2023	2022
Operating revenues		
Income from contracts for financial assistance, management, and services	\$ 107,168,319	\$ 109,096,779
Other miscellaneous revenues	128,645	415,422
	107,296,964	109,512,201
Operating expenses		
Insurance costs	1,644,878	1,530,011
Authority operating expenses	2,369,421	2,441,072
Depreciation	45,744,654	45,585,151
Pension and OPEB expenses	(583,990)	(843,835)
Amortization of deferred loss (gain) on receivables	-	277,471
	49,174,963	48,989,870
Total operating expenses	49,174,963	48,989,870
Operating income	58,122,001	60,522,331
Nonoperating revenues (expenses)		
Net investment income (loss)	2,974,146	(4,406,631)
Interest income - interagency	4,143,735	5,746,687
Interest expense	(44,000,467)	(42,817,906)
Bond issuance costs	(12,544)	(1,135,831)
Net transfers to/from State Universities	11,946,358	4,011,129
Build America Bonds interest subsidy	1,472,486	1,482,780
Gain (loss) on sale of assets	-	(520,621)
	(23,476,286)	(37,640,393)
Net nonoperating revenues (expenses)	(23,476,286)	(37,640,393)
Increase in net position	34,645,715	22,881,938
Net position (deficiency in net position)		
Beginning of year	(5,490,903)	(28,372,841)
Net position (deficiency in net position)		
End of year	\$ 29,154,812	\$ (5,490,903)

See Notes to Financial Statements.

Massachusetts State College Building Authority
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Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Cash received from contracts for financial assistance, management, and services	\$ 82,477,840	\$ 63,351,729
Other miscellaneous receipts	128,645	415,422
Proceeds from pension and salary reimbursements	436,529	-
Payments for insurance costs	(1,654,448)	(1,072,783)
Payments for operating expenses	(1,169,234)	(1,116,923)
Payments to employees	(1,604,522)	(1,402,950)
Payments for other expenses	-	(1,063,606)
Net cash provided by operating activities	78,614,810	59,110,889
Cash flows from capital and related financing activities		
Proceeds from bond issuance	-	150,342,882
Cash paid to bond trustee related to advanced refunding	-	(113,925,219)
Build America Bonds interest subsidy	1,970,806	1,999,325
Payments of bond issuance costs	(12,544)	(1,135,831)
Payments for capital assets	(29,576,029)	(18,435,894)
Proceeds from sale of capital assets	-	986,529
Collections of debt service receivables	18,106,502	12,214,221
Transfer of funds from State Universities	11,983,373	3,474,886
Payments from (deposits to) funds held for others	(11,954,940)	15,418,201
Principal paid on capital debt	(51,352,201)	(26,913,668)
Interest paid on capital debt	(48,600,871)	(48,870,363)
Net cash used in capital and related financing activities	(109,435,904)	(24,844,931)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	81,291,553	33,372,303
Purchases of investments	(60,598,251)	(47,690,170)
Interest on investments	4,947,413	8,048,072
Net cash provided by (used in) investing activities	25,640,715	(6,269,795)
Net increase (decrease) in cash and cash equivalents	(5,180,379)	27,996,163
Cash and cash equivalents, beginning of year	87,858,375	59,862,212
Cash and cash equivalents, end of year	\$ 82,677,996	\$ 87,858,375

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Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 58,122,001	\$ 60,522,331
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	45,744,654	45,585,151
Amortization of deferred inflow of resources from campuses	(25,019,847)	(40,256,181)
Amortization of lease liability - office lease	2,114	-
Change in net pension liability	(238,356)	(2,697,276)
Changes in assets and liabilities		
Accounts receivable	9,027	(3,618,626)
Prepaid expenses	(9,570)	(358,280)
Accounts payable and accrued liabilities	48,049	(36,135)
Accrued payroll and compensated absences	(43,262)	(30,095)
	\$ 78,614,810	\$ 59,110,889

Supplemental cash flows information

Schedule of noncash investing, capital and financing activities

	2023	2022
Acquisition of capital assets	\$ 30,323,667	\$ 18,510,286
Accounts payable thereon:		
Beginning of year	3,205,760	3,131,368
End of year	(3,953,398)	(3,205,760)
	\$ 29,576,029	\$ 18,435,894
Contractor accounts payable related to State University capital projects on State University-owned property	\$ 1,945,537	\$ 1,033,109
Unrealized gain (loss) on investment securities	\$ 1,746,546	\$ (6,992,982)

See Notes to Financial Statements.

**Massachusetts State College Building Authority
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**Statements of Fiduciary Net Position - Fiduciary Fund
June 30, 2023 and 2022**

	<u>Assets</u>	<u>OPEB Trust Fund</u>	
		<u>2023</u>	<u>2022</u>
Investments			
Mutual Funds			
PRIT Fund Core Asset Allocation		<u>\$ 1,036,791</u>	<u>\$ 685,649</u>
Total Assets		<u><u>\$ 1,036,791</u></u>	<u><u>\$ 685,649</u></u>
	<u>Net Position</u>		
Restricted for			
OPEB Benefits		<u>\$ 1,036,791</u>	<u>\$ 685,649</u>
Total Net Position		<u><u>\$ 1,036,791</u></u>	<u><u>\$ 685,649</u></u>

See Notes to Financial Statements.

Massachusetts State College Building Authority
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Statements of Changes in Fiduciary Net Position - Fiduciary Fund
Years Ended June 30, 2023 and 2022

	OPEB Trust Fund	
	2023	2022
Additions		
Contributions		
Employer	\$ 300,000	\$ 750,000
Total contributions	300,000	750,000
Investment income (loss)		
Changes in fair value of investments	27,753	(70,332)
Realized gains	5,647	1,261
Interest and dividends	21,886	5,628
Total investment income (loss)	55,286	(63,443)
Less investment expenses	(4,144)	(908)
Net investment income (loss)	51,142	(64,351)
Total additions	351,142	685,649
Net position, beginning of the year	685,649	-
Net position, end of year	\$ 1,036,791	\$ 685,649

See Notes to Financial Statements.

Massachusetts State College Building Authority
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Notes to Financial Statements
June 30, 2023 and 2022

Note 1 - Summary of Significant Accounting Policies Organization

Massachusetts State College Building Authority (the "Authority") was created pursuant to Chapter 703 of the Acts of 1963 of the Commonwealth of Massachusetts (the "State" or the "Commonwealth"), as amended (the "Act"), as a body politic and corporate and a public instrumentality for the general purpose of providing dormitories, dining commons and other facilities primarily for use by students and staff of certain state colleges of the Commonwealth of Massachusetts and their dependents. Such facilities may be provided in collaboration with and for joint use by other agencies, boards, commissions, or authorities of the Commonwealth. The Act defines State Colleges as the state university and community college segments of the Commonwealth's public higher education system. The state universities include Bridgewater, Fitchburg, Framingham, Salem, Westfield and Worcester State Universities, Massachusetts College of Liberal Arts, Massachusetts College of Art and Design and Massachusetts Maritime Academy (collectively, the "State Universities"). The community colleges include Berkshire, Bristol, Bunker Hill, Cape Cod, Greenfield, Holyoke, Massachusetts Bay, Massasoit, Middlesex, Mount Wachusett, North Shore, Northern Essex, Quinsigamond, Roxbury and Springfield Technical (collectively, the "Community Colleges"). The Authority provides bond financing, design and construction management of new facilities, major renovations, adaption, and capital repairs for its projects at the State Colleges. Annual obligations of the Authority include rent setting and oversight of State University residence hall operating budgets. The Authority's operations are primarily governed by a Contract for Financial Assistance, Management and Services with the Board of Higher Education of the Commonwealth ("BHE"), in which the BHE commits the State Colleges to meet the statutory and financial obligations related to the projects.

The Authority is a component unit of the Commonwealth of Massachusetts. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if the Authority had been operated as an independent organization. The Authority's financial statements are included in the Commonwealth's financial statements as a blended component unit.

Basis of presentation

The accompanying proprietary fund and fiduciary fund financial statements have been prepared using the "economic resources measurement focus" and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority has determined that it functions as a Business-Type Activity, as defined by GASB.

The Authority's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as nonoperating activities in accordance with GASB Statement No. 35. These nonoperating activities include the Authority's net investment income and interest expense.

Net position

GASB Statement No. 34 requires that resources be classified for accounting purposes into the following three net position categories:

**Massachusetts State College Building Authority
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**Notes to Financial Statements
June 30, 2023 and 2022**

Net investment in capital assets:

Capital assets, which are net of accumulated depreciation and outstanding principal balances of debt and lease liabilities attributable to the acquisition, construction, repair, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted:

Nonexpendable - Net position which use is subject to externally imposed conditions that the Authority must maintain in perpetuity.

Expendable - Net position which use is subject to externally imposed conditions that can be fulfilled by the actions of the Authority pursuant to those conditions or that expire with the passage of time.

Unrestricted:

All other categories of net position. Unrestricted net position may be designated for specific purposes by action of the Authority's Board of Trustees ("Board").

The Authority has adopted a policy of reviewing, on an individual basis, all restricted - expendable funds, for the purpose of determining the order in which restricted - expendable and unrestricted funds would be utilized.

In accordance with the requirements of the Act, the Authority's operations are accounted for in several trust funds. All of these trust funds have been consolidated and are included in these financial statements.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents

The Authority considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

Investments

Investments in marketable securities are stated at fair value. Realized and unrealized gains and losses are included in nonoperating revenues. Gains and losses on the disposition of investments are determined based on specific identification of securities sold or the average cost method. Investment income is recognized when earned and is generally credited to the trust fund holding the related assets. There were no significant realized gains or losses on investments during the years ended June 30, 2023 and 2022.

The Authority has no donor-restricted endowments.

The Authority is currently authorized by its Board and the statutes of the Commonwealth to invest funds of the Authority. The Board establishes investment policy, but delegates to its Finance and Audit Committee of the Authority the direction of an investment advisor.

Massachusetts State College Building Authority
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Notes to Financial Statements
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Accounts receivable

Accounts receivable are stated at the total amount of the future minimum payments to be received less unearned interest income. Interest income is recognized using the effective interest method. No allowance for doubtful accounts has been made as of June 30, 2023 and 2022, as management considers all amounts fully collectible.

Capital assets

The accompanying financial statements include the transactions of all of the Authority-owned capital assets, which include residence halls for approximately 16,500 students in 2023 and 2022, some with dining facilities as well as some with student activity facilities and land, at the State Universities.

Project costs include land acquisition, architectural and engineering services, construction, furnishings and equipment and related expenses for legal, accounting, and financial services. Such expenses have been incurred for the construction of new facilities and for capital improvements to existing facilities. Fire alarm system improvements, the installation of automatic sprinkler systems, the repair and replacement of roofs and windows, and improvements to make the facilities accessible for use by handicapped persons are examples of capital improvements to existing facilities undertaken by the Authority.

Real estate assets, including improvements, are generally stated at cost. Furnishings and equipment are stated at cost at date of acquisition. In accordance with the Authority's capitalization policy, only those items with a total project cost of more than \$50,000, including furniture, fixtures, and equipment, are capitalized. Interest costs on debt related to capital assets are expensed during the construction period. Authority capital assets, with the exception of land and construction in progress, are depreciated on a straight-line basis in accordance with the guidelines set forth by the Commonwealth Comptroller's Office. Renovations are depreciated over a term of 20 years, furniture, fixtures and equipment are depreciated over a term of 10 years, and new construction is depreciated over 40 years. A full year of depreciation is claimed the first year (regardless of the date of completion) and no depreciation is recorded in the final year.

Bond issuance costs

Bond issuance costs are expensed as incurred. During fiscal 2023 and 2022, the Authority incurred \$12,544 and \$1,135,831, respectively, of bond issuance costs.

Fringe benefits

The Authority participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension, and other postemployment benefits ("OPEB") for which it is billed by the Commonwealth. Workers' compensation insurance is purchased as a separate policy within the Authority's insurance portfolio.

Deferred outflows/inflows of resources

In addition to assets, the statements of net position (deficiency in net position) include a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has three items that qualify for reporting in this category. They are the deferred losses on refunding, deferred outflows from pensions, and deferred outflows from OPEB. The deferred losses on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between projected and actual investment earnings, differences between

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Notes to Financial Statements
June 30, 2023 and 2022

expected and actual experience, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statements of net position (deficiency in net position) include a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has three items that qualify for reporting in this category. They are unearned revenue, deferred inflows from pensions, and deferred inflows from OPEB. The Authority reports unearned revenue from long-term leases held with the state universities as further described in Note 14. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the Authority reports deferred amounts related to pension and OPEB similar to deferred outflows of resources.

Pension plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System ("MSERS") and additions to/deductions from MSERS's fiduciary net position have been determined on the same basis as they are reported by MSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other postemployment benefits

For purposes of measuring the net postemployment benefits other than pensions ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Authority's OPEB plan. The Authority authorized the establishment of an OPEB trust, which received its initial deposit in fiscal year 2022 as well as an additional deposit in fiscal year 2023, which brought the balance to a fully funded position.

Compensated absences

Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation is the amount earned and unused by all eligible employees through June 30 of each year. The accrued sick leave balance represents 20% of amounts earned at the end of the fiscal year for retirement eligible employees. Upon retirement, these employees are entitled to receive payment for these accrued balances.

Income tax status

The Authority is a component unit of the Commonwealth and is, therefore, exempt from federal and state income taxes.

Note 2 - Cash and Cash Equivalents and Investments

Credit risk

Credit risk includes the risk that securities in which the Authority has invested will default.

The Authority's Trust Agreement stipulates that only certain highly rated securities are eligible investments. The Authority has a formal investment policy consistent with the Trust Agreement in which permissible investment obligations include: (i) certain direct or agency obligations which are unconditionally guaranteed by the United States of America; (ii) certain interest-bearing instruments

Massachusetts State College Building Authority
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Notes to Financial Statements
June 30, 2023 and 2022

issued by a banking institution with a long-term unsecured debt rating in one of the two highest long-term rating categories, (iii) commercial paper rated in the highest rating category; and (iv) obligations of state or local governments or authorities thereof rated in the two highest rating categories. The Authority is also required to comply with the Commonwealth of Massachusetts's deposit and investment policies which are principally defined in the Massachusetts General Laws, Chapter 29. The Authority's deposit and investment policies are generally consistent with those of the State Statutes.

Custodial credit risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits and/or investments may not be returned to it. The Authority does not have a formal policy with respect to the custodial credit risk.

The Authority has two primary commercial banking relationships: Citizens Bank, N.A. ("Citizens") is the Authority's primary depository bank, and U.S. Bank National Association ("U.S. Bank") is the Authority's trustee bank and holds all bond and related funds pursuant to the Trust Agreement. The Authority is party to a third-party custodian agreement in which Citizens provides the Authority with collateral equal to the Authority's uninsured deposits and the custodian provides safekeeping services and holds the collateral on behalf of and for the benefit of the Authority. Pursuant to the agreement, eligible collateral is limited to only those obligations which are guaranteed as to the payment of principal and interest by the United States of America. As of June 30, 2023, \$250,000 of the Authority's bank balances held by Citizens were covered by Federal Deposit Insurance Corporation ("FDIC") insurance and the remaining balance of \$70,198,609 was collateralized by securities held by the pledging financial institution's trust department or agent but not in MSCBA's name. As of June 30, 2022, \$250,000 of the Authority's bank balances held by Citizens were covered by FDIC insurance and the remaining balance of \$60,971,509 was collateralized by securities held by the pledging financial institution's trust department or agent but not in MSCBA's name. The Authority has invested two savings accounts in the Cash Pool at Massachusetts Municipal Depository Trust ("MMDT"), an alternative investment vehicle for local governments established by the Commonwealth's Treasurer, which are uninsured and uncollateralized, and had \$727,262 as of June 30, 2023.

The Authority does not have a formal deposit policy for custodial credit risk with U.S. Bank. As of June 30, 2023 and 2022, the fair market value of the Authority's cash equivalent balances with U.S. Bank of \$15,998,400 and \$26,636,814, respectively, were exposed to custodial credit risk because they were uninsured and uncollateralized. These funds were invested in U.S. Bank money market deposit accounts.

In addition to the commercial banking relationships, the Authority invests its retirement trust fund (Note 12) with the Massachusetts Pension Reserve Investment Trust ("PRIT"). PRIT consists of two investment funds, the Capital Fund and the Cash Fund. Each of these funds is managed, accounted for, and held separately by PRIT's custodian bank, Bank of New York ("BNY") Mellon. The Cash Fund consists of short-term investments, which are used to meet liquidity requirements. All Cash Fund earnings are reinvested. The Cash Fund maintains a stable net asset value of \$1.00 per unit. The Capital Fund is invested in the General Allocation Account, which invests in all asset classes of PRIT in accordance with its asset allocation plan and investment policy guidelines. The Capital Fund serves as the investment portfolio of PRIT and consists of the following investments at June 30, 2023 and 2022: General Allocation (holds units of other accounts), Domestic Equity, Core Fixed Income, Value-Added Fixed Income, International Equity, Emerging Markets, Real Estate, Timberland, Portfolio Completion Strategies, and Private Equity Investments. The funds held in the amount of \$6,632,378 and \$6,272,923 as of June 30, 2023 and 2022, respectively, with PRIT are intended to be used to

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fund the net pension and OPEB liability. These funds were not rated for average credit quality at June 30, 2023 and 2022.

The Authority's investments are held at U.S. Bank, Citizens and PRIT and are represented by the following at June 30, 2023 and 2022:

	2023		2022	
	Cost	Fair value	Cost	Fair value
U.S. Government Agencies	\$ 7,507,727	\$ 7,548,120	\$ 14,934,803	\$ 15,162,440
State taxable bonds	16,155,000	16,935,598	16,155,000	17,866,383
U.S. Treasuries	11,897,858	12,006,740	29,699,416	30,615,639
Mutual funds	10,449,595	10,987,060	5,914,280	6,272,923
	<u>\$ 46,010,180</u>	<u>\$ 47,477,518</u>	<u>\$ 66,703,499</u>	<u>\$ 69,917,385</u>

The Authority classifies its restricted cash and cash equivalents and investments between current and noncurrent classifications in the accompanying statements of net position (deficiency in net position) according to its plans for their use in liquidating associated liabilities. Investments with maturities of less than one year that are not required to be used to liquidate current liabilities are reflected as noncurrent assets in accordance with management's intention to reinvest the proceeds of those investments upon their maturity.

Investments held by the bond trustee represent project funds, as well as debt service and certain reserve funds.

At June 30, 2023, the Authority's investments in debt securities by contractual maturities and credit quality ratings, based on Moody's Investors Service, Inc., are as follows:

Investment Type	Fair market value	Investment maturities (in years)				Credit rating
		Less Than 1	1-5	6-10	Greater than 10	
Federal Home Loan						
U.S. Govt. Issues	\$ 6,967,155	\$ 6,967,155	\$ -	\$ -	\$ -	Aaa
Federal Farm Credit Banks ("FFCB") U.S. Govt. Issues	580,965	-	580,965	-	-	Aaa
Various Massachusetts ST Bonds	16,935,598	-	-	3,227,323	13,708,275	Aa1
U.S. Government Securities - Treasury Notes	4,518,478	992,082	3,526,396	-	-	
Treasury Bonds	7,488,262	-	382,209	-	7,106,053	Aaa
Total	<u>\$ 36,490,458</u>	<u>\$ 7,959,237</u>	<u>\$ 4,489,570</u>	<u>\$ 3,227,323</u>	<u>\$ 20,814,328</u>	

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At June 30, 2022, the Authority's investments in debt securities by contractual maturities and credit quality ratings, based on Moody's Investors Service, Inc., are as follows:

Investment Type	Fair market value	Less Than 1	1-5	6-10	Greater than 10	Credit rating
Fannie Mae Corporation ("FNMA") discount notes	\$ 7,538,900	\$ 7,538,900	\$ -	\$ -	\$ -	Aaa
Federal Home Loan U.S. Govt. Issues	7,019,986	7,019,986	-	-	-	Aaa
Federal Farm Credit Banks ("FFCB") U.S. Govt. Issues	603,554	-	603,554	-	-	Aaa
Various Massachusetts ST Bonds	17,866,383	-	-	3,381,874	14,484,509	Aa1
U.S. Government Securities - Treasury Notes	19,400,223	12,875,187	6,525,036	-	-	Aaa
Treasury Bonds	8,144,877	-	383,145	-	7,761,732	Aaa
Treasury Bills	3,070,539	3,070,539	-	-	-	Aaa
Total	\$ 63,644,462	\$ 30,504,612	\$ 7,511,735	\$ 3,381,874	\$ 22,246,241	

Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

The following Authority investments at June 30, 2023 and 2022 are held by U.S. Bank as custodian and, therefore, are subject to custodial credit risk as follows:

	2023	2022
U.S. Government Agencies	\$ 7,548,120	\$ 15,162,440
State taxable bonds	16,935,598	17,866,383
U.S. Treasuries	12,006,740	30,615,639
	36,490,458	63,644,462
Less insured amounts	(500,000)	(500,000)
	\$ 35,990,458	\$ 63,144,462

The Authority's investments have been categorized based upon the fair value hierarchy in accordance with GASB 72 below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability.

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The Authority's investments at fair value measurement are as follows at June 30, 2023:

	Level 1	Level 2	Level 3	Total
Investment Assets:				
U.S. Government Agencies	\$ 7,548,120	\$ -	\$ -	\$ 7,548,120
State taxable bonds	16,935,598	-	-	16,935,598
U.S. Treasuries	12,006,740	-	-	12,006,740
Mutual funds	-	10,987,060	-	10,987,060
	<u>\$ 36,490,458</u>	<u>\$ 10,987,060</u>	<u>\$ -</u>	<u>\$ 47,477,518</u>

The Authority's investments at fair value measurement are as follows at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investment Assets:				
U.S. Government Agencies	\$ 15,162,440	\$ -	\$ -	\$ 15,162,440
State taxable bonds	17,866,383	-	-	17,866,383
U.S. Treasuries	30,615,639	-	-	30,615,639
Mutual funds	-	6,272,923	-	6,272,923
	<u>\$ 63,644,462</u>	<u>\$ 6,272,923</u>	<u>\$ -</u>	<u>\$ 69,917,385</u>

Note 3 - Accounts Receivable

Accounts receivable include the following at June 30, 2023 and 2022:

	2023	2022
Debt service receivables	\$ 186,801,844	\$ 202,092,292
Interest receivables on investments	257,894	484,612
Other miscellaneous receivables	23,049	14,022
Build America Bonds interest subsidy receivable	309,053	309,053
	<u>\$ 187,391,840</u>	<u>\$ 202,899,979</u>

The Authority anticipates that all its interest receivables will be collected within a one-year time frame.

The Commonwealth's policy for accounting for capital and renovation projects provides for the State University with ownership of the underlying asset to also own any related improvements to these facilities. Under this policy, the Authority recognizes as accounts receivable the minimum payments, net of unearned interest income, to be received from the State Colleges. Conversely, the State Colleges recognize a corresponding liability to the Authority.

During both fiscal 2023 and 2022, no accounts receivable, net of unearned interest income, were added in connection with projects at the State Universities.

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The components of the Authority's debt service receivables in these State College-owned projects as of June 30, 2023 and 2022 are as follows:

	2023	2022
Total payments to be received	\$ 229,508,443	\$ 248,942,630
Less: Unearned income	(42,706,599)	(46,850,338)
 Net debt service receivables in State College-owned projects	 \$ 186,801,844	 \$ 202,092,292

The following table sets forth the total payments to be received under these agreements as of June 30, 2023:

Year ending June 30:		
2024	\$	19,917,382
2025		20,429,853
2026		19,028,936
2027		18,239,576
2028		18,410,996
2029 - 2033		75,982,230
2034 - 2038		36,353,232
2039 - 2043		13,240,801
2044 - 2048		6,005,583
2049 - 2052		1,899,854
Total	\$	229,508,443

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Note 4 - Capital Assets

Capital assets activity for the year ended June 30, 2023, is as follows:

	2023			
	Totals June 30, 2022	Additions	Reclassifications and reductions	
Capital Assets				
Land	\$ 19,103,918	\$ -	\$ -	\$ 19,103,918
Construction in progress	14,585,604	25,576,124	(5,481,162)	34,680,566
Total not being depreciated	33,689,522	25,576,124	(5,481,162)	53,784,484
Buildings and improvements	1,346,768,501	4,481,734	13,281,606	1,364,531,841
Furnishings and equipment	61,626,315	174,914	(7,707,311)	54,093,918
Computer equipment	2,238	-	(2,238)	-
Total depreciable assets	1,408,397,054	4,656,648	5,572,057	1,418,625,759
Total capital assets	1,442,086,576	30,232,772	90,895	1,472,410,243
Less accumulated depreciation:				
Buildings and improvements	(604,726,082)	(42,948,688)	-	(647,671,270)
Furnishings and equipment	(45,321,598)	(2,795,966)	-	(48,117,564)
Total accumulated depreciation	(650,047,680)	(45,744,654)	-	(695,792,334)
Capital assets, net	792,038,896	(15,511,882)	90,895	776,617,909
Lease Assets				
Buildings and improvements	2,751,297	-	-	2,751,297
Total lease assets	2,751,297	-	-	2,751,297
Less accumulated amortization				
Buildings and improvements	(500,236)	(250,118)	-	(750,354)
Total accumulated amortization	(500,236)	(250,118)	-	(750,354)
Total lease assets, net	2,251,061	(250,118)	-	2,000,943
Total capital assets, net	\$ 794,289,957	\$ (15,762,000)	\$ 90,895	\$ 778,618,852

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Capital assets activity for the year ended June 30, 2022, is as follows:

	2022			
	Totals June 30, 2021	Additions	Reclassifications and reductions	Totals June 30, 2022
Land	\$ 19,398,146	\$ -	\$ (294,228)	\$ 19,103,918
Construction in progress	6,457,938	17,555,488	(9,427,822)	14,585,604
Total not being depreciated	25,856,084	17,555,488	(9,722,050)	33,689,522
Buildings and improvements	1,352,013,622	-	(5,245,121)	1,346,768,501
Furnishings and equipment	63,997,908	-	(2,371,593)	61,626,315
Computer equipment	-	2,238	-	2,238
Total depreciable assets	1,416,011,530	2,238	(7,616,714)	1,408,397,054
Total capital assets	1,441,867,614	17,557,726	(17,338,764)	1,442,086,576
Less accumulated depreciation:				
Buildings and improvements	(574,455,129)	(42,978,185)	12,707,232	(604,726,082)
Furnishings and equipment	(42,714,632)	(2,606,966)	-	(45,321,598)
Total accumulated depreciation	(617,169,761)	(45,585,151)	12,707,232	(650,047,680)
Capital assets, net	824,697,853	(28,027,425)	(4,631,532)	792,038,896
Lease Assets				
Buildings and improvements	2,751,297	-	-	2,751,297
Total lease assets	2,751,297	-	-	2,751,297
Less accumulated amortization				
Buildings and improvements	(250,118)	(250,118)	-	(500,236)
Total accumulated amortization	(250,118)	(250,118)	-	(500,236)
Total lease assets, net	2,501,179	(250,118)	-	2,251,061
Total capital assets, net	\$ 827,199,032	\$ (28,277,543)	\$ (4,631,532)	\$ 794,289,957

The Authority has considered the requirements of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and has noted no implications of this standard to the Authority's financial statements for the years ended June 30, 2023 and 2022.

The Authority has entered into various purchase commitments with contractors for the purchase of equipment, construction of certain facilities and other improvements. The amounts under commitment were approximately \$23,200,000 and \$28,700,000, respectively, as of June 30, 2023 and 2022.

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Note 5 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at June 30, 2023 and 2022:

	2023	2022
Capital assets and construction payables	\$ 2,704,871	\$ 3,205,760
Accrued bond interest payable	6,646,780	7,333,720
Accrued pension expense payable	495,220	-
Construction reserve payable	1,248,527	-
Contractor payables for State College-owned assets	1,945,537	1,033,109
Authority operating expenses	6,132	48,978
	\$ 13,047,067	\$ 11,621,567

Note 6 - Interagency Payables

Under the provisions of the Community College Program Series 1 and Series 2, and the State University Program Series 2022A, 2021B, 2021A, 2019A, 2017C, 2017A, 2015A, 2014C, 2014B, 2014A, 2012C, 2012A, 2010B, 2009C, 2009A, 2008A, 2006A, 2005A, 2003A and 1999A Trust Agreements (see Note 7), a portion of the bond proceeds, together with certain earnings thereon, are being or have been used to finance the costs of capital projects for certain of the State Colleges on State College-owned property. The State Colleges are required to pay to the Authority the amount necessary to pay the applicable portion of the bond issuance costs and bond principal and interest payments when they become due. The Authority has recorded accounts receivable from the State Colleges reflecting its net debt service receivables in these capital projects as discussed further in Note 3. The unspent bond proceeds for the costs of these projects and related bond amounts are included in the Authority's financial statements under restricted cash and cash equivalents, and restricted investments.

Certain of the State Colleges may also be required to commit additional funding for the projects over and above the amounts provided from bond proceeds. Such amounts (the "State College contributions") received from the State Colleges are also included in restricted cash and cash equivalents, and restricted investments. The Authority has recorded corresponding Interagency payables to the State Colleges for the unspent State College contributions, and unspent bond proceeds and related bond amounts. As capital and construction costs relating to these projects are incurred and paid, restricted cash and cash equivalents, and restricted investments, and the corresponding Interagency payables are reduced.

As of June 30, 2023 and 2022, the Authority has an aggregate liability for Interagency payables of \$18,768,324 and \$32,135,693, respectively.

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Note 7 - Bonds Payable

The Authority issues debt to finance the design and construction of new facilities, major renovations, and capital repairs for its projects at State Colleges, pursuant to the Act. The Authority has created separate bond programs for the State Universities and the Community Colleges. The Authority's outstanding debt is secured by revenues received by the Authority from State Colleges relating to Authority projects and other pledged funds. Interest on the Authority's debt is payable on May 1 and November 1 and principal is due annually on May 1. The Authority's outstanding debt for the State University Program is rated Aa2 and AA by Moody's and S&P Global, respectively. The Authority's outstanding debt for the Community College Program is not rated.

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The following table summarizes the Authority's outstanding debt as of June 30, 2023:

Project Revenue Bonds	Issue Date	Par amount	Interest rates (%)	Due May 1,	Effective interest rates (%)*	Par amount outstanding	Unamortized premiums	Total bonds payable
Refunding Series 2003B	3/5/2003	\$ 117,513,022	2.00 - 5.50	2003 - 2039	12.57%	\$ 51,754,402	\$ 2,725,514	\$ 54,479,916
Series 2009C, Build America Bonds	12/22/2009	66,410,000	4.58 - 5.93	2018 - 2040	5.82%	58,020,000	-	58,020,000
Series 2010B, Build America Bonds	12/17/2010	47,880,000	4.89 - 6.54	2020 - 2040	6.28%	36,480,000	-	36,480,000
Refunding Series 2011A	6/8/2011	51,610,000	2.00 - 5.00	2012 - 2025	5.00%	3,460,000	207,507	3,667,507
Series 2014A	1/7/2014	130,875,000	2.00 - 5.00	2015 - 2048	4.96%	9,740,000	318,534	10,058,534
Series 2014B	12/17/2014	91,375,000	3.00 - 5.00	2016 - 2044	5.00%	14,400,000	1,229,332	15,629,332
Series 2014C	12/17/2014	10,065,000	3.00 - 5.00	2016 - 2034	5.00%	7,010,000	781,924	7,791,924
Series 2015A	12/17/2015	15,935,000	2.00 - 5.00	2017 - 2036	4.94%	9,960,000	1,176,689	11,136,689
Refunding Series 2016A	2/25/2016	177,315,000	4.00 - 5.00	2019 - 2049	4.00%	56,060,000	5,623,276	61,683,276
Series 2017A	1/25/2017	20,590,000	3.00 - 4.00	2018 - 2027	3.73%	16,295,000	693,644	16,988,644
Series 2017B	12/21/2017	10,590,000	4.00 - 5.00	2019 - 2038	4.69%	8,950,000	1,089,325	10,039,325
Series 2017C	12/21/2017	7,565,000	2.10 - 3.60	2019 - 2038	3.36%	6,145,000	-	6,145,000
Refunding Series 2017D	12/21/2017	66,225,000	4.00 - 5.00	2019 - 2038	4.41%	58,570,000	5,847,468	64,417,468
Series 2019A	1/23/2019	15,440,000	3.00 - 5.00	2019 - 2039	3.87%	13,825,000	754,756	14,579,756
Refunding Series 2019B	1/23/2019	52,355,000	4.00 - 4.10	2019 - 2041	4.02%	45,095,000	612,536	45,707,536
Refunding Series 2019C	11/19/2019	233,620,000	1.686 - 3.373	2020 - 2043	2.81%	217,390,000	-	217,390,000
Refunding Series 2020A	7/1/2020	395,735,000	1.044 - 3.072	2024 - 2049	2.47%	394,930,000	-	394,930,000
Series 2021A	7/22/2021	16,825,000	2.125 - 5.00	2022 - 2051	4.82%	16,490,000	933,753	17,423,753
Series 2021B	7/22/2021	2,265,000	2.00 - 5.00	2022 - 2041	5.78%	2,180,000	235,555	2,415,555
Refunding Series 2022A	2/15/2022	107,155,000	4.00 - 5.00	2023 - 2052	2.20%	104,910,000	20,247,619	125,157,619
Total Project Revenue Bonds		1,637,343,022				1,131,664,402	42,477,432	1,174,141,834
Community College Program Bonds								
Series 1	03/06/14	3,000,000	4.25	2015 - 2034	4.18%	1,970,000	-	1,970,000
Series 2	01/20/17	3,055,000	1.84 - 3.35	2021 - 2036	2.63%	2,263,958	-	2,263,958
Total Community College Program Bonds		6,055,000				4,233,958	-	4,233,958
Total Bonds		\$ 1,643,398,022				\$ 1,135,898,360	\$ 42,477,432	\$ 1,178,375,792

* Effective Interest Rates are calculated by dividing total interest paid during the year by the average outstanding balance of bonds payable.

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The following table summarizes the Authority's outstanding debt as of June 30, 2022:

Project Revenue Bonds	Issue Date	Par amount	Interest rates (%)	Due May 1,	Effective interest rates (%)*	Par amount outstanding	Unamortized premiums	Total bonds payable
Refunding Series 2003B	3/5/2003	\$ 117,513,022	2.00 - 5.50	2003 - 2039	12.57%	\$ 56,974,607	\$ 3,155,950	\$ 60,130,557
Series 2009C, Build America Bonds	12/22/2009	66,410,000	4.58 - 5.93	2018 - 2040	5.82%	59,900,000	-	59,900,000
Series 2010B, Build America Bonds	12/17/2010	47,880,000	4.89 - 6.54	2020 - 2040	6.28%	39,260,000	-	39,260,000
Refunding Series 2011A	6/8/2011	51,610,000	2.00 - 5.00	2012 - 2025	5.00%	10,785,000	635,007	11,420,007
Series 2014A	1/7/2014	130,875,000	2.00 - 5.00	2015 - 2048	4.96%	14,275,000	627,437	14,902,437
Series 2014B	12/17/2014	91,375,000	3.00 - 5.00	2016 - 2044	5.00%	16,880,000	1,694,708	18,574,708
Series 2014C	12/17/2014	10,065,000	3.00 - 5.00	2016 - 2034	5.00%	7,475,000	910,439	8,385,439
Series 2015A	12/17/2015	15,935,000	2.00 - 5.00	2017 - 2036	4.94%	10,505,000	1,338,526	11,843,526
Refunding Series 2016A	2/25/2016	177,315,000	4.00 - 5.00	2019 - 2049	4.00%	62,780,000	7,164,653	69,944,653
Series 2017A	1/25/2017	20,590,000	3.00 - 4.00	2018 - 2027	3.73%	17,140,000	793,319	17,933,319
Series 2017B	12/21/2017	10,590,000	4.00 - 5.00	2019 - 2038	4.69%	9,345,000	1,226,161	10,571,161
Series 2017C	12/21/2017	7,565,000	2.10 - 3.60	2019 - 2038	3.36%	6,460,000	-	6,460,000
Refunding Series 2017D	12/21/2017	66,225,000	4.00 - 5.00	2019 - 2038	4.41%	60,640,000	6,495,262	67,135,262
Series 2019A	1/23/2019	15,440,000	3.00 - 5.00	2019 - 2039	3.87%	14,415,000	849,024	15,264,024
Refunding Series 2019B	1/23/2019	52,355,000	4.00 - 4.10	2019 - 2041	4.02%	46,785,000	672,578	47,457,578
Refunding Series 2019C	11/19/2019	233,620,000	1.686 - 3.373	2020 - 2043	2.81%	227,940,000	-	227,940,000
Refunding Series 2020A	7/1/2020	395,735,000	1.044 - 3.072	2024 - 2049	2.47%	394,930,000	-	394,930,000
Series 2021A	7/22/2021	16,825,000	2.125 - 5.00	2022 - 2051	4.82%	16,825,000	1,004,985	17,829,985
Series 2021B	7/22/2021	2,265,000	2.00 - 5.00	2022 - 2041	5.78%	2,265,000	265,011	2,530,011
Refunding Series 2022A	2/15/2022	107,155,000	4.00 - 5.00	2023 -2052	2.20%	107,155,000	22,749,852	129,904,852
Total Project Revenue Bonds		1,637,343,022				1,182,734,607	49,582,912	1,232,317,519
Community College Program Bonds								
Series 1	03/06/14	3,000,000	4.25	2015 - 2034	4.20%	2,110,000	-	2,110,000
Series 2	01/20/17	3,055,000	1.84 - 3.35	2021 - 2036	2.59%	2,405,954	-	2,405,954
Total Community College Program Bonds		6,055,000				4,515,954	-	4,515,954
Total Bonds		\$ 1,643,398,022				\$ 1,187,250,561	\$ 49,582,912	\$ 1,236,833,473

* Effective Interest Rates are calculated by dividing total interest paid during the year by the average outstanding balance of bonds payable.

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The following table is the amortization schedule for the Authority's long-term debt:

<u>Year ending June 30:</u>	<u>Total principal</u>	<u>Total Premium</u>	<u>Total interest</u>
2024	\$ 52,552,907	\$ 5,919,780	\$ 45,615,246
2025	55,913,595	5,356,457	43,814,312
2026	57,222,666	4,800,705	41,805,206
2027	58,763,084	4,325,026	39,834,481
2028	59,122,135	3,974,008	40,510,166
2029 - 2033	324,238,156	10,926,572	122,712,131
2034 - 2038	296,315,818	5,219,987	70,295,323
2039 - 2043	180,619,999	1,539,289	23,366,331
2044 - 2048	43,750,000	322,833	4,785,869
2049 - 2052	7,400,000	92,775	386,194
Total	\$ 1,135,898,360	<u>\$ 42,477,432</u>	<u>\$ 433,125,259</u>
Plus: Unamortized premiums	<u>42,477,432</u>		
	<u>\$ 1,178,375,792</u>		

Defeasance of debt

From time-to-time, the Authority issues refunding or utilizes cash to defease outstanding bonds. The proceeds of the refunding bonds or cash are placed in irrevocable trusts to provide for all future debt service on the refunded or defeased bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the accompanying financial statements. The differences between the reacquisition prices and net carrying amount of the bonds defeased with refunding debt are reported in the accompanying statements of net position (deficiency in net position) as deferred outflows of resources and charged annually to interest expense over the shorter of the remaining life of the refunded or refunding bonds principally using the effective interest method.

Refunding revenue bonds

The Refunding Series 2003B Bonds refunded the Authority's Series 1999A, 1999-1, and 2000-1 Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of \$1,769,263 and a present value economic gain at issuance of \$729,611. The refunding resulted in a deferred outflow of resources at issuance of \$21,535,590, of which \$6,119,729 and \$7,127,124 were unamortized as of June 30, 2023 and 2022, respectively. During 2021, deferred losses of \$435,701 were recognized as a result of the 2020A bond refunding. In November 2011 and May 2010, the Authority exercised call options to fully redeem the remaining unpaid principal of the Series 1999-1 and 2000-1 Bonds, respectively. As of June 30, 2023, the assets held in escrow for the repayment of the remaining Series 1999A Bonds have an aggregate market value of \$42,133,986 with an unpaid principal balance, plus accreted interest of \$47,850,000.

The Refunding Series 2011A Bonds refunded portions of the Authority's Series 2003A and 2004A Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of \$3,518,799 and a present value economic gain at issuance of \$2,822,354. The refunding resulted in a deferred outflow of resources at issuance of \$2,638,154, of which \$69,346 and \$212,211 were

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unamortized as of June 30, 2023 and 2022, respectively. During 2021, deferred losses of \$345,943 were recognized as a result of the 2020A bond refunding. During 2014, the Authority exercised the call option to fully redeem the related unpaid principal of these bonds.

The Refunding Series 2012B Bonds refunded portions of the Authority's Series 2003A, 2004A, 2005A, and 2006A Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of \$20,587,474 and a present value economic gain at issuance of \$13,285,676. The refunding resulted in a deferred outflow of resources at issuance of \$14,347,581, of which \$86,185 was unamortized as of 2021. During 2020, deferred losses of \$7,675,715 were recognized as a result of the 2019C bond refunding. During 2021, deferred losses of \$503,602 were recognized as a result of the 2020A bond refunding. During 2016 and 2015, the Authority exercised the call options to fully redeem the related unpaid principal of the 2006A bonds and 2005A bonds, respectively. The final payment for the non-called 2012B Bonds was May 1, 2022, and the refunding escrow assets were used to pay the callable bonds on the call date.

The Refunding Series 2014D Bonds refunded portions of the Authority's Series 2005A and 2006A Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of \$6,449,975 and a net present value economic savings at issuance of \$3,604,695. The refunding resulted in a deferred outflow of resources at issuance of \$244,383. During 2021, deferred losses of \$178,677 were recognized as a result of the 2020A bond refunding. During 2016 and 2015, the Authority exercised the call options to fully redeem the remaining unpaid principal of the 2006A bonds and 2005A bonds, respectively. All remaining maturities were refunded by the 2020A Bonds and are being paid out of the refunding escrow until the call date on May 1, 2025.

The Refunding Series 2016A Bonds refunded portions of the Authority's Series 2008A and 2009A Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of \$43,977,921 and a net present value economic savings at issuance of \$27,959,783. The refunding resulted in a deferred outflow of resources at issuance of \$18,147,495, of which \$2,810,963 and \$3,581,466 were unamortized as of June 30, 2023 and 2022, respectively. During 2022, deferred losses of \$159,723 were recognized as a result of a partial defeasance on June 16, 2022. During 2021, deferred losses of \$7,958,732 were recognized as a result of the 2020A bond refunding. During 2019, the Authority exercised the call options to fully redeem the related unpaid principal of the 2009A bonds in the amount of \$107,980,000. During 2018, the Authority exercised the call options to fully redeem the related unpaid principal of the 2008A bonds in the amount of \$82,825,000. As of June 30, 2023 and 2022, the assets held in escrow for the repayment of the remaining Series 2008A and 2009A Bonds have an aggregate market value of \$0 and \$1, respectively, with the principal balance paid as of 2019.

The Refunding Series 2017D Bonds refunded portions of the Authority's Series 2009B Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of \$19,934,951 and a net present value economic savings at issuance of \$12,745,369. The refunding resulted in a deferred outflow of resources at issuance of \$2,771,434, of which \$1,649,096 and \$1,828,189 were unamortized as of June 30, 2023 and 2022, respectively. During 2021, deferred losses of \$99,667 were recognized as a result of the 2020A bond refunding. During 2020, the Authority exercised the call options to fully redeem the related unpaid principal of the 2009B bonds in the amount of \$70,275,000. As of June 30, 2020, the assets held in escrow were fully used for the repayment of the remaining Series 2009B Bonds.

The Refunding Series 2019B Bonds refunded portions of the Authority's Series 2012A Bonds. These bonds were refinanced to achieve a total increase of debt service at issuance of \$2,891,916 and a net

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present value economic savings at issuance of \$133,946. The refunding resulted in a deferred outflow of resources at issuance of \$2,252,897, of which \$1,497,755 and \$1,644,568 were unamortized as of June 30, 2023 and 2022, respectively. During 2021, deferred losses of \$94,723 were recognized as a result of the 2020A bond refunding. As of June 30, 2022, the assets held in escrow were fully used for the repayment of those portions of the Series 2012A Bonds.

The Refunding Series 2019C Bonds refunded portions of the Authority's Series 2012A and 2012B Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of \$29,159,706 and a net present value economic savings at issuance of \$22,116,569. The refunding resulted in a deferred outflow of resources at issuance of \$1,289,017, of which \$963,130 and \$1,051,791 were unamortized as of June 30, 2023 and 2022, respectively. During 2021, deferred losses of \$17,797 were recognized as a result of the 2020A bond refunding. As of June 30, 2022, the assets held in escrow were fully used for the repayment of those portions of the Series 2012A and 2012B Bonds.

The 2020A Refunding Bonds refunded portions of the Series 2003B, 2009C, 2010B, 2011A, 2012A, 2012B, 2012C, 2014A, 2014B, 2014C, 2015A, 2016A, 2017A, 2017B, 2017C, 2017D, 2019A, 2019B, and 2019C Bonds. Additionally, the 2020A Refunding Bonds refunded the entire 2014D Refunding Bonds Series. These bonds were refinanced to achieve a total increase in debt service at issuance of \$933,443 and a net present value economic savings at issuance of \$26,782,222. The refunding resulted in a deferred outflow of resources at issuance of \$21,245,986, of which \$17,593,405 and \$18,867,237 were unamortized as of June 30, 2023 and 2022, respectively. During 2022, deferred losses of \$15,299 and \$24,124 were recognized as a result of the partial defeasances in September 2021 and June 2022, respectively. As of June 30, 2023 and 2022, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of \$193,725,710 and \$296,314,894, respectively, with an unpaid principal balance of \$193,715,531 and \$293,325,000, respectively.

On July 28, 2020, \$2,425,000 of the Series 2015A Project Revenue Bonds were cash defeased due to a sale of property to the Commonwealth through the Division of Capital Asset Management and Maintenance. The maturities defeased included portions of the May 1, 2021 to May 1, 2036 maturities. The coupon rates ranged from 2.00% to 5.00%. The defeasance escrow is invested in SLGS to the call date of November 1, 2024. As of June 30, 2023 and 2022, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of \$2,263,421 and \$2,474,625, respectively, with an unpaid principal balance of \$2,095,000 and \$2,210,000, respectively.

On September 10, 2021, \$70,000 of the Series 2012C Project Revenue Bonds, \$165,000 of the 2014A Project Revenue Bonds, and \$295,000 of the 2020A Refunding Revenue Bonds were cash defeased due to a sale of property. The maturities defeased included portions of the May 1, 2022 to May 1, 2039 maturities. The coupon rates ranged from 1.512% to 5.00%. The defeasance escrow is invested in Treasury securities to the respective call dates or maturity dates. As of June 30, 2023, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of \$309,684, with an unpaid principal balance of \$460,000.

On June 16, 2022, \$2,810,000 of the Series 2016A Refunding Revenue Bonds and \$505,000 of the 2020A Refunding Revenue Bonds were cash defeased due to termination of the ground lease with the Commonwealth through the Division of Capital Asset Management and Maintenance. The maturities defeased included portions of the May 1, 2023 to May 1, 2049 maturities. The coupon rates ranged from 1.412% to 4.00%. The defeasance escrow is invested in SLGS to the call dates or maturity dates.

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As of June 30, 2023 and 2022, the assets held in escrow for the repayment of the remaining Series Bonds have an aggregate market value of \$3,010,758 and \$3,416,670, respectively, with an unpaid principal balance of \$2,775,000 and \$3,315,000, respectively.

The Refunding Series 2022A Bonds refunded portions of the Authority's Series 2012C Bonds. These bonds were refinanced to achieve a total reduction of debt service at issuance of \$7,731,903 and a net present value economic savings at issuance of \$6,072,107. The refunding resulted in a deferred inflow of resources at issuance of \$3,588,228, of which \$3,171,085 and \$3,588,228 were unamortized as of June 30, 2023 and 2022, respectively. As of June 30, 2022, the assets held in escrow were fully used for the repayment of those portions of the Series 2012C Bonds.

Debt service reserve fund investment agreements

In connection with the issuance of the Series 2005A Bonds and Series 2006A Bonds, the Authority entered into debt service reserve fund or debt service fund investment agreements which provide for a guaranteed rate of return on the applicable debt service reserve funds to support the Authority's future debt service payments. The agreements provide for termination under certain circumstances as more fully described in the agreements. Termination of the agreements may generate a gain or loss to the Authority depending on the nature and circumstances of the termination.

Unamortized bond premiums are reflected as an addition to the outstanding principal balance of the bonds payable and consisted of the following at June 30, 2023 and 2022:

	2023	2022
Unamortized balance, beginning	\$ 49,582,912	\$ 36,642,696
Current year additions	-	24,097,882
Unamortized premium on bonds refunded	-	(5,193,454)
Defeased premium refunded	-	(332,833)
Current year amortization	(7,105,480)	(5,631,379)
Unamortized balance, ending	\$ 42,477,432	\$ 49,582,912

Deferred losses on bond refundings are reflected as deferred outflows of resources in the accompanying statements of net position (deficiency in net position) and consisted of the following at June 30, 2023 and 2022:

	2023	2022
Balance, beginning	\$ 30,724,358	\$ 38,322,617
Current year additions	-	3,588,228
Current year refunded	-	(7,375,605)
Current year amortization	(3,192,020)	(3,810,882)
Balance, ending	\$ 27,532,338	\$ 30,724,358

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Note 8 - Long-term Liabilities

Long-term liabilities at June 30, 2023 consisted of the following:

	2023				Current portion
	Beginning balance	Additions	Reductions	Ending balance	
Bonds payable, par	\$ 1,187,250,561	\$ -	\$ (51,352,201)	\$ 1,135,898,360	\$ 52,552,907
Unamortized premiums	49,582,912	-	(7,105,480)	42,477,432	5,919,780
Total bonds payable	1,236,833,473	-	(58,457,681)	1,178,375,792	58,472,687
Interagency payables	32,135,693	3,583,717	(16,951,086)	18,768,324	12,969,497
Net pension liability	2,593,803	441,473	-	3,035,276	-
Net OPEB liability	260,243	-	(260,243)	-	-
Lease payable (GASB 87)	2,387,909	-	(212,829)	2,175,080	224,985
Other liabilities					
Compensated absences	302,826	-	(11,065)	291,761	252,769
Total long-term liabilities	<u>\$ 1,274,513,947</u>	<u>\$ 4,025,190</u>	<u>\$ (75,892,904)</u>	<u>\$ 1,202,646,233</u>	<u>\$ 71,919,938</u>

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Long-term liabilities at June 30, 2022 consisted of the following:

	2022				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Bonds payable, par	\$ 1,204,089,230	\$ 126,245,000	\$ (143,083,669)	\$ 1,187,250,561	\$ 51,352,202
Unamortized premiums	36,642,696	24,097,882	(11,157,666)	49,582,912	7,091,032
Total bonds payable	1,240,731,926	150,342,882	(154,241,335)	1,236,833,473	58,443,234
Interagency payables	7,668,294	33,754,332	(9,286,933)	32,135,693	25,836,866
Net pension liability	4,302,195	-	(1,708,392)	2,593,803	-
Net OPEB liability	1,657,305	-	(1,397,062)	260,243	-
Lease payable (GASB 87)	2,564,126	-	(176,217)	2,387,909	210,346
Other liabilities					
Compensated absences	344,562	415,262	(456,998)	302,826	269,736
Total long-term liabilities	<u>\$ 1,257,268,408</u>	<u>\$ 184,512,476</u>	<u>\$ (167,266,937)</u>	<u>\$ 1,274,513,947</u>	<u>\$ 84,760,182</u>

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Note 9 - Net Position

The net investment in capital assets of \$(131,117,106) at June 30, 2023, includes the effect of deferring the recognition of the losses on bond refundings. The \$27,532,338 balance of the deferred outflows of resources on refunding of debt at June 30, 2023 will be amortized to interest expense over the terms of the old trust or new trust agreements, whichever is shorter, which will decrease the unrestricted net position and increase the net investment in capital assets over those periods (see Note 7).

Note 10 - Contingencies

Pending or threatened lawsuits against the Authority arise in the ordinary course of operations. In the opinion of management, no litigation is now pending, or threatened, that would materially affect the Authority's financial position.

Note 11 - Operating Expenses

The Authority's operating expenses for the years ended June 30, 2023 and 2022, on a natural classification basis, are comprised of the following:

	2023	2022
Insurance	\$ 1,644,878	\$ 1,530,011
Compensation	1,354,194	1,375,150
Supplies and service	1,015,227	1,065,922
Pension and OPEB expenses	(583,990)	(843,835)
Depreciation	45,744,654	45,585,151
Amortization of deferred loss on receivables	-	277,471
	\$ 49,174,963	\$ 48,989,870

Note 12 - Retirement Plan

Substantially all Authority full-time non-student employees are covered by the Massachusetts State Employees' Retirement System ("MSERS"). MSERS, a public employee retirement system ("PERS"), is a cost-sharing multi-employer defined benefit plan that is administered by the Massachusetts State Retirement Board. The Commonwealth does not issue separately audited financial statements for the plan. The financial position and results of operations of the plan are incorporated into the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

MSERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws ("MGL") establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

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Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MSERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MSERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Member contributions for MSERS vary depending on the most recent date of membership:

Hire Date	% of Compensation
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to June 30, 1996	8% of regular compensation
July 1, 1996 to present	9% of regular compensation except for State Police, which is 12% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of \$30,000

For active Authority employees covered by MSERS, the Authority is not required to make contributions to the Plan. For retired Authority employees, the Commonwealth computes the projected benefit obligation of the retired employee. The Authority is responsible to contribute any shortfall that exists as a result of this computation. The total amount due to the Massachusetts State Retirement Board amounted to \$283,721, \$211,499, and \$203,754 for the years ended June 30, 2023, 2022, and 2021, respectively, which equaled the required contributions each year.

At June 30, 2023, the Authority reported a liability of \$3,035,276 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. The Authority's proportion of the net pension liability was based on an effective contribution methodology which allocates total contributions amongst the employers in a consistent manner based on an employer's share of total covered payroll. On June 30, 2023, the Authority's proportion was 0.02182%, which is a decrease of 0.00303% from its proportion measured as of June 30, 2022.

At June 30, 2022, the Authority reported a liability of \$2,593,803 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. The Authority's proportion of the net pension liability was based on an effective contribution methodology which allocates total contributions amongst the employers in a consistent manner based on an employer's share of total covered payroll. On June 30, 2022, the Authority's proportion was 0.02485%, which is a decrease of 0.00022% from its proportion measured as of June 30, 2021.

For the years ended June 30, 2023 and 2022, the Authority recognized pension expense of (\$125,213) and \$(8,272), respectively.

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At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 83,566	\$ -
Net difference between projected and actual earnings on pension plan investments	-	16,181
Differences between expected and actual experience	75,504	118,468
Changes in proportion	8,459	586,038
Total	\$ 167,529	\$ 720,687

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2024	\$ (146,958)
2025	(199,865)
2026	(295,255)
2027	88,920
Total	\$ (553,158)

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At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 176,830	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,016,921
Differences between expected and actual experience	89,502	187,789
Changes in proportion	65,530	396,581
Total	\$ 331,862	\$ 1,601,291

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. These valuations used the following assumptions each measurement date, unless otherwise noted:

1. (a) 2.50% and 0.00% inflation rates for the June 30, 2022 and 2021 measurement dates, respectively, (b) 7.0% investment rate of return, (c) 3.5% interest rate credited to the annuity savings fund and (d) 3.0% cost of living increase per year on the first \$13,000 of allowance each year.
2. Salary increases are based on analyses of past experience but range from 4.0% to 9.0% depending on group and length of service.
3. Mortality rates were as follows:
 - (i) Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020, set forward 1 year for females.
 - (ii) Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020, set forward 1 year for females.
 - (iii) Disability - the mortality rate reflects the post-retirement mortality described above, set forward 1 year.
4. Experience studies were performed as follows:
 - (i) Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

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Investment assets of MSERS are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage.

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2022 and 2021 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return	
		2022	2021
Global Equity	38.0%	4.20%	4.80%
Core Fixed Income	15.0%	0.50%	0.30%
Private Equity	15.0%	7.30%	7.80%
Portfolio Completion Strategies	10.0%	2.70%	2.90%
Real Estate	10.0%	3.30%	3.70%
Value Added Fixed Income	8.0%	3.70%	3.90%
Timberland/Natural Resources	4.0%	3.90%	4.30%
	100.0%		

The discount rate used to measure the total pension liability for both of the measurement years ended June 30, 2022 and 2021 was 7.00% and 7.00%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Authority's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00% and 7.00% for both of the measurement years ended June 30, 2022 and 2021, respectively, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00% and 6.00%, respectively) or 1-percentage-point higher (8.00% and 8.00%, respectively) than the current rate for each year:

Measurement year ended	1% decrease	Discount rate	1% increase
June 30, 2022	\$ 4,186,141	\$ 3,035,276	\$ 2,061,215
June 30, 2021	3,970,199	2,593,803	1,462,513

Detailed information about the pension plan's fiduciary net position is available in the Commonwealth's financial statements.

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Note 13 - Retiree Health Plan

The Authority contributes to the Commonwealth's Group Insurance Commission ("GIC"), which manages a single-employer defined benefit postemployment healthcare plan for the Commonwealth and other governments within the Commonwealth. GIC provides medical benefits to retired employees of participating governments. Chapter 32A of the General Laws of the Commonwealth of Massachusetts assigns the authority to establish and amend benefit provisions to the GIC board of commissioners. The GIC does not issue separately audited financial statements. The financial position and results of operations of the plan are incorporated into the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

Under Chapter 32A, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth. Substantially all Commonwealth employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Chapter 32A provides that contribution requirements of the plan members and the participating governments are established and may be amended by the GIC. Plan members or beneficiaries receiving benefits contribute anywhere from 0% to 20% depending on entry age.

Participating governments are contractually required to contribute at a rate assessed each year by GIC on a premium basis. The Authority's contributions to GIC for the years ended June 30, 2023, 2022, and 2021 were \$31,287, \$106,288, and \$103,730, respectively, which equaled the required contributions each year. Required contributions include contributions for the total health plan costs for both active and retired employees.

At December 31, 2022, the Authority's plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	10
Active members	14
Inactive vested members	<u>2</u>
 Total plan members	 <u><u>26</u></u>

The Authority established a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and fully funded the plan during fiscal year 2023. Employees are not required to make contributions to the plan. At June 30, 2023, the Authority reported net OPEB assets of \$145,777. At June 30, 2022, the Authority reported a net OPEB liability of \$260,243. The components of the net OPEB liability (assets) were as follows:

	June 30, 2023	June 30, 2022
Total OPEB liability	\$ 891,014	\$ 945,892
Plan fiduciary net position	<u>(1,036,791)</u>	<u>(685,649)</u>
Net OPEB liability (assets)	<u>\$ (145,777)</u>	<u>\$ 260,243</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>116.36%</u>	<u>72.49%</u>

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The Authority's OPEB liability was measured at June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability (assets) was measured by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2023. The Authority's OPEB liability was measured at June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was measured by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022.

The changes in OPEB liability (assets) for the plan for the years ended June 30, 2023 and 2022 are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liabilities (Assets) (a) - (b)
Balance at June 30, 2022	\$ 945,892	\$ 685,649	\$ 260,243
Changes for the year			
Service cost	31,287	-	31,287
Interest	66,940	-	66,940
Differences between expected and actual experience	135,102	-	135,102
Changes of assumptions	(245,702)	-	(245,702)
Change in measurement date	-	-	-
Contributions - employer	-	342,505	(342,505)
Contributions - employee	-	-	-
Net investment income (loss)	-	51,142	(51,142)
Benefit payments, including refunds of member contributions	(42,505)	(42,505)	-
Net changes	(54,878)	351,142	(406,020)
Balance at June 30, 2023	\$ 891,014	\$ 1,036,791	\$ (145,777)

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	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liabilities (Assets) (a) - (b)
Balance at June 30, 2021	\$ 1,657,305	\$ -	\$ 1,657,305
Changes for the year			
Service cost	106,288	-	106,288
Interest	40,425	-	40,425
Differences between expected and actual experience	-	-	-
Changes of assumptions	(948,196)	-	(948,196)
Change in measurement date	125,582	-	125,582
Contributions - employer	-	785,512	(785,512)
Contributions - employee	-	-	-
Net investment income (loss)	-	(64,351)	64,351
Benefit payments, including refunds of member contributions	(35,512)	(35,512)	-
Net changes	(711,413)	685,649	(1,397,062)
Balance at June 30, 2022	\$ 945,892	\$ 685,649	\$ 260,243

Employer contributions reflect the Authority's additional deposits of \$300,000 and \$750,000 into the OPEB Trust account at the SRBTF during the years ended June 30, 2023 and 2022, respectively.

For the years ended June 30, 2023 and 2022, the Authority recognized OPEB expense of \$(458,777) and \$(366,379), respectively. The recognized OPEB expense for both the years ended June 30, 2023 and 2022 are negative due to deferred inflows and outflows resulting in a change in OPEB liability.

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 191,558	\$ 3,724,565
Net difference between projected and actual earnings on OPEB plan investments	49,546	-
Differences between expected and actual experience	124,686	166,184
Total	\$ 365,790	\$ 3,890,749

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2024	\$ (510,804)
2025	(510,804)
2026	(510,804)
2027	(526,334)
2028	(527,073)
Thereafter	<u>(939,140)</u>
 Total	 <u><u>\$ (3,524,959)</u></u>

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 216,198	\$ 4,020,219
Net difference between projected and actual earnings on OPEB plan investments	62,120	-
Differences between expected and actual experience	<u>-</u>	<u>186,957</u>
 Total	 <u><u>\$ 278,318</u></u>	 <u><u>\$ 4,207,176</u></u>

The total OPEB liability for the June 30, 2023 and 2022 measurement date was determined by an actuarial valuation as of December 31, 2022 and 2020, respectively, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

1. The following annual healthcare cost trend rates for the year ended June 30, 2023: For GIC non-Medicare plans, 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by .25 per year, 4.5% ultimate rate. For GIC Medicare plans, -0.50%, 6.79%, 4.99%, 4.99%, then 6.00% decreasing by .25 per year, 4.5% ultimate rate.

The following annual healthcare cost trend rates for the year ended June 30, 2022: (a) for GIC non-Medicare plans, 6.60%, 6.50%, 6.40%, 6.20%, then 5.75% decreasing by 0.25% per year, 4.5% ultimate rate. For GIC Medicare plans, 4.80%, 4.70%, 4.60%, 4.70%, then 5.75% decreasing by 0.25% per year, 4.5% ultimate rate.

2. The mortality rate was in accordance with:
 - i. Healthy: PubG-2010 General Healthy Retiree Headcount-Waited Tables, sex-distinct,

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projected generationally with Scale MP-2021 for the year ended June 30, 2023 (previously, RP 2014 Healthy Annuitant Mortality Table projected generationally with scale MP-2020, gender distinct for the year ended June 30, 2022).

- ii. Disabled: PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Tables, sex-distinct, projected generationally with Scale MP-2021 for the year ended June 30, 2023.
 - iii. The underlying table with generational projection to the ages of participants as of the measurement date reasonably reflects the mortality experience of the plan as of the measurement date based on historical and current demographic data. The mortality table was then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.
3. Wage inflation and salary increases of 3.25% and 3.00% for the years ended June 30, 2023 and 2022, respectively.
 4. Actuarial cost method - Entry Age Normal - Level percentage of payroll.
 5. Discount rate of 7.00% for both of the years ended June 30, 2023 and 2022.
 6. Participation rates:
 - i. 80% of active employees are assumed to elect retiree medical and life insurance coverage.
 - ii. 50% of inactive vested participants are assumed to elect retiree coverage, with benefits assumed to commence at age 60.
 - iii. For future retirees 100% are assumed to be eligible for Medicare and are assumed to enroll in a Plan upon reaching age 65.

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The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation as of June 30, 2023 and 2022 and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return	
		2023	2022
Domestic equity	20.50%	6.59%	6.11%
International developed markets equity	12.00%	6.87%	6.49%
International emerging markets equity	4.50%	8.30%	8.12%
Core fixed income	15.00%	1.53%	0.38%
High-yield fixed income	8.00%	3.54%	2.48%
Real estate	10.00%	3.44%	3.72%
Timber	4.00%	4.01%	3.44%
Hedge fund, GTAA, Risk parity	10.00%	3.06%	2.63%
Private equity	16.00%	9.49%	9.93%
Total	<u>100.00%</u>		

The discount rates used to measure the total OPEB liability for both of the measurement years ended June 30, 2023 and 2022 was 7.00%. The OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investment was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following presents the Authority's net OPEB liability calculated using the discount rate of 7.0% for both of the measurement years ended June 30, 2023 and 2022, respectively, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for each year:

Measurement year ended	1% decrease	Current discount	1% increase
June 30, 2022	\$ 386,420	\$ 260,243	\$ 156,126
June 30, 2023	(19,137)	(145,777)	(249,115)

(a) The discount rates as of both June 30, 2023 and 2022 are as follows: 7.00% (current); 6.00% (1% decrease) and 8.00% (1% increase)

The following presents the Authority's net OPEB liability calculated using the healthcare cost trend rates of 8.77% and 6.60% for the measurement years ended June 30, 2023 and 2022, respectively, as well as what the Authority's net OPEB liability would be if it were calculated using a healthcare cost

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trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for each year:

<u>Measurement year ended</u>	<u>1% decrease</u>	<u>Current rate</u>	<u>1% increase</u>
June 30, 2022	\$ 137,042	\$ 260,243	\$ 414,495
June 30, 2023	(260,292)	(145,777)	(1,316)

- (a) - The healthcare cost trend rates as of June 30, 2023 are as follows: for GIC non-Medicare plans, 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by 0.25% per year, 4.5% ultimate rate. For GIC Medicare plans, -0.50%, 6.79%, 4.99%, 4.99%, then 6.00% decreasing by .25% per year, 4.5% ultimate rate
- (b) - The healthcare cost trend rates as of June 30, 2022 are as follows: for GIC non-Medicare plans, 6.60%, 6.50%, 6.40%, 6.20%, then 5.75% decreasing by 0.25% per year, 4.5% ultimate rate. For GIC Medicare plans, 4.80%, 4.70%, 4.60%, 4.70%, then 5.75% decreasing by 0.25% per year, 4.5% ultimate rate.

Note 14 - Leases

The Authority is the lessor of multiple long-term leases to the state universities. These leases include residence halls and other facilities used by students of the Commonwealth's state universities. These obligations may include the costs of periodic renovations and improvements to the residence halls, as well as other major construction performed on campus, which has included athletic field construction and repair.

The lease receivable was calculated based upon the discounting of the future bond service payments using the average interest rate of the bond issuance associated with that lease. Each University, in accordance with a management and services agreement between the Authority and the Commonwealth of Massachusetts, is charged a revenue assessment that is based on a certified occupancy report, the current rent schedule and the design capacity for each of the residence halls, as well as debt service on instruments issued for dormitory and other major construction projects for the University. This revenue assessment is used by the Authority to pay principal and interest due on its long-term debt obligations and certain Authority operating costs. If the Authority refunds the bonds, any cost savings are passed on to the Universities. Leases expire at various times, as noted in the following chart. The lease term is completed when the final bond payment is made.

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June 30, 2023 and 2022**

The following table summarizes the Authority's outstanding significant leases receivable as of June 30, 2023 and 2022:

Bond Series Description	Commencement Date	Lease Term at Commencement (Years)	Lease Amount	Rate Type	Interest Rate	Leases Receivable 6/30/2023	Leases Receivable 6/30/2022
2003B	7/1/2020	16.8	Varies	Implicit Rate	5.38% - 5.50%	\$ 51,066,735	\$ 56,193,668
2009C	7/1/2020	17.8	Varies	Implicit Rate	4.58% - 5.93%	55,209,159	56,740,177
2010B	7/1/2020	17.8	Varies	Implicit Rate	4.89% - 6.54%	16,787,757	18,033,360
2011A	7/1/2020	2.8	Varies	Implicit Rate	5.00%	3,299,574	10,542,216
2012C	7/1/2020	19.8	Varies	Implicit Rate	2.00% - 5.00%	-	5,000
2014A	7/1/2020	25.8	Varies	Implicit Rate	4.50% - 5.00%	5,100,000	7,500,000
2014B	7/1/2020	21.8	Varies	Implicit Rate	4.00% - 5.00%	8,532,406	10,003,798
2014C	7/1/2020	11.8	Varies	Implicit Rate	4.00% - 5.00%	6,535,000	6,970,000
2015A	7/1/2020	13.8	Varies	Implicit Rate	2.00% - 5.00%	9,165,000	12,090,000
2016A	7/1/2020	26.8	Varies	Implicit Rate	4.00% - 5.00%	48,671,708	54,310,696
2017A	7/1/2020	14.8	Varies	Implicit Rate	3.00% - 5.00%	13,191,000	13,875,000
2017B	7/1/2020	15.8	Varies	Implicit Rate	4.00% - 5.00%	8,950,000	9,345,000
2017D	7/1/2020	17.8	Varies	Implicit Rate	4.00% - 5.00%	58,570,000	60,640,000
2019A	7/1/2020	16.8	Varies	Implicit Rate	3.00% - 5.00%	9,815,000	10,235,000
2019B	7/1/2020	18.8	Varies	Implicit Rate	4.00% - 4.10%	45,095,000	46,785,000
2019C	7/1/2020	20.8	Varies	Implicit Rate	1.69% - 3.37%	191,510,153	198,598,098
2020A	7/1/2020	26.8	Varies	Implicit Rate	1.04% - 3.07%	336,411,433	336,411,433
2021A	7/1/2021	28.8	Varies	Implicit Rate	2.00% - 5.00%	16,490,000	16,825,000
2021B	7/1/2021	18.8	Varies	Implicit Rate	2.00% - 5.00%	1,305,000	1,360,000
2022A	7/1/2021	29.8	Varies	Implicit Rate	4.00% - 5.00%	70,677,561	71,681,103
						<u>\$ 956,382,486</u>	<u>\$ 998,144,549</u>

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For the year ended June 30, 2023, the Authority recognized \$64,331,908 in lease revenue and \$41,207,354 in lease interest revenue. For the year ended June 30, 2022, the Authority recognized \$64,786,592 in lease revenue and \$32,376,521 in lease interest revenue.

Future payments due to the Authority under the lease agreements with the state universities are as follows for the years ending June 30:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 39,190,416	\$ 39,060,356	\$ 78,250,772
2025	41,507,174	37,790,880	79,298,054
2026	43,628,145	36,370,792	79,998,937
2027	45,408,450	34,949,539	80,357,989
2028	45,052,674	36,168,632	81,221,306
2029 - 2033	262,065,473	108,902,585	370,968,058
2034 - 2038	265,656,606	64,601,303	330,257,909
2039 - 2043	169,688,926	21,056,604	190,745,530
2044 - 2048	38,513,631	4,016,656	42,530,287
2049 - 2052	5,670,991	215,350	5,886,341
Total	<u>\$ 956,382,486</u>	<u>\$ 383,132,697</u>	<u>\$ 1,339,515,183</u>

On October 24, 2019, the Authority entered into a lease agreement with an unrelated third party for office space located in Boston, Massachusetts commencing on March 1, 2020. The leased area is approximately 5,319 square feet. The lease provides for a minimum annual base rent of \$276,588 for the initial year (fiscal year 2021) of the lease agreement and increases \$1 per rentable square foot per year, ultimately increasing to \$329,776 in year eleven of the lease term. The initial year base rent reflects a one-month free rent period. The lease is for a term of 132 months and expires in February 2031. The Authority is also required to pay, as additional rent, its pro rata share of real estate tax and operating expense escalations, as specified in the lease agreement.

During fiscal year 2022, the Authority adopted GASB 87 - *Leases*. Under the GASB standard, the Authority recognized the lease as a right of use asset and an operating lease liability on the statements of net position (deficiency in net position). The adoption required the lease liability to be measured at the present value of payments expected to be made during the lease term. The present value was calculated using an estimated incremental borrowing rate of 3.25%. Lease payments are allocated between interest expense and a reduction to the lease liability. As of June 30, 2023 and 2022, the lease liability balance was \$2,175,080 and \$2,387,909, respectively.

The right of use asset is measured as the initial amount of the lease liability, adjusted for certain lease allowances or other items. The lease asset was valued at \$2,751,297 at July 1, 2020. The lease asset is amortized on a straight-line basis, over the remaining useful life of the lease. As of June 30, 2023 and 2022, the lease asset, net of amortization, was \$2,000,943 and \$2,251,061, respectively. Amortization expenses for both of the years ended June 30, 2023 and 2022 were \$250,118. The reduction to lease liability was \$212,829 and \$176,217 for the years ended June 30, 2023 and 2022, respectively, along with lease interest expense of \$76,880 and \$83,334 for 2023 and 2022, respectively. For the years ended June 30, 2023 and 2022, additional rent amounted to \$11,600 and \$12,478, respectively.

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The minimum annual lease payments, allocated between lease interest expense and the reduction of the operating lease liability, for subsequent fiscal years through maturity in February 2031 are as follows:

<u>Year ending June 30</u>	<u>Lease Liability</u>	<u>Lease Interest</u>	<u>Total</u>
2024	\$ 224,985	\$ 70,044	\$ 295,029
2025	237,535	62,813	300,348
2026	250,493	55,174	305,667
2027	263,872	47,114	310,986
2028	275,203	38,618	313,821
2029-2031	922,992	60,322	983,314
	<u>\$ 2,175,080</u>	<u>\$ 334,085</u>	<u>\$ 2,509,165</u>

On June 30, 2017, the Authority entered into a lease agreement with Plus One Holdings, Inc. ("Plus One") to lease approximately 2,395 square feet of space at the Massachusetts College of Arts and Design ("MCAD") for the purpose of operating a student health services clinic. The lease agreement provides for an initial term of five years commencing in July 2017, and thereafter, at the option of Plus One, may be extended for three additional, five-year periods. The option to extend a term shall be exercised not less than one year prior to the expiration of the term then in effect. Annual rent shall be due in advance on the anniversary of the commencement date. Annual rent shall increase two and a half percent per year during the initial lease term and all extension periods. The Authority is currently in negotiations to extend the lease with Plus One and the lease is currently on a month-to-month basis effective in July 2022.

The Authority has entered into an agreement with MCAD, whereby the Massachusetts College of Pharmacy and Health Services ("MCPHS") and Plus One lease payments will be made on a semiannual basis directly to MCAD, as payment of rent, and held in MCAD's residence hall trust fund and shall be used by MCAD for the operation of the leased property in a similar manner in which residence hall fees are used by the University and the Authority. In accordance with the lease agreement, Plus One paid MCAD \$32,219 and \$31,432 during fiscal 2023 and 2022, respectively. The Authority assesses annual obligations to MCAD, which include the pro rata share of the building occupied by Plus One, on the same debt assessment basis the Authority uses for their other residence halls.

On June 30, 2023, the Authority entered into a lease agreement with Carbon Health for an initial period conterminous with a three-year Student Health Service Agreement. Both the lease agreement and the health service agreement have potential extensions. The annual rent amount for the first year of the lease is \$32,213.

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June 30, 2023 and 2022**

Note 15 - Subsequent Events

On July 13, 2023, the MSCBA closed on \$4,375,000 of Project Revenue Bonds Series 2023A for the purpose of providing funding for residence hall renovations at Bridgewater State University and soccer field turf replacement at the Massachusetts College of Liberal Arts. The first principal payment is due on May 1, 2024, and the final principal payment is on May 1, 2043. Interest is due semi-annually each May 1st and November 1st. The bonds carry interest rates ranging from 3.25% to 5%.

On July 20, 2023, the MSCBA closed on \$36,165,000 Project and Refunding Revenue Bonds (Community College Program) Series 3 for the purpose of providing funding for a new Learning and Resource Center at Bunker Hill Community College and to refund the Community College 2014 Series 1 Bonds for Mount Wachusett Community College. The first principal payment is due on May 1, 2024, and the final principal payment is on May 1, 2053. Interest is due semi-annually each May 1st and November 1st. The bonds carry interest rates ranging from 4% to 5.5%.

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Required Supplementary Information

**Massachusetts State College Building Authority
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Supplementary Information

**Schedule of the Authority's Proportionate Share of the
Net Pension Liability of the Commonwealth of Massachusetts
June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the collective net pension liability (asset)	0.0218%	0.0249%	0.0251%	0.0269%	0.0312%	0.0299%	0.0262%	0.0289%	0.0253%
Authority's proportionate share of the collective net pension liability (asset)	\$ 3,035,276	\$ 2,593,803	\$ 4,302,195	\$ 3,935,112	\$ 4,121,111	\$ 3,828,162	\$ 3,612,661	\$ 3,286,731	\$ 1,878,277
Authority's covered-employee payroll	\$ 1,788,535	\$ 1,684,806	\$ 1,512,594	\$ 1,537,249	\$ 1,705,680	\$ 1,787,296	\$ 1,704,399	\$ 1,459,312	\$ 1,431,639
Authority's proportionate share of the collective net pension liability (asset) as a percentage of its covered payroll	169.71%	153.95%	284.42%	255.98%	241.61%	214.19%	211.96%	225.22%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%

* The amounts presented for each fiscal year were determined as of 6/30.

** This schedule is intended to present 10 years of data. Additional years will be presented when available.

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

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Supplementary Information

**Schedule of Authority Pension Contributions
June 30, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 283,721	\$ 211,499	\$ 203,754	\$ 215,188	\$ 134,295	\$ 115,941	\$ 115,941	\$ 115,955	\$ 101,546	\$ 97,745
Contributions in relation to the contractually required contribution	<u>(283,721)</u>	<u>(211,499)</u>	<u>(203,754)</u>	<u>(215,188)</u>	<u>(134,295)</u>	<u>(115,941)</u>	<u>(115,941)</u>	<u>(115,955)</u>	<u>(101,546)</u>	<u>(97,745)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 1,788,535	\$ 1,684,806	\$ 1,512,594	\$ 1,537,249	\$ 1,705,680	\$ 1,787,296	\$ 1,704,399	\$ 1,459,312	\$ 1,431,639	\$ 1,408,627
Contributions as a percentage of covered payroll	15.86%	12.55%	13.47%	14.00%	7.87%	6.49%	6.80%	7.95%	7.09%	6.94%

* This schedule is intended to present 10 years of data. Additional years will be presented when available.

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

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Supplementary Information

**Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios
June 30, 2023**

	2023	2022	2021	2020	2019
Total OPEB liability:					
Service cost	\$ 31,287	\$ 106,288	\$ 103,730	\$ 94,823	\$ 244,646
Interest	66,940	40,425	58,628	56,145	239,294
Changes of benefit terms	-	-	-	-	-
Change in measurement date	-	-	-	-	-
Differences between expected and actual experience	135,102	-	(249,271)	-	(5,391,656)
Changes of assumptions	(245,702)	(948,196)	187,964	93,930	-
Benefits payments, including refunds of employee contributions	(42,505)	(35,512)	(29,927)	(29,317)	(137,071)
Net change in total OPEB liability	(54,878)	(836,995)	71,124	215,581	(5,044,787)
Total OPEB liability - beginning	945,892	1,782,887	6,630,968	6,415,387	6,415,387
Total OPEB liability - end (a)	<u>\$ 891,014</u>	<u>\$ 945,892</u>	<u>\$ 6,702,092</u>	<u>\$ 6,630,968</u>	<u>\$ 1,370,600</u>
Plan fiduciary net position:					
Contributions - employer	\$ 342,505	\$ 785,512	\$ 29,317	\$ 29,317	\$ 137,071
Contributions - employee	-	-	-	-	-
Net investment income	51,142	(64,351)	-	-	-
Benefits payments, including refunds of employee contributions	(42,505)	(35,512)	(29,317)	(29,317)	(137,071)
Change in accounting for assets	-	-	-	-	-
Administrative expense	-	-	-	-	-
Other	-	-	-	-	-
Net change in plan Fiduciary Net Position	351,142	685,649	-	-	-
Plan Fiduciary Net Position - beginning	685,649	-	-	-	-
Plan Fiduciary Net Position - end (b)	<u>\$ 1,036,791</u>	<u>\$ 685,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liabilities (Assets) - end (a) - (b)	<u>\$ (145,777)</u>	<u>\$ 260,243</u>	<u>\$ 6,702,092</u>	<u>\$ 6,630,968</u>	<u>\$ 1,370,600</u>
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	116.36%	72.49%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 1,788,535	\$ 1,684,806	\$ 1,512,594	\$ 1,537,249	\$ 1,705,680
Plan Net OPEB Liabilities (Assets) as a percentage of covered employee payroll	-8.15%	15.45%	443.09%	431.35%	80.36%

* The amounts presented for each fiscal year were determined as of 6/30.

** This schedule is intended to present 10 years of data. Additional years will be presented when available.

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

Supplementary Information

**Schedule of Authority OPEB Contributions
June 30, 2023**

The plan has been pay-as-you-go up until June 30, 2022. The Massachusetts State College Building Authority established a formal trust in the fiscal year ending June 30, 2022. The Massachusetts State College Building Authority's current funding policy is not tied directly to the actuarially determined OPEB liability. As such, there was no Actuarially Determined Contribution calculated.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to Required Supplementary Information
June 30, 2023**

Note 1 - Changes in net pension benefit terms and assumptions

FY2023 (Measurement Date of June 30, 2022) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2023.

Changes in assumptions

The inflation rate changed to 2.5% from 0%.

FY2022 (Measurement Date of June 30, 2021) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2022.

Changes in assumptions

The investment rate of return changed to 7.00% from 7.15%.

FY2021 (Measurement Date of June 30, 2020) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2021.

Changes in assumptions

The investment rate of return changed to 7.15% from 7.25%.

FY2020 (Measurement Date of June 30, 2019) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2020.

Changes in assumptions

The investment rate of return changed to 7.25% from 7.35%.

FY2019 (Measurement Date of June 30, 2018) Changes in Actuarial Assumptions

Changes in benefit terms

None in 2019.

Changes in assumptions

The investment rate of return changed to 7.35% from 7.5%.

The mortality assumption changed as follows:

- Disability - was changed to reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016 set forward 1 year for females from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2015 (gender distinct).

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to Required Supplementary Information
June 30, 2023**

Note 2 - Changes in net OPEB benefit terms and assumptions

FY2023 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2023.

Changes in assumptions

The payroll growth rate and salary increases were increased to 3.25% from 3.00%.

FY2022 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2022.

Changes in assumptions

The discount rate was increased to 7.00% from 2.16%.

FY2021 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2021.

Changes in assumptions

The discount rate was decreased to 2.16% from 2.21%.

FY2020 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2020.

Changes in assumptions

The discount rate was decreased to 2.21% from 3.50%.

FY2019 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2019.

Changes in assumptions

The discount rate was decreased to 3.50% from 3.87%.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to Required Supplementary Information
June 30, 2023**

FY2018 Changes in Actuarial Assumptions

Changes in benefit terms

None in 2018.

Changes in assumptions

The methodology was changed such that liabilities were calculated separately from the Commonwealth.

The turnover, disability and pre-retirement mortality assumptions were eliminated and the retirement assumption was revised.

The per-capita claim costs were updated.

The trend assumptions were revised.

The discount rate was increased to 3.87% from 3.63%.

The mortality assumption changed as follows:

- Post-retirement - was changed to reflect the RP-2014 Healthy Annuitant Mortality table projected generationally using Scale MP-2018, gender distinct from RP-2014 Blue Collar Healthy Annuitant Mortality table projected generationally using Scale MP-2016 and set forward 1 year for females.

The participation rate assumptions changed to the following:

- 80% of active employees are assumed to elect retiree medical and life insurance coverage. 100% of all retirees who currently have health care coverage will continue with the same coverage, except those with POS/PPO coverage, 85% are assumed to move into the indemnity plan and 15% are assumed to move into the HMO.
- All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- 40% of future retirees are assumed to elect a GIC indemnity plan upon retirement, 50% are assumed to elect a POS/PPO plan upon retirement and 10% are assumed to elect a GIC HMO plan. 100% of future retirees are assumed to be eligible for Medicare, with 85% electing a GIC indemnity plan upon reaching age 65 and 15% electing a GIC HMO plan upon reaching age 65.

The participation rate assumptions were formerly:

- 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over age 65 with POS/PPO coverage switch to HMO.
- All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- 80% of current and future contingent eligible participants will elect health care benefits at age 65, or current age if later.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to Required Supplementary Information
June 30, 2023**

- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	Retirement Age	
	Under 65	Age 65 +
Indemnity	40%	85%
POS/PPO	50%	0%
HMO	10%	15%

Note 3 - Significant methods and assumptions used in calculating the actuarially determined calculations

The total OPEB liability for the June 30, 2023 and 2022 measurement date was determined by an actuarial valuation as of December 31, 2022 and 2020, respectively, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

1. The following annual healthcare cost trend rates for the year ended June 30, 2023: For GIC non-Medicare plans, 8.77%, 8.82%, 6.72%, 6.43%, then 6.00% decreasing by .25 per year, 4.5% ultimate rate. For GIC Medicare plans, -0.50%, 6.79%, 4.99%, 4.99%, then 6.00% decreasing by .25 per year, 4.5% ultimate rate.

The following annual healthcare cost trend rates for the year ended June 30, 2022: (a) for GIC non-Medicare plans, 6.60%, 6.50%, 6.40%, 6.20%, then 5.75% decreasing by 0.25% per year, 4.5% ultimate rate. For GIC Medicare plans, 4.80%, 4.70%, 4.60%, 4.70%, then 5.75% decreasing by 0.25% per year, 4.5% ultimate rate.

2. The mortality rate was in accordance with:
 - i. Healthy: PubG-2010 General Healthy Retiree Headcount-Waited Tables, sex-distinct, projected generationally with Scale MP-2021 for the year ended June 30, 2023 (previously, RP 2014 Healthy Annuitant Mortality Table projected generationally with scale MP-2020, gender distinct for the year ended June 30, 2022).
 - ii. Disabled: PubNS-2010 Non-Safety Disabled Retiree Headcount-Weighted Tables, sex-distinct, projected generationally with Scale MP-2021 for the year ended June 30, 2023.
 - iii. The underlying table with generational projection to the ages of participants as of the measurement date reasonably reflects the mortality experience of the plan as of the measurement date based on historical and current demographic data. The mortality table was then adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.
3. Wage inflation and salary increases of 3.25% and 3.00% for the years ended June 30, 2023 and 2022, respectively.
4. Actuarial cost method - Entry Age Normal - Level percentage of payroll.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

**Notes to Required Supplementary Information
June 30, 2023**

5. Discount rate of 7.00% for both of the years ended June 30, 2023 and 2022.
6. Participation rates:
 - i. 80% of active employees are assumed to elect retiree medical and life insurance coverage.
 - ii. 50% of inactive vested participants are assumed to elect retiree coverage, with benefits assumed to commence at age 60.
 - iii. For future retirees 100% are assumed to be eligible for Medicare and are assumed to enroll in a Plan upon reaching age 65.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

Supplementary Information

Statistical Information (Unaudited)

Schedule of Net Position (Deficiency) by Category

	<u>2014</u> <small>(as restated)</small>	<u>2015</u>	<u>2016</u>	<u>2017</u> <small>(as restated)</small>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u> <small>(as restated)</small>	<u>2022</u>	<u>2023</u>
Net investment in capital assets	\$ (3,080,091)	\$ (12,717,572)	\$ (26,837,719)	\$ (23,187,500)	\$ (29,027,598)	\$ (44,021,651)	\$ (52,345,420)	\$ (93,721,552)	\$ (142,427,617)	\$ (131,117,106)
Restricted - expendable	905,631	905,721	-	-	-	-	-	-	-	-
Unrestricted	<u>(21,970,305)</u>	<u>(17,193,251)</u>	<u>(856,119)</u>	<u>(17,484,620)</u>	<u>(13,656,989)</u>	<u>2,888,291</u>	<u>22,020,820</u>	<u>65,348,711</u>	<u>136,936,714</u>	<u>160,271,918</u>
Total Net Position (Deficiency)	<u>\$ (24,144,765)</u>	<u>\$ (29,005,102)</u>	<u>\$ (27,693,838)</u>	<u>\$ (40,672,120)</u>	<u>\$ (42,684,587)</u>	<u>\$ (41,133,360)</u>	<u>\$ (30,324,600)</u>	<u>\$ (28,372,841)</u>	<u>\$ (5,490,903)</u>	<u>\$ 29,154,812</u>

See Independent Auditor's Report on Page 2.

**Massachusetts State College Building Authority
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Supplementary Information

Statistical Information (Unaudited)

Changes in Net Position

	2014 (as restated)	2015	2016	2017 (as restated)	2018	2019	2020	2021	2022	2023
Operating Revenue										
Income from assessments	\$ 67,825,646	\$ 74,214,554	\$ 76,187,363	\$ 85,979,296	\$ 87,755,221	\$ 90,613,525	\$ 92,150,894	\$ 88,821,995	\$ 109,096,779	\$ 107,168,319
Other miscellaneous revenue	426,352	598,515	943,094	549,270	452,204	158,783	345,339	184,815	415,422	128,645
Total operating revenue	<u>68,251,998</u>	<u>74,813,069</u>	<u>77,130,457</u>	<u>86,528,566</u>	<u>88,207,425</u>	<u>90,772,308</u>	<u>92,496,233</u>	<u>89,006,810</u>	<u>109,512,201</u>	<u>107,296,964</u>
Non-Operating Revenue										
Net investment income (loss)	10,763,298	10,702,249	15,374,812	7,981,303	10,053,652	14,950,924	12,369,469	1,698,121	(4,406,631)	2,974,146
Interest income - interagency	-	-	-	-	-	-	7,291,176	5,398,320	5,746,687	4,143,735
Transfers (to)/from State Universities	4,221,388	4,009,535	7,056,055	421,418	498,508	585,251	(495,898)	(66,254)	4,011,129	11,946,358
Build America Bonds interest subsidy	2,161,590	2,189,322	2,200,443	2,201,230	2,198,010	2,181,789	2,147,963	1,461,387	1,482,780	1,472,486
Gain (loss) on sale of assets	-	-	-	-	-	-	-	213,031	(520,621)	-
Miscellaneous nonoperating revenue	912,114	150,866	99,082	49,691	70,350	26,061	9,112	69,870	-	-
Capital grants	-	-	-	-	-	-	-	-	-	-
Total non-operating revenue	<u>18,058,390</u>	<u>17,051,972</u>	<u>24,730,392</u>	<u>10,653,642</u>	<u>12,820,520</u>	<u>17,744,025</u>	<u>21,321,822</u>	<u>8,774,475</u>	<u>6,313,344</u>	<u>20,536,725</u>
Total Revenue	<u>86,310,388</u>	<u>91,865,041</u>	<u>101,860,849</u>	<u>97,182,208</u>	<u>101,027,945</u>	<u>108,516,333</u>	<u>113,818,055</u>	<u>97,781,285</u>	<u>115,825,545</u>	<u>127,833,689</u>
Operating Expenses										
Insurance costs	(892,842)	(939,566)	(1,024,658)	(1,086,763)	(1,160,311)	(1,188,922)	(1,255,933)	(1,512,604)	(1,530,011)	(1,644,878)
Authority operating expenses	(1,660,589)	(2,208,557)	(2,312,194)	(2,338,033)	(2,490,233)	(2,713,867)	(2,120,278)	(2,358,521)	(2,441,072)	(2,369,421)
Depreciation	(33,711,899)	(38,884,197)	(41,762,241)	(43,333,694)	(44,346,059)	(45,099,077)	(45,007,554)	(45,963,988)	(45,585,151)	(45,744,654)
Amortization of deferred loss (gain) on receivables	-	-	-	-	-	-	-	(42,612)	(277,471)	-
Other expenses	(235,606)	(402,886)	(46,879)	-	(106,166)	(12,983)	(221,551)	(134,281)	843,835	583,990
Total operating expenses	<u>(36,500,936)</u>	<u>(42,435,206)</u>	<u>(45,145,972)</u>	<u>(46,758,490)</u>	<u>(48,102,769)</u>	<u>(49,014,849)</u>	<u>(48,605,316)</u>	<u>(50,012,006)</u>	<u>(48,989,870)</u>	<u>(49,174,963)</u>
Non-operating expenses										
Interest expense	(48,795,255)	(53,529,051)	(54,345,047)	1,968,378	(54,281,857)	(57,085,975)	(52,979,652)	(43,549,368)	(42,817,906)	(44,000,467)
Bond issuance costs	(564,385)	(761,121)	(1,058,566)	(655,786)	(655,786)	(864,282)	(1,424,327)	(2,268,147)	(1,135,831)	(12,544)
Total non-operating expenses	<u>(49,359,640)</u>	<u>(54,290,172)</u>	<u>(55,403,613)</u>	<u>1,312,592</u>	<u>(54,937,643)</u>	<u>(57,950,257)</u>	<u>(54,403,979)</u>	<u>(45,817,515)</u>	<u>(43,953,737)</u>	<u>(44,013,011)</u>
Total Expenses	<u>(85,860,576)</u>	<u>(96,725,378)</u>	<u>(100,549,585)</u>	<u>(45,445,898)</u>	<u>(103,040,412)</u>	<u>(106,965,106)</u>	<u>(103,009,295)</u>	<u>(95,829,521)</u>	<u>(92,943,607)</u>	<u>(93,187,974)</u>
Increase (decrease) in net position	<u>\$ 449,812</u>	<u>\$ (4,860,337)</u>	<u>\$ 1,311,264</u>	<u>\$ 51,736,310</u>	<u>\$ (2,012,467)</u>	<u>\$ 1,551,227</u>	<u>\$ 10,808,760</u>	<u>\$ 1,951,764</u>	<u>\$ 22,881,938</u>	<u>\$ 34,645,715</u>

* Prior to 2020, the amounts presented for net investment income and interest income - interagency were combined under net investment income.

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**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

Supplementary Information

Statistical Information (Unaudited)

Room Rates of Residence Facilities

<u>Institution</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bridgewater	\$6,540-7,740	\$6,740-7,840	\$6,940-8,080	\$7,220-\$8,400	\$7,510-8,862	\$7,698-9,128	\$7,948-9,425	\$8,099-10,024	\$8,100-10,220	\$8,140-10,480
Fitchburg	\$5,230-6,580	\$5,330-6,710	\$5,440-6,840	\$5,770-\$7,900	\$6,044-8,273	\$6,331-8,666	\$6,331-9,034	\$6,600-10,000	\$6,600-10,000	\$6,998-10,484
Framingham	\$6,085-8,830	\$6,380-9,060	\$6,680-9,280	\$6,980-\$9,580	\$7,280-9,880	\$7,560-10,160	\$7,840-10,440	\$8,040-13,640	\$8,040-13,640	\$8,040-13,640
Mass. College of Art	\$8,030-11,220	\$8,190-11,440	\$8,350-11,670	\$8,560-\$12,807	\$8,820-12,320	\$9,261-13,378	\$9,358-13,378	\$8,944-13,860	\$9,210-14,280	\$9,490-14,710
Mass. College of Liberal Arts	\$4,860-5,260	\$5,210-5,510	\$5,500-5,700	\$5,750-\$5,950	\$6,050-6,250	\$5,000-6,550	\$5,000-6,850	\$6,900-7,196	\$7,040-7,340	\$7,300-8,400
Mass. Maritime Academy	\$5,910	\$6,440	\$6,790	\$7,130	\$7,340	\$7,560	\$7,790	\$8,004	\$8,200	\$8,410
Salem	\$6,700-9,500	\$6,980-9,900	\$7,280-10,320	\$7,570-\$10,730	\$7,870-11,160	\$8,110-11,490	\$8,350-11,820	\$8,680-12,530	\$8,680-12,000	\$8,897-12,013
Westfield	\$5,250-7,500	\$5,510-8,350	\$5,730-8,680	\$5,940-\$9,000	\$6,110-9,260	\$4,380-9,540	\$4,510-9,830	\$6,800-10,120	\$7,700-9,700	\$8,300-10,300
Worcester	\$6,920-7,980	\$7,090-8,180	\$7,270-8,370	\$7,485-\$8,585	\$7,646-8,746	\$7,778-8,878	\$7,778-8,878	\$7,878-9,278	\$7,878-9,278	\$8,098-9,498

See Independent Auditor's Report on Page 2.

**Massachusetts State College Building Authority
(A Component Unit of the Commonwealth of Massachusetts)**

Supplementary Information

Statistical Information (Unaudited)

Occupancy as a Percentage of Design Capacity at Residence Facilities

<u>State University</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/2022</u>	<u>2022/2023</u>
Bridgewater	95%	99%	97%	96%	95%	95%	96%	37%	81%	89%
Fitchburg	100%	103%	101%	96%	92%	85%	76%	50%	58%	52%
Framingham	100%	98%	98%	94%	93%	90%	88%	33%	64%	64%
Mass. College of Art and Design	99%	99%	98%	99%	99%	96%	100%	65%	98%	101%
Mass. College of Liberal Arts	86%	86%	79%	77%	74%	71%	73%	46%	43%	42%
Mass. Maritime Academy	111%	93%	101%	105%	102%	102%	101%	57%	95%	87%
Salem	106%	107%	100%	96%	96%	90%	79%	37%	63%	79%
Westfield	98%	98%	102%	99%	94%	86%	82%	38%	66%	66%
Worcester	101%	87%	94%	92%	96%	96%	96%	50%	78%	84%
Average Occupancy	99%	98%	98%	96%	94%	91%	88%	43%	71%	74%

See Independent Auditor's Report on Page 2.

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board
Massachusetts State College Building Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of the Massachusetts State College Building Authority (a component unit of the Commonwealth of Massachusetts) (the "Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Boston, Massachusetts
November 15, 2023



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BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Series 2024A Bonds. The Series 2024A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024A Bond certificate will be issued for each maturity of the Series 2024A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Series 2024A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2024A Bonds, except in the event that use of the book-entry system for the Series 2024A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2024A Bonds may wish to take certain steps to augment transmission to them of significant events with respect to the Series 2024A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2024A Bonds may wish to ascertain that the nominee holding the Series 2024A Bonds for their benefit has agreed to obtain and transmit

notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2024A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2024A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2024A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024A Bonds at any time by giving reasonable notice to Authority or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2024A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2024A Bond certificates will be printed and delivered.

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

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SUMMARY OF LEGAL DOCUMENTS

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

DEFINITIONS OF CERTAIN TERMS

“Account or Accounts” means each account or all of the accounts established by the Trust Agreement.

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

“Agency Obligations” means obligations issued or guaranteed by the Federal National Mortgage Association, Government National Mortgage Association, Federal Financing Bank, Federal Intermediate Credit Banks, Federal Farm Credit Bank, Banks for Cooperatives, Federal Land Banks, Federal Farm Credit Banks Funding Corporation, Farm Credit System Financial Assistance Corporation, Federal Home Loan Banks, Farmers Home Administration, Export-Import Bank of the United States, Resolution Funding Corporation, Student Loan Marketing Association, United States Postal Service, Tennessee Valley Authority, Federal Home Loan Mortgage Corporation or any other agency or corporation which has been or may hereafter be created pursuant to an act of Congress as an agency or instrumentality of the United States of America.

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

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

“Appropriations” means amounts made available for expenditure on behalf of a State University pursuant to an appropriation or other spending authorization by the General Court of the Commonwealth and amounts otherwise available for expenditure by the BHE on behalf of such State University, including without limitation retained tuition payments, if any.

“Authorized Newspaper” means *The Bond Buyer* or a newspaper customarily published at least once a day for at least five days (other than legal holidays) in each week, printed in the English language and of general circulation in New York, New York.

“Authorized Officer” means the Chairman, Vice Chairman, Secretary-Treasurer, Assistant Secretary-Treasurer or Executive Director of the Authority, and when used with reference to an act or document of the Authority also means any other person authorized by resolution of the Authority to perform the act or sign the document in question.

“Bond Counsel” means any lawyer or firm of lawyers nationally recognized in the field of municipal finance and satisfactory to the Authority.

“Bondowner” or “Owner” or “Owner of Bonds” or any similar term means any person who shall be the registered owner of any Outstanding Bond or Bonds.

“Bond” means any bond authenticated and delivered under the Trust Agreement.

“Business Day” means any day that is not a Saturday, Sunday or legal holiday in the Commonwealth or a day on which banks in Boston, Massachusetts, are authorized or required by law or executive order to close.

“Campus Project” means any Project financed with Bonds issued after 1998.

“Campus Project Capital Improvement Reserve Accounts” means, collectively, the Bridgewater State University Capital Improvement Reserve Account, the Framingham State University Capital Improvement Reserve Account, the Fitchburg State University Capital Improvement Reserve Account, the Massachusetts College of Art and Design Capital Improvement Reserve Account, the Salem State University Capital Improvement Reserve Account, the Westfield State University Capital Improvement Reserve Account and the Worcester State University Capital Improvement Reserve Account of such names established by the Trust Agreement and any additional Capital Improvement Reserve Account established by the Authority pursuant to the Trust Agreement with respect to a State University in connection with the financing of a Campus Project.

“Campus Residence Hall Project” means a Campus Project that is a residence hall.

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

“Capital Improvements” means improvements, enlargements, betterments, alterations, extensions, renewals and replacements of one or more Projects, including land, equipment and other real or personal property, which are properly chargeable (whether or not so charged by the Authority), under generally accepted accounting principles, as additions to capital accounts.

“Capital Improvements Budget” means a budget (i) showing all projected disbursements from the Project Fund and Capital Improvement Reserve Fund and, to the extent provided by the Authority, any other fund or account under or outside the Trust Agreement, as well as the sources of moneys projected to be available to meet the same and (ii) identifying the Capital Improvements to be undertaken, the nature of the work, the estimated cost thereof and the estimated completion date of each Capital Improvement.

“Commissioner” means the Commissioner of Higher Education of the Commonwealth.

“Commonwealth-owned Project” means a Project with respect to which the Authority has neither legal title nor a leasehold interest.

“Comptroller” means Comptroller of the Commonwealth.

“Contract” shall mean the Contract for Financial Assistance, Management and Services dated as of February 1, 2003 between the Commonwealth, acting by and through the BHE, and the Authority, together with all amendments thereto.

“Counsel’s Opinion” or “Opinion of Counsel” means an opinion signed by Bond Counsel or an attorney or firm of attorneys of recognized standing (who may be counsel to the Authority) selected by the Authority.

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

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

“Debt Service Reserve Fund Requirement” means zero. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Debt Service Reserve Fund Requirement.”

“Defeasance Obligations” means and includes any of the following securities, to the extent investment in such securities by the Authority is authorized under applicable law:

- (i) direct obligations of the United States of America;
- (ii) interest-only strips of the Resolution Funding Corporation;
- (iii) pre-refunded municipal bonds rated Aaa by Moody’s Investors Service and AAA by Standard & Poor’s Ratings Service; or
- (iv) obligations issued by the following agencies that are backed by the full faith and credit of the United States of America: Export-Import Bank (direct obligations or fully guaranteed certificates of beneficial ownership), Farmers Home Administration, Federal Financing Bank, General Services Administration (participation certificates), Maritime Administration (guaranteed Title XI financing), Department of Housing and Urban Development (project notes, local authority bonds and new communities debentures).

“Deferred Income Bond” means any Bond (i) as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is (a) compounded on each Valuation Date for such Deferred Income Bond and (b) payable only at the maturity or prior redemption of such Bonds and (ii) as to which interest accruing after the Interest Commencement Date is payable on the first interest payment date immediately succeeding the Interest Commencement Date and periodically thereafter on the dates set forth in the Supplemental Trust Agreement authorizing such Deferred

Income Bond. For the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity or (ii) computing the principal amount of Bonds held by the registered owner of a Deferred Income Bond in giving to the Authority or the Trustee any notice, consent, request, or demand pursuant to the Trust Agreement for any purposes whatsoever, unless otherwise provided in the Supplemental Trust Agreement authorizing such Deferred Income Bond, the principal amount of a Deferred Income Bond shall be deemed to be its Appreciated Value.

“Fiduciary” or “Fiduciaries” means the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

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

“Framingham Contract” means the Contract for Financial Assistance, Management and Services, Framingham State College Parking Lot, dated as of August 1, 1999 between the Authority and Commonwealth, acting by and through the BHE.

“Fund” or “Funds” means each fund or all of the funds established by the Trust Agreement.

“Indebtedness” means Bonds or Bond Anticipation Notes.

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

“Interest Subsidy Payment” means the credit payment received by the Authority pursuant to section 6431(b) of the Code.

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

- (i) Defeasance Obligations;
- (ii) Agency Obligations;
- (iii) Obligations the timely payment of principal of and interest on which are unconditionally guaranteed by the United States of America;
- (iv) Certificates or receipts representing direct ownership of future interest or principal payments on direct general obligations of the United States of America or any obligations of agencies or instrumentalities of the United States of America which are backed by the full faith and credit of the United States of America, which obligations are held by a custodian in safekeeping on behalf of the registered owners of such receipts;
- (v) Interest-bearing time or demand deposits, certificates of deposit, or other similar banking arrangements with any government securities dealer, bank, trust company, savings and loan association, national banking association or other savings institution (including the Trustee or any affiliate of the Trustee), provided that such deposits, certificates, and other arrangements are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or interest-bearing time or demand deposits or certificates of deposit with any bank, trust company, national banking association or other savings institution (including the Trustee or any affiliate of the Trustee), provided such deposits and certificates are in or with a bank, trust company, national banking association or other savings institution whose long-term unsecured debt is rated in one of the two highest long-term rating categories by each Rating Agency;

(vi) Repurchase agreements collateralized by securities described in subparagraphs (i), (ii), (iii) or (iv) above with any registered broker-dealer or with any commercial bank;

(vii) Forward purchase agreements providing for delivery of securities described in subparagraphs (i), (ii), (iii) or (iv) above or subparagraph (ix) below with banks or other financial institutions (including the Trustee or any affiliate of the Trustee) whose long-term unsecured debt or claims-paying ability is rated in one of the two highest rating categories by each Rating Agency, provided that any such agreement must be accompanied by an opinion of counsel to the effect that the securities delivered will not be considered a part of the estate of such bank or other financial institution in the event of a declaration of bankruptcy or insolvency by such bank or institution;

(viii) Money market funds rated in the highest rating category by each Rating Agency, including, without limitation, any mutual fund rated in the highest rating category by each Rating Agency, for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (A) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (B) the Trustee charges and collects fees for services rendered pursuant to this Trust Agreement, which fees are separate from the fees received from such funds, and (C) services performed for such funds and pursuant to this Trust Agreement may at times duplicate those provided to such funds by the Trustee or its affiliates;

(ix) Commercial paper rated in the highest rating category by each Rating Agency;

(x) Short-term or long-term obligations, whether tax exempt or taxable, of any state or local government or authority or instrumentality thereof or any other entity that has the ability to issue obligations the interest on which is excludable from gross income for federal income tax purposes, provided that any such obligations are rated at the time of purchase in one of the two highest rating categories by each Rating Agency;

(xi) Investment contracts with banks or other financial institutions (including the Trustee or any affiliate of the Trustee) whose long-term unsecured debt or claims-paying ability is rated in one of the two highest rating categories by each Rating Agency;

(xii) Participation units in a combined investment fund created under Section 38A of Chapter 29 of the Massachusetts General Laws; and

(xiii) Any other investment in which moneys of the Authority may be legally invested, provided that the Authority receives a letter (or other evidence satisfactory to the Trustee) from a Rating Agency to the effect that it will not, solely as a result of such investment, lower, suspend or otherwise adversely affect any underlying rating (without regard to any Credit Facility) then maintained on any Outstanding Bonds.

“MassArt Dining Hall Contract” means the Contract for Financial Assistance, Management and Services, Massachusetts College of Art and Design Dining Hall, dated as of August 1, 1999 between the Authority and the Commonwealth, acting by and through the BHE.

“MassArt Residence Hall Contract” means the Contract for Financial Assistance, Management and Services, Massachusetts College of Art and Design Residence Hall, dated as of August 1, 1999 between the Authority and the Commonwealth, acting by and through the BHE.

“Maturity Value” means the Accreted Value of a Capital Appreciation Bond at its stated maturity.

“1994 Contract” means the Contract for Financial Assistance, Management and Services, 1994 Projects, Existing Projects and Refunding, dated as of October 1, 1994, as amended as of August 1, 1999 between the Authority and the Commonwealth, acting by and through the BHE.

“1999 Bridgewater Contract” means the Contract for Financial Assistance, Management and Services, Bridgewater State College Dining Hall, dated as of August 1, 1999 between the Authority and the Commonwealth, acting by and through the BHE.

“Operating Expenses” means any expenses incurred by or for the account of the Authority or reimbursable by or to the Authority for operation, maintenance, renewal and repair of the Projects including, without limiting the generality of the foregoing, administrative expenses, financial, legal and auditing expenses, insurance premiums, payments on claims against the Authority, payments of rates, assessments or other charges to the Authority with respect to the Projects, legal and engineering expenses relating to operation and maintenance, payments and reserves for pension, retirement, health, hospitalization and sick leave benefits for Authority employees allocable to the Projects and any other similar expenses required to be paid by the Authority, all to the extent properly and directly attributable to the Projects, and the expenses, liabilities and compensation of the Fiduciaries required to be paid under the Trust Agreement, but does not include any cost of any Capital Improvement or any provision for interest, depreciation, amortization or similar charges on any indebtedness. The term shall also include any payments required to be made by the Authority to the Commonwealth pursuant to Section 20 of the Act.

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

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

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

“Principal Installment” means, as of any date of calculation and with respect to the Bonds of any Series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such Series due on a future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided under the heading “Satisfaction of Sinking Fund Installment”) of any Sinking Fund Installments due on a future date for Bonds of such Series, plus the amount of the premium, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date, plus such applicable redemption premium, if any.

“Prior Contracts” means (i) the 1994 Contract, (ii) the 1999 Bridgewater Contract, (iii) the MassArt Residence Hall Contract, (iv) the MassArt Dining Hall Contract, (v) the Framingham Contract and (vi) the 2000 Bridgewater Contract.

“Project” shall mean the construction of new buildings or structures and the acquisition, addition to, alteration, enlargement, reconstruction, rehabilitation, remodeling and other work, including, but not limited to, the alteration or modification of existing facilities or the construction of additional or new facilities required or made desirable by changes in or enactments of new law or regulation or changes in or new circumstances such as, by way of example and not by way of limitation, provision for access or use by handicapped persons, provision for conservation of energy, provision for safety and security of persons and property, provision for other compliance with changed or new law, regulation or circumstance, in or upon or respecting existing buildings or structures, the provision and installation therein or in respect thereof of furnishings, furniture, machinery, equipment, facilities, approaches, driveways, walkways, parking areas, planting and landscaping, the acquisition of land, other property,

rights, easements and interests acquired for or in respect to any thereof, the demolition or removal of any buildings or structures on land so acquired or interests in which are so acquired and site preparation, with respect to the financing or refinancing of which Bonds shall have been issued (or, as required by the context, with respect to which such financing or refinancing may be or shall have been proposed) under the Trust Agreement. The word shall also mean, whenever appropriate, such land, buildings or structures and such appurtenances.

“Project Cost” means and includes the cost, whenever incurred, of carrying out a Project and placing it in operation, including, but not limited to, the cost of construction of new buildings or structures and the cost of acquiring, adding to, altering, enlarging, leasing, reconstructing, remodeling and doing other work in or upon or respecting existing buildings and structures, if any, included in such Project, the cost of providing and installing in or in respect of any such building or structure, furniture, furnishings, machinery, equipment, facilities, approaches, driveways, walkways, parking areas, planting and landscaping, the cost of leasing or otherwise acquiring land, other property, rights, easements and interests acquired for or in respect to any of the foregoing, the cost of demolishing or removing any buildings or structures on land so acquired or interests in which are so acquired and the cost of site preparation; the cost of architectural and engineering services, plans, specifications, survey, estimates of costs and of revenues, other expenses necessary or incident to determining the feasibility or practicability of such Project; administrative expenses, legal expense and such other expenses, including, but not limited to, the fees and expenses (including reasonable attorneys’ fees and expenses) of the Trustee payable initially or prior to the receipt by the Authority of Revenues from such Project, fees and expenses of financial advisers and other experts, printing and advertising costs and the like, taxes and other governmental charges lawfully levied or assessed prior to such receipt of Revenues, the cost of preliminary architectural and engineering services, plans, specifications, surveys, estimates of costs and revenues, other expenses necessary or incident to determine the feasibility or practicability of other projects for which written requests shall have been made by authority of the BHE and premiums for policies of insurance, fidelity bonds and the like covering property and risks of and related to such Project and payable prior to such receipt of such Revenues, as may be necessary or incident to the aforesaid, to the financing or refinancing thereof and to the issuance therefore of notes or Bonds or both and interest for such period as the Authority may deem advisable.

“Provider” means any person or entity providing a Credit Facility with respect to any one or more Series of Bonds, pursuant to agreement with or upon the request of the Authority.

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

“Rating Agency” means each nationally recognized rating service that maintains a published rating on any Outstanding Bonds at the request of the Authority.

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

“Refunding Bonds” means all Bonds authenticated and delivered on original issuance pursuant to the Trust Agreement for the purpose of refunding Outstanding Bonds.

“Revenues” means (i) all moneys received by the Authority in payment of fees, rents, rates and other charges for the use and occupancy of, and for the services and facilities provided by, a Project, including, without

limitation, the moneys which the BHE is required to remit to the Authority under the Contract, and all other income derived by the Authority from the operation, ownership or control thereof and (ii) any other amounts designated as Revenues in the Contract.

“Series” means all of the Bonds authenticated and delivered on original issuance and designated as such by the Authority in a simultaneous transaction pursuant to the provisions regarding authorization and issuance of bonds under the Trust Agreement and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefore, regardless of variations in maturity, interest rate, sinking fund, or other provisions.

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

“Supplemental Trust Agreement” means any trust agreement supplemental to or amendatory of the Trust Agreement, adopted by the Authority in accordance with the Trust Agreement.

“System Projects” means Projects financed by Bonds issued before 1998.

“System Projects Capital Improvement Reserve Account” means the Account by that name established by the Trust Agreement.

“Trust Agreement” means the Trust Agreement dated as of November 1, 1994 between the Authority and the Trustee, as amended by the First Supplemental Agreement dated as of January 1, 1996, the Second Supplemental Agreement dated as of August 1, 1999 and the Third Supplemental Agreement dated as of April 1, 2000, each between the Authority and the Trustee, and as further amended and restated by the Fourth Supplemental Trust Agreement dated as of February 1, 2003, as further supplemented by the Fifth Supplemental Trust Agreement dated as of February 1, 2003, providing for the issuance of the Authority’s Project Revenue Bonds, Series 2003A, and Refunding Revenue Bonds, Series 2003B, as further amended by the Sixth Supplemental Trust Agreement dated as of November 1, 2003, as further supplemented by the Seventh Supplemental Trust Agreement dated as of January 1, 2004, providing for the issuance of the Authority’s Project Revenue Bonds, Series 2004A, as further supplemented by the Eighth Supplemental Trust Agreement dated as of February 1, 2004, providing for the issuance of the Series 2004B Bonds, as further supplemented by the Ninth Supplemental Trust Agreement dated as of March 1, 2005, providing for the issuance of the Authority’s Project Revenue Bonds, Series 2005A, as further supplemented by the Tenth Supplemental Agreement dated as of March 1, 2006 and the Eleventh Supplemental Agreement dated as of April 1, 2006, providing for the issuance of the Authority’s Project Revenue Bonds, Series 2006A, as further supplemented and amended by the Twelfth Supplemental Agreement dated as of March 1, 2008, providing for the issuance of the Series 2008A Bonds, as further supplemented and amended by the Thirteenth Supplemental Trust Agreement dated as of January 1, 2009, as further supplemented by the Fourteenth Supplemental Trust Agreement dated as of January 1, 2009, providing for the issuance of the Series 2009A Bonds, as further amended and restated by the Fifteenth Supplemental Trust Agreement dated as of December 1, 2009, as further supplemented by the Sixteenth Supplemental Trust Agreement dated as of December 1, 2009, providing for the issuance of the Series 2009B Bonds, as further supplemented by the Seventeenth Supplemental Trust Agreement dated as of December 1, 2009, providing for the issuance of the Series 2009C Bonds, as further amended by the Eighteenth Supplemental Trust Agreement dated as of December 1, 2010, as further supplemented by the Nineteenth Supplemental Trust Agreement dated as of December 1, 2010, providing for the issuance of the Series 2010A Bonds, as further supplemented by the Twentieth Supplemental Trust Agreement dated as of December 1, 2010, providing for the issuance of the Series 2010B Bonds, as further supplemented by the Twenty-first Supplemental Trust Agreement dated as of June 1, 2011, providing for the issuance of the Series 2011A Bonds, as further amended by the Twenty-second Supplemental Trust Agreement dated as of January 1, 2012, as further supplemented by the Twenty-third Supplemental Trust Agreement dated as of January 1, 2012, providing for the issuance of the Series 2012A Bonds, as further supplemented by the Twenty-fourth Supplemental Trust Agreement dated as of March 1, 2012, providing for the issuance of the Series 2012B Bonds, as further supplemented by the Twenty-fifth Supplemental Trust Agreement dated as of December 1, 2012, providing for the issuance of the Series 2012C Bonds, as further supplemented by the Twenty-sixth Supplemental Trust Agreement dated as of

January 1, 2014 providing for the issuance of the Series 2014A Bonds, as further supplemented and amended by the Twenty-seventh Supplemental Trust Agreement dated as of December 1, 2014 providing for the issuance of the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds, as further supplemented by the Twenty-eighth Supplemental Trust Agreement dated as of December 1, 2015 providing for the issuance of the Series 2015A Bonds, as further supplemented by the Twenty-ninth Supplemental Trust Agreement dated as of February 1, 2016 providing for the issuance of the Series 2016A Bonds, as further amended and restated by the Thirtieth Supplemental Trust Agreement dated as of January 1, 2017, as further supplemented by the Thirty-first Supplemental Trust Agreement dated as of January 1, 2017 providing for the issuance of the Series 2017A Bonds, as further supplemented by the Thirty-second Supplemental Trust Agreement dated as of December 1, 2017 providing for the issuance of the Series 2017 B Bonds and the Series 2017D Bonds, and the Thirty-third Supplemental Trust Agreement dated as of December 1, 2017 providing for the issuance of the Series 2017C Bonds, as further supplemented by the Thirty-fourth Supplemental Trust Agreement dated as of April 1, 2018, as further supplemented by the Thirty-fifth Supplemental Trust Agreement dated as of January 1, 2019 providing for the issuance of the Series 2019A Bonds, as further supplemented by the Thirty-sixth Supplemental Trust Agreement dated as of January 1, 2019 providing for the issuance of the Series 2019B Bonds, as amended by the Thirty-seventh Supplemental Trust Agreement dated as of June 1, 2019, as further supplemented by the Thirty-eighth Supplemental Trust Agreement dated as of October 15, 2019 providing for the issuance of the Series 2019C Bonds, as further amended and restated by the Thirty-ninth Supplemental Trust Agreement dated as of January 1, 2020, as further supplemented by the Fortieth Supplemental Trust Agreement dated as of July 1, 2020 providing for the issuance of the Series 2020A Bonds, as further supplemented by the Forty-first Supplemental Trust Agreement dated as of July 1, 2021 providing for the issuance of the Series 2021A Bonds and the Series 2021B Bonds, as further amended and restated by the Forty-second Supplemental Trust Agreement dated as of December 1, 2021, as further supplemented by the Forty-third Supplemental Trust Agreement dated as of February 1, 2022 providing for the issuance of the Series 2022A Bonds, as further amended and restated by the Forty-fourth Supplemental Trust Agreement dated as of March 1, 2023, as further supplemented by the Forty-fifth Supplemental Trust Agreement dated as of July 1, 2023 providing for the issuance of the Series 2023A Bonds, and as further supplemented by the Forty-sixth Supplemental Trust Agreement dated as of February 1, 2024 providing for the issuance of the Series 2024A Bonds.

“2000 Bridgewater Contract” means the Contract for Financial Assistance, Management and Services, Bridgewater State College Residence Hall, dated as of May 1, 2000 between the Authority and the Commonwealth, acting by and through the BHE.

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

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SUMMARY OF THE TRUST AGREEMENT

Trust Agreement to Constitute Contract. The Trust Agreement constitutes a contract between the Authority and the Owners from time to time of the Bonds, and the pledge made in the Trust Agreement and the covenants and agreements therein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by the Trust Agreement or any Supplemental Trust Agreement.

Additional Bonds. Additional Bonds may be issued at any time to pay or provide for the payment of other Authority bonds, notes or other obligations incurred under the Act, to refund Outstanding Bonds, to make deposits to the Project Fund, the Debt Service Fund or the Debt Service Reserve Fund, or any combination thereof, and to pay or provide for the payment of the costs incurred in connection with the issuance of Bonds. The consent of the Bond Insurer is required to issue refunding Bonds that do not produce debt service savings.

Bond Anticipation Notes. Whenever the Authority shall authorize the issuance of Bonds, the Authority may by resolution authorize the issuance of notes (and renewals thereof) in anticipation of the sale of such Bonds. The principal of and interest on such notes and renewals thereof shall be payable from the proceeds of such notes, from the proceeds of the sale of the Bonds in anticipation of which such Notes are issued or from funds of the Authority. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such notes, and any such pledge shall have a priority over any other pledge of such proceeds created by the Trust Agreement. The Authority may secure the payment of the interest on such notes by a pledge that is on a parity with the pledge under the Trust Agreement securing all Bonds, in which event such interest shall be payable from the Debt Service Fund. The Authority may also pledge the Revenues and other Authority funds to the payment of the principal of such notes, but such pledge shall be subordinate to the pledge securing the payment of the Bonds.

Additional Obligations. The Authority reserves the right to issue bonds, notes or other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Authority, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as provided in the Trust Agreement, entitled to a charge or lien or right with respect to the Revenues or the Funds and Accounts created thereby or pursuant thereto. Notwithstanding the foregoing, the Authority may by Supplemental Trust Agreement issue bonds, notes or any other obligations entitled to a charge or lien or right with respect to the Revenue or the Funds and Accounts created under the Trust Agreement, so long as amounts payable on such obligations or under such agreement shall be payable after the deposits set forth under the heading "Revenue Fund."

The Pledge Effected by the Trust Agreement. There are pledged for the payment of the Principal Installments and Redemption Price of and interest on the Bonds, subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement, all Revenues, all moneys and securities on deposit in all funds and accounts created under the Trust Agreement (except for the Operating Fund and the Rebate Fund), all Pledged Funds and all rights of the Authority under the Contract to receive Revenues and Pledged Funds payable to the Authority thereunder.

Establishment of Funds and Accounts. The following Funds and Accounts, which shall be held and administered by the Trustee (except the Operating Fund, the Capital Improvement Reserve Fund and the Multipurpose Reserve Fund, which shall be held by the Authority), subject to the provisions of the Trust Agreement, shall be established:

- (1) Project Fund;
- (2) Revenue Fund;
- (3) Operating Fund;
- (4) Debt Service Fund;

- (5) Debt Service Reserve Fund;
- (6) Rebate Fund;
- (7) Capital Improvement Reserve Fund (and within said Fund (i) a System Projects Capital Improvement Reserve Account, (ii) a Bridgewater State University Capital Improvement Reserve Account, (iii) a Framingham State University Capital Improvement Reserve Account, (iv) a Massachusetts College of Art and Design Capital Improvement Reserve Account, (v) a Massachusetts Maritime Academy Capital Improvement Reserve Account (vi) a Salem State University Capital Improvement Reserve Account, (vii) a Worcester State University Capital Improvement Reserve Account; (viii) a Westfield State University Capital Improvement Reserve Account and (ix) a Fitchburg State University Capital Improvement Reserve Account); and
- (8) Multipurpose Reserve Fund.

Project Fund. There shall be deposited in the Project Fund (i) the amount provided in the applicable Supplemental Trust Agreement to be deposited therein to pay Project Costs to be financed by such Series and (ii) any other amounts (not required by the Trust Agreement to be otherwise deposited) as determined by the Authority.

The Authority may establish in the Supplemental Trust Agreement for any Series of Bonds a separate Cost of Issuance Account within the Project Fund and shall deposit in the Cost of Issuance Account for such Series any proceeds of such Series as directed by such Supplemental Trust Agreement and any other moneys not otherwise directed to be applied by the Trust Agreement.

Revenue Fund. All Revenues, except earnings on investment of the Funds and Accounts to the extent provided under the heading "Investment of Funds; Valuation," shall be collected by or for the account of the Authority and deposited by or on behalf of the Authority as promptly as practicable in the Revenue Fund. On the last Business Day of each February and on each October 10 (or the next preceding Business Day, if October 10 is not a Business Day), or on such earlier date as an Authorized Officer of the Authority may direct upon certification by such Authorized Officer that sufficient amounts are then on deposit in the Revenue Fund to make the transfers in the amounts required on that last Business Day of February or October 10, as applicable, the Trustee shall apply amounts available in the Revenue Fund to the following purposes and in the following order:

- (i) to the Debt Service Fund, an amount which, when added to other amounts on deposit in such Fund and available for such purpose, including amounts in any capitalized interest account that may have been established by the applicable Supplemental Trust Agreement, will equal the interest to become due and payable on Outstanding Bonds on the next interest payment date and any Principal Installment to become due and payable on Outstanding Bonds on or before the next date (within the next twelve months) on which such Principal Installment is payable (and if the amount on deposit in the Debt Service Fund shall be less than such required amount, the Trustee shall notify the Authority and the BHE in writing of the amount of the deficiency and request payment of such amount pursuant to the Contract);
- (ii) to the Debt Service Reserve Fund, an amount which, together with the amounts on deposit therein, will equal the Debt Service Reserve Fund Requirement;
- (iii) to the Authority for deposit in the Operating Fund, the amount directed in writing to be deposited therein by an Authorized Officer;
- (iv) to the Authority for deposit in the System Projects Capital Improvement Reserve Account or one or more Campus Project Capital Improvement Reserve Accounts in the Capital Improvement Reserve Fund, the amount, if any, directed in writing to be deposited therein by an Authorized Officer pursuant to the Trust Agreement; and

- (v) to the Authority for deposit in the Multipurpose Reserve Fund, the amount, if any, directed in writing to be deposited therein by an Authorized Officer pursuant to the Trust Agreement.

Any balance remaining in the Revenue Fund following the above payments shall be retained in the Revenue Fund to be available for payments therefrom in the succeeding months.

Operating Fund. Amounts in the Operating Fund shall be applied by the Authority from time to time to Operating Expenses. Amounts in the Operating Fund which the Authority at any time determines in writing to be in excess of the requirements of such Fund shall be withdrawn and deposited in the Revenue Fund.

Debt Service Fund. The Trustee shall pay out of the Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Bonds the amount required for the interest and Principal Installments payable on such date and (ii) on or before each redemption date for such Bonds, the amount required for the payment of the Redemption Price of and interest on such Bonds then to be redeemed. A Supplemental Trust Agreement that establishes a capitalized interest account in the Debt Service Fund may provide for residual amounts in said account to be transferred to the Project Fund.

Debt Service Reserve Fund. If at any time the amounts on deposit and available therefor in the Debt Service Fund are insufficient to pay the Principal Installments and Redemption Price of and interest on the Bonds then due, the Trustee shall withdraw from the Debt Service Reserve Fund and deposit in the Debt Service Fund the amount necessary to meet any such deficiency. Whenever moneys on deposit in the Debt Service Reserve Fund exceed the Debt Service Reserve Fund Requirement, such excess may be, in the discretion of the Authority, transferred by the Trustee to the Debt Service Fund or, if approved by an Opinion of Bond Counsel, to any Fund or Account specified by the Authority.

Rebate Fund. If any Series of Bonds is issued, or becomes, subject to the rebate requirement of section 148(f) of the Code the Authority may, by a Supplemental Trust Agreement, activate the Rebate Fund established under the Trust Agreement, and the Trustee shall then establish a separate Rebate Account within the Rebate Fund for such Series of Bonds. Funds on deposit in any Rebate Account shall be applied as set forth in the applicable Supplemental Trust Agreement.

Capital Improvement Reserve Fund. Amounts shall be deposited into the System Projects Capital Improvement Reserve Account or one or more Campus Project Capital Improvement Reserve Accounts in the Capital Improvement Reserve Fund from the Revenue Fund as provided in the Trust Agreement to the extent provided in any Supplemental Trust Agreement or as directed in a certificate of an Authorized Officer of the Authority. Amounts not subject to the lien of the Trust Agreement may be deposited by the Authority in any Account in the Capital Improvement Reserve Fund at any time. The Authority may apply amounts in the System Projects Capital Improvement Reserve Account to Project Costs of any System Project and may apply amounts in a Campus Project Capital Improvement Reserve Account to Project Costs of any Campus Project located at the State University to which said Account relates. In connection with the financing of a Campus Project at a State University with respect to which a Campus Project Capital Improvement Account has not yet been established, the applicable Supplemental Trust Agreement shall establish a Campus Project Capital Improvement Reserve Account for such State University.

Investment of Funds: Valuation. Except as otherwise provided under the heading "Defeasance," money held for the credit of any fund or account held by the Trustee under the Trust Agreement shall, to the fullest extent practicable, be invested, either alone or jointly with moneys in any other fund or account, by the Trustee at the written direction of an Authorized Officer of the Authority in Investment Obligations, provided that if moneys in two or more funds or accounts are commingled for purposes of investment, the Trustee shall maintain appropriate records of the Investment Obligations or portions thereof held for the credit of such fund or account. Unless otherwise directed by a Supplemental Trust Agreement, Investment Obligations purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account and all income thereon shall accrue to and be deposited in such fund or account and all losses from investment shall be charged against such fund or account, provided that, except as may be otherwise provided in a Supplemental Trust Agreement, all income earned on investment of the Debt Service Reserve Fund shall be credited to and deposited in the Debt Service Fund. Notwithstanding any provision in the Trust Agreement or in a Supplemental Trust

Agreement to the contrary, the Trustee shall not be liable for any losses from investment in accordance with the applicable provisions under this heading. The Authority may by Supplemental Trust Agreement direct that all or any portion of income earned on investment of moneys allocable to any Series of Bonds in any fund or account established under the Trust Agreement shall be transferred to the Rebate Account established for such Series of Bonds in the Rebate Fund. In computing the amount in any fund or account under the Trust Agreement for any purpose, Investment Obligations shall be valued at par, or if purchased at other than par, shall be valued at Amortized Value. Accrued interest received upon the sale of any Investment Obligation shall be treated as income from such Investment Obligation. Investment Obligations in any fund or account under the Trust Agreement shall be valued at least once in each Fiscal Year on the last day thereof. Notwithstanding the foregoing, Investment Obligations in the Debt Service Reserve Fund shall be valued at par or Amortized Value, whichever is lower, as aforesaid, unless and until a withdrawal from either such fund shall be required, in which event such investments shall thereafter be valued at par, Amortized Value or market, whichever is lowest, until the balance in such Fund, on the basis of such valuation, shall equal the Debt Service Reserve Fund Requirement.

Satisfaction of Sinking Fund Installments. Any amount accumulated in the Debt Service Fund up to the unsatisfied balance of each respective Sinking Fund Installment may be applied (together with amounts accumulated in such Debt Service Fund with respect to interest on the Bonds for which such Sinking Fund Installment was established) by the Trustee at the direction of the Authority prior to the 45th day preceding the due date of such Sinking Fund Installment (i) to the purchase of Bonds of the maturity for which such Sinking Fund Installment was established, at prices (including any brokerage and other charges) not exceeding the principal amount of such Bonds plus unpaid interest accrued to the date of purchase, such purchases to be made in such manner as the Authority shall determine or (ii) to the redemption of such Bonds if then redeemable by their terms at the price referred to in clause (i). All Bonds so purchased or redeemed shall be delivered to the Trustee for cancellation prior to the 45th day preceding the due date of such Sinking Fund Installment. The principal amount of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Fund until such Sinking Fund Installment date for the purpose of calculating the amount of such Fund.

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

Upon the purchase or redemption of any Bonds for which Sinking Fund Installments shall have been established, an amount equal to the principal amount of the Bonds so purchased or redeemed shall be credited toward future Sinking Fund Installments in such order as the Authority shall determine.

Pledged Funds. Pledged Funds shall be deposited upon receipt by the Trustee in any of the Funds or Accounts established under the Trust Agreement, as directed by the Authority in a certificate of an Authorized Officer. If there are insufficient moneys in the Revenue Fund to make the deposits required by clauses (i) and (ii) under the section "Revenue Fund" above on any date on which such deposits are required, the Trustee shall notify the Authority, the BHE and the Comptroller of the amount of any such insufficiency and that a deposit of Pledged Funds may be required to cure such insufficiency, such notice to be provided no later than 10 days after the date on which such deposits were required and substantially in the form as provided for by the Trust Agreement.

Debt Service Payments. The Authority covenants that it will promptly pay the principal of and the interest on every Bond at the place, on the dates and in the manner provided in the Trust Agreement and in said Bond, and any premium required for the retirement of said Bond by purchase or redemption, according to the true intent and meaning thereof. Except as otherwise provided in the Trust Agreement, such principal, interest and premium are payable solely from Revenues pledged therefore under the Trust Agreement and moneys in the funds and accounts pledged therefore under the Trust Agreement. The Authority covenants that it will perform and observe each and every agreement, condition, covenant and obligation on its part to be performed and observed under the Contract, to the end that the Pledged Funds therein provided and the pledge thereof shall remain in full force and effect and binding upon the Commonwealth as authorized by the Act and provided by the Contract.

Completion of Projects. The Authority covenants that it will with reasonable expedition complete each Project in conformity with law and all requirements of all governmental authorities having jurisdiction thereover. The Authority further covenants and agrees that upon completion or occupancy of each Project financed by a Series of Bonds it will deliver to the BHE and to the Trustee a certificate stating the date upon which such completion occurred, as provided in the Trust Agreement and, if and to the extent that there is no obligation of the BHE under the Contract to undertake such operation and maintenance, will thereafter operate and maintain, or otherwise provide for the operation and maintenance of, such Project.

Land Covenant. The Authority covenants that each Project constructed or acquired by it is or will be located on lands (a) that are leased by the Authority for the purpose by a good and valid lease or leases continuing or renewable at the option of the Authority for a term not shorter than the last maturity of any Bond issued under the Trust Agreement of the Series pertaining to such Project or (b) as to which good and marketable title is held by the Authority in fee simple or the right to use and occupy which is vested in the Authority by valid leases, franchises, licenses, easements or rights of way expiring not earlier than the last maturity of any such Bond, provided that the foregoing covenant shall not apply to a Project consisting of alteration, enlargement, reconstruction, rehabilitation, remodeling and other work on any building, structure or other facility (including without limitation parking lots) not owned or leased by the Authority and not involving the acquisition of such building, structure or facility by the Authority.

Use and Operation of Projects. The Authority covenants that all payments under contracts entered into by it, all compensation and conditions of employment, and all salaries, fees and wages paid by it, in connection with the maintenance, repair and operation of each Project will be reasonable. The Authority covenants that it will perform and observe each and every agreement, condition, covenant and obligation on its part to be performed and observed under the Contract and will use its best efforts to enforce like performance and observance on the part of the Commonwealth, to the end that the obligation of the Commonwealth thereunder, among other things, to remit to the Authority or to the Trustee Revenues, to operate and maintain Projects and to make necessary repairs to and restoration and reconstruction of the same shall continue in full force and effect.

Payment of Lawful Charges. The Authority covenants that it will not create or suffer to be created any lien or charge upon any Project or any part thereof or upon the Revenues therefrom except the lien and charge upon such Revenues under the Trust Agreement or as permitted as to Pledged Funds by the Contract or other document by which Trust Funds or Appropriations are pledged, and that, from the same or other available funds, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, as promptly as possible after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects, which, if unpaid, might by law become a lien upon any Project or any part thereof or the Revenues therefrom, provided, however, that nothing under this heading shall require the Authority to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith.

Use of Other Funds for Projects; Sale of Projects. Notwithstanding any other provision of the Trust Agreement, the Authority may permit the Commonwealth or any of its agencies, departments or political subdivisions, to pay the cost of maintaining, repairing and operating any Project out of funds other than Revenues on account of such Project whether pursuant to the Contract or otherwise. The Authority may also, if and to the extent now or hereafter permitted by law, sell any Project or any portion thereof owned by the Authority, and any other owner of a Project may, if and to the extent now or hereafter permitted by law, sell any Project or any portion thereof owned by such owner, provided that if such sale by the Authority or other owner is of an entire Project, the proceeds therefrom shall be in an amount sufficient, with all other moneys then held by the Trustee under the Trust Agreement and available for the purpose, to cause to be deemed to be paid as provided in under the heading "Defeasance" the principal or Redemption Price of and interest on the principal amount of Bonds then Outstanding allocable to such Project (which principal amount shall be evidenced to the Trustee by a certificate of an Authorized Officer) and to pay all necessary and proper expenses payable in connection therewith and provided, further, that if such sale is of a portion of a Project, the proceeds therefrom shall be an amount sufficient, with any other moneys then held by the Trustee under the Trust Agreement and available for the purpose, to cause to be deemed to be paid as provided under the heading "Defeasance" the principal or Redemption Price of and interest on a portion of the principal amount of Bonds then Outstanding allocable to such Project which bears the same proportion to the principal amount of Bonds then Outstanding allocable to such Project which the Project Costs of the portion of such Project to be sold bears to the Project Costs of the Project as a whole and to pay all necessary and proper expenses

payable in connection therewith; provided however, notwithstanding the foregoing, the Authority or other owner may use such proceeds to fund another Project (“Replacement Project”) in lieu of redemption or defeasance of applicable Bonds if: (1) the Authority delivers a certificate to the Trustee demonstrating that following such sale anticipated Revenues in the current and each subsequent Fiscal Year will not be less than the amount of Revenues anticipated to be received as if such sale had not occurred, (2) if necessary, an amendment to the Contract including Replacement Project for the Project being sold, (3) if the Authority is not the owner of the Project, a certificate of the owner acknowledging the amount of the sale proceeds and the Replacement Project to which such sale proceeds will be applied, (4) if the Replacement Project was not previously approved by the Board, a copy, certified by an authorized officer of the Board, of the written request by the Board to the Authority that it initiate such Replacement Project, together with copies of any approvals of such request required by the Act to be given by an official of the Commonwealth, and (5) an Opinion of Bond Counsel that such sale and application of proceeds is permitted by this Trust Agreement and will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Authority or other owner shall not complete any such sale except after delivery to the Trustee of a copy of the purchase and sale agreement between the purchaser and the Authority or other owner, as applicable, regarding the project or portion thereof to be sold by an Authorized Officer of the Authority to be a true copy, and, if the proposed sale is of a portion of the Project and proceeds are to be applied to defease or redeem Bonds, (i) an Opinion of Bond Counsel as to the basis upon which moneys then held by the Trustee hereunder and available for the payments respecting the Bonds to be made as above provided are to be determined and (ii) a certificate of independent certified public accountants, who may be the accountants employed by the Authority for the purpose of Section 616, of the Project Costs of the portion of the Projects to be sold, of the Project Costs of the Project as a whole and of the amount of the moneys then held by the Trustee hereunder which is computed on the basis of said Opinion of Bond Counsel to be available for said payments. If the proceeds are to be applied to defease or redeem Bonds, the proceeds of any such sale shall be deposited by the Authority with the Trustee pursuant to an escrow agreement or other arrangement such that the applicable requirements under the heading “Defeasance” will be met with respect to the principal and Redemption Price of Bonds and interest thereon required by this Section to be deemed paid. If the proceeds are to be applied to defease or redeem Bonds, the principal amount of such Bonds may be paid at the applicable stated maturity date or dates or upon any one or more dates upon which such Bonds are subject to redemption at the option of the Authority (or a combination thereof).

Tax Covenant. The Authority shall take, or cause to be taken, such action as may from time to time be required to assure the continued exclusion from the federal gross income of holders of any Bonds the interest on which is not includable in the gross income of the holder thereof for federal income tax purposes. Without limiting the generality of the foregoing, the Authority shall not permit the investment or application of the proceeds of any Bonds the interest on which is not includable in the gross income of the holder thereof for federal income tax purposes, including any funds considered proceeds within the meaning of section 148 of the Code, to be used to acquire any investment property the acquisition of which would cause such Bonds to be “arbitrage bonds.” within the meaning of said Section 148.

Insurance on Projects. The Authority covenants that during the construction, alteration, enlargement, reconstruction, rehabilitation or remodeling of or other work upon each Project it will carry such insurance, if any, as it may deem reasonable therefore, that from and after the time when the contractors or any of them engaged in constructing any part of each Project shall cease to be responsible, pursuant to the provisions of the respective contracts for the construction of such part, for loss or damage to such part occurring from any cause, it will insure and at all times keep such part insured with a responsible insurance company or companies, qualified to assume the risk thereof, against physical loss or damage however caused, with such exemptions as are ordinarily required by insurers of buildings, structures or facilities of similar type, in such amount as it shall determine to be reasonable and in any event at least sufficient to comply with any legal or contractual requirement which, if breached, would result in assumption by the Authority of a portion of any loss or damage as a co-insurer, provided, however, that if at any time the Authority shall be unable to obtain such insurance to the extent above required, either as to the amount of such insurance or as to the risks covered thereby, it shall not constitute an event of default under the Trust Agreement if the Authority shall maintain such insurance to the extent reasonably obtainable and provided, further, that such insurance may be provided by a policy or policies covering all insurable portions of such Project as a whole together with other insurable property of the Authority.

All such policies shall be for the benefit of the Trustee and the Authority as their interests may appear, shall be made payable to the Trustee (by means of the standard mortgagee clause without contribution, if obtainable) and shall be deposited with the Trustee. The proceeds of any such insurance shall be deposited with the Trustee, and the Trustee shall have the sole right to receive the proceeds of such insurance and to collect claims thereunder and receipt therefore.

The Authority covenants that, immediately after any damage to or destruction of any part of any Project the estimated cost to repair, restore or reconstruct which exceeds \$1,000,000, it will, if necessary, prepare, or cause an architect or engineer for the Project to prepare, plans and specifications for repairing, restoring or reconstructing the damaged or destroyed property and will proceed with reasonable promptness accomplish such repair, restoration or reconstruction in accordance with the original design or to do such other work as may be advised in writing by the BHE.

The proceeds of all insurance referred to under this heading shall be available for, and shall to the extent necessary be applied to, the repair, restoration or reconstruction of the damaged or destroyed property, or the doing of other work with respect thereto as the Authority may determine by resolution adopted upon advice in writing from the BHE, and shall be disbursed by the Trustee upon receipt of copies, certified by an Authorized Officer of the Authority, of the resolution adopted by the Authority authorizing such repair, restoration and reconstruction and of such written advice and otherwise in the manner and upon the showings as provided under the heading "Project Fund" for payments from the Project Fund. If such proceeds shall be insufficient for such purpose, the deficiency shall be supplied by the Trustee upon requisition of the Authority from any other moneys available for the purpose.

Use, Occupancy and Other Insurance. The Authority covenants that it will at all times carry, with one or more responsible insurance companies qualified to assume the risk thereof, (i) use and occupancy insurance covering loss of Revenues by reason of necessary interruption, total or partial, in the use of the applicable Project resulting from damage or destruction of any part thereof, however caused, with such exceptions as are ordinarily required by insurers providing similar insurance, in such amount as the Authority shall estimate will be sufficient to provide a full equivalent of Revenues for the Fiscal Year respecting which such insurance is carried, provided that, if at any time the Authority shall be unable to obtain such insurance to the extent above required, either as to the amount of such insurance or as to the risks covered thereby, it will not constitute an event of default under the provisions of the Trust Agreement if the Authority shall carry such insurance to the extent reasonably obtainable, and (ii) such workers' compensation or employers' liability insurance as may be required by law and such public liability and property damage insurance as the Authority shall deem reasonable. All such policies providing use and occupancy insurance shall be made payable to and deposited with the Trustee, and the Trustee shall have the sole right to receive any proceeds of such policies and to collect claims thereunder and receipt therefore. Any proceeds of use and occupancy insurance paid to the Trustee (other than proceeds of such insurance or of business interruption insurance maintained by the Authority with respect to any Project in excess of the foregoing requirements) shall be deposited to the credit of the Revenue Fund.

Notwithstanding the foregoing, the proceeds of any use and occupancy insurance paid to the Trustee may be paid by the Trustee to the Authority if all amounts on account of the applicable Project required to be paid to the Trustee with respect to all interest payment dates preceding the collection of such proceeds and the two interest payment dates next following the collection of such proceeds have been paid to or are on deposit with the Trustee and if the Authority delivers to the Trustee a certificate of an Authorized Officer directing such payment and stating that the amount of proceeds so paid will be applied to supplement income from the applicable Project not constituting Revenues.

No Inconsistent Action by Authority. The Authority covenants and agrees that none of the Revenues of any Project will be used for any purpose other than as provided in the Trust Agreement and that no contract or contracts will be entered into or any action taken which shall be inconsistent with the provisions of the Trust Agreement.

Further Instruments and Actions. The Authority covenants that it will, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the Trust Agreement.

Records, Reports and Audits. The Authority covenants that it will keep an accurate record of the total Project Costs of each Project and of the Revenues collected or derived from such Project.

Covenant against Sale or Encumbrance. The Authority covenants that, except for the rental, leasing or licensing as landlord of rooms and other accommodations in each Project, and except as permitted by under the heading "Use of Other Funds for Projects; Sale of Projects" or by the Contract, it will not sell, lease or otherwise dispose of or encumber any Project or any part thereof and will not create or permit to be created any charge or lien on the Revenues derived therefrom except as provided in the Trust Agreement or the Contract. The Authority may, however, from time to time, (i) release to the Commonwealth any land leased by the Commonwealth to the Authority, if permitted by a lease entered into between the Commonwealth and the Authority and if such release will not adversely affect Revenues, and (ii) sell any machinery, fixtures, apparatus, tools, instruments or other movable property acquired by it from the proceeds of Bonds issued under the Trust Agreement or from the Revenues of a Project, if the Authority shall determine that such articles are no longer useful in connection with the construction or operation and maintenance of such Project, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of or shall be deposited to the credit of the appropriate account within the Project Fund as the Authority by resolution may determine.

Notice of Default: Financial Statements. The Authority covenants that (i) forthwith upon any officer of the Authority's obtaining knowledge of any condition or event which constitutes or, after notice or lapse of time or both, would constitute an Event of Default, it will file with the Trustee a certificate signed by an Authorized Officer specifying the nature and period of existence thereof, and what action the Authority has taken, is taking or proposes to take with respect thereto and (ii) it will cause an examination of its financial statements as of the end of and for each Fiscal Year during which Bonds shall be Outstanding under the Trust Agreement to be made by independent certified public accountants and within 270 days after the end of each Fiscal Year will file with the Trustee a copy of such financial statements together with the signed opinion of such independent certified public accountants with respect thereto.

Capital Improvements Budget. Not later than one day prior to the beginning of each Fiscal Year and at such other time as may be required by a Supplemental Trust Agreement, the Authority shall adopt and file with the Trustee a Capital Improvements Budget for the Capital Improvements or parts thereof to be undertaken by the Authority in such Fiscal Year. The Authority may from time to time amend or supplement the Capital Improvements Budget for the Fiscal Year then in progress by filing with the Trustee a certificate of an Authorized Officer setting forth the amendment or supplement. The Authority covenants that it will cause its architects and engineers to make regular inspections of the Authority's Projects, periodically to assess the state of repair of the Projects and to make recommendations to the Authority as to any substantial repairs that may be warranted or required. The Authority covenants that, if its architects and engineers find that any of the Projects has not been maintained in good repair, it will, to the extent consistent with sound business judgment, restore such Project to good repair as expeditiously as practicable and will make adequate provision therefore in its Capital Improvements Budget. Without limiting the generality of the foregoing, the Authority covenants that it will maintain, and will cause the BHE and the State Universities pursuant to the Contract to maintain, sufficient balances in the Capital Improvement Reserve Fund to achieve compliance with the provisions under this heading.

Enforcement of Contract. The Authority covenants that it will maintain the Contract and diligently enforce its rights thereunder and that it will not voluntarily consent to or permit any rescission of or consent to any amendment to or otherwise take any action under or in connection with the Contract which will have a material adverse effect upon the rights of the Bondowners. Without limiting the generality of the foregoing, the Authority covenants that it will, pursuant to the Act and the Contract, give notice to the BHE and to the Comptroller of any anticipated insufficiency in Revenues to pay Debt Service on the Bonds as soon as it has knowledge of any such insufficiency and, in any event, no later than the date in September or January, as the case may be, when the Authority next files its semiannual report on sufficiency of funds as required by the Act.

Supplemental Trust Agreements Not Requiring Consent of Bondowners. The parties to the Trust Agreement may without the consent of, or notice to, any of the Owners of the Bonds enter into agreements supplemental to the Trust Agreement for any one or more of the following purposes and at any time or from time to time:

- (i) to close the Trust Agreement against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Trust Agreement on, the authentication and delivery of the Bonds;
- (ii) to add to the covenants and agreements of the Authority in the Trust Agreement, other covenants and agreements to be observed by the Authority for the purpose of further securing the Bonds;
- (iii) to surrender any right, power or privilege reserved to or conferred upon the Authority by the Trust Agreement;
- (iv) to authorize Bonds of a Series or subordinated obligations and, in connection therewith, specify and determine any matters and things relative to such Bonds or obligations not contrary to or inconsistent with the Trust Agreement;
- (v) to confirm, as further assurance, any pledge under and the subjection to any lien or pledge created or to be created by the Trust Agreement of the Revenues or of any other moneys, securities or funds;
- (vi) to cure any ambiguity or to cure, correct or supplement any defect or inconsistent provisions contained in the Trust Agreement; and
- (vii) to modify the provisions of the Trust Agreement in regard to matters or questions arising thereunder as may be necessary or desirable and not contrary to or inconsistent with the Trust Agreement or to make any other changes that are not materially adverse to the Owners of Bonds.

Supplemental Trust Agreements Effective with Consent of Bondowners. At any time or from time to time, a Supplemental Trust Agreement may be adopted subject to consent by Bondowners in accordance with and subject to the provisions of the Trust Agreement, which Supplemental Trust Agreement, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority and upon compliance with the provisions of the Trust Agreement, shall become fully effective in accordance with its terms as provided in the Trust Agreement.

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

Consent of Bondowners. The parties to the Trust Agreement may at any time enter into a Supplemental Trust Agreement making a modification or amendment permitted under the heading “Powers of Amendment” to

take effect when and as provided in this paragraph. A copy of such Supplemental Trust Agreement (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondowners for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to Bondowners and, if at the time any of the Bonds is in coupon form payable to the bearer, shall be published in the Authorized Newspaper at least once a week for two consecutive weeks (but failure to mail such copy and request shall not affect the validity of the Supplemental Trust Agreement when consented to as provided in this paragraph). Such Supplemental Trust Agreement shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Owners of the percentages of Outstanding Bonds specified under the heading "Powers of Amendment" and (b) an Opinion of Bond Counsel stating that such Supplemental Trust Agreement has been duly and lawfully executed and delivered by the Authority and filed in accordance with the provisions of the Trust Agreement, is valid and binding upon the Authority, and (ii) a notice shall have been published as provided in the Trust Agreement. The Authority may fix a record date for purposes of determining Bondowners entitled to consent to a proposed Supplemental Trust Agreement. Any such consent shall be binding upon the Owner of the Bonds giving such consent and, anything under the heading "Defeasance" to the contrary notwithstanding, upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof). At any time after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Trust Agreement, the Trustee shall make and file with the Authority and the Trustee a written statement that the Owners of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive evidence that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Trust Agreement (which may be referred to as a Supplemental Trust Agreement entered into on or as of a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Bonds and will be effective as provided in this paragraph, may be given to Bondowners by the Authority by mailing such notice to such Bondowners and, if at the time any of such Bonds is in coupon form payable to bearer, by publishing the same in the Authorized Newspaper at least once not more than 90 days after holders of the required percentages of Bonds shall have filed their consents to the Trust Agreement and the written statement of the Trustee provided for in the Trust Agreement is filed. The Authority shall file with the Trustee proof of the giving of such notice. A record, consisting of the papers required or permitted by this paragraph of the Trust Agreement to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Trust Agreement making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Owners of all Bonds upon the filing with the Trustee of the proof of the giving of such last mentioned notice.

Modifications by Unanimous Consent. Notwithstanding anything contained in provisions regarding Supplemental Trust Agreements and Amendments in the Trust Agreement, the terms and provisions of the Trust Agreement and the rights and obligations of the Authority and of the Owners of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Trust Agreement and the consent of the Owners of all of the Bonds then Outstanding, such consent to be given as provided in the Trust Agreement, except that no notice to Bondowners either by mailing or publication shall be required, but no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondowners.

Exclusion of Bonds. Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in the Trust Agreement, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in the provisions regarding amendments and consent in the Trust Agreement.

Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken pursuant to the provisions of the Trust Agreement regarding Supplemental Trust Agreements, amendments and consent may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal office of the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Owner of any Bond then Outstanding shall be

exchanged, without cost to such Bondowner, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

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

- (i) the Authority shall fail to make payment of any Principal Installment when the same shall become due and payable;
- (ii) the Authority shall fail to make payment of any installment of interest on any Bonds when the same shall become due and payable;
- (iii) the Authority shall default in the observance or performance of any other covenants or agreements on the part of the Authority contained in the Trust Agreement, and such default shall continue for 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Authority by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, provided that if such default cannot be remedied within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within such period and diligently pursued until the default is remedied;
- (iv) if an order, judgment or decree is entered by a court of competent jurisdiction (a) appointing a receiver, trustee, or liquidator for the Authority, (b) granting relief in involuntary proceedings with respect to the Authority under the federal bankruptcy act or (c) assuming custody or control of the Authority under the provision of any law for the relief of debtors, and the order, judgment or decree is not set aside or stayed within 60 days from the date of entry of the order, judgment or decree; or
- (v) if the Authority (a) admits in writing its inability to pay its debts generally as they become due, (b) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (c) makes an assignment for the benefit of its creditors, (d) consents to the appointment of a receiver or (e) consents to the assumption by any court of competent jurisdiction under any law for the relief of debtors of custody or control of the Authority.

Remedies. Upon the occurrence and during the continuation of any Event of Default specified in the Trust Agreement, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than 25% in aggregate principal amount of all Outstanding Bonds, shall proceed to protect and enforce its rights and the rights of the Bondowners under the laws of the Commonwealth or under the Trust Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board of officer having jurisdiction, either for the specific performance of any covenant or agreement contained therein or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights. The Trustee shall not be required to take any remedial action (other than the giving of notice) unless indemnity satisfactory to the Trustee is furnished for any liability to be incurred thereby. In the enforcement of any remedy under the Trust Agreement the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then, or during any default becoming, and at any time remaining, due from the Authority for principal, interest or otherwise under any of the provisions of the Trust Agreement on the Bonds and unpaid, with interest on overdue payments of principal at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Trust Agreement and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondowners, and to recover and enforce judgment or decree against the Authority, but solely as provided therein and in such Bonds, for any portion of such amount remaining unpaid, and interest, costs and expenses as above provided, and to collect (but solely from moneys in the Funds and Accounts available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable. No remedy available under the provisions of the Trust Agreement shall be permitted to modify, alter, amend or rescind in any particular priority provided by the Trust Agreement for any Series of Bonds over any other Series of Bonds. The Bondowners and the Trustee acting for the Bondowners shall be entitled to all of the rights and remedies

provided in the Act and to all of the rights and remedies otherwise provided or permitted by law. No default under any resolution, agreement, or other instrument other than the Trust Agreement, shall constitute or give rise to a default under the Trust Agreement. Upon the happening and continuance of any Event of Default, neither the Trustee nor the Bondowners shall have the right to declare the principal of any Bonds then Outstanding, or the interest accrued thereon, to be due and payable prior to its stated maturity.

Application of Revenues and Other Moneys After Default. The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, any moneys, securities and funds then held by the Authority or a Fiduciary in any fund or account under the Trust Agreement (excluding the Rebate Fund) and (ii) as promptly as practicable after receipt thereof, the Revenues. During the continuation of an Event of Default, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Trust Agreement shall be applied by the Trustee as follows and in the following order:

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

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

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

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

Defeasance. If the Authority pays the Principal Amount and interest and Redemption Price, if any, to become due on all Outstanding Bonds, then the pledge of any Revenues or other moneys, securities, Reserve Deposits and Additional Security, if any, pledged by the Trust Agreement and all other rights granted by the Trust Agreement shall be discharged and satisfied. All Outstanding Bonds shall be deemed to have been paid within the meaning of the foregoing sentence if, among other things, there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the time of deposit of such Defeasance Obligations, shall be sufficient to pay when due the Principal Amount or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be.

The Authority agrees that it will take no action in connection with any of the transactions referred to under the heading "Defeasance" which will cause any Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Code and the regulations thereunder in effect on the date of the transaction and applicable to the transaction.

Anything in the Trust Agreement to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for three years (or such other period as may from time to time be prescribed by the laws of the Commonwealth, provided that if no period is so prescribed, such period shall be three years) after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for three years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds

became due and payable, shall automatically revert from the Fiduciary to the Commonwealth once the Fiduciary has complied with the publication and reporting requirements as prescribed in accordance with the laws of the Commonwealth, provided, however, if no provision of Commonwealth law shall require that such funds be paid to the Commonwealth, such moneys shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondowners shall look only to the Commonwealth, if paid to the Commonwealth, or the Authority, if paid to the Authority, for the payment of such Bonds.

SUMMARY OF CONTRACT FOR FINANCIAL ASSISTANCE, MANAGEMENT AND SERVICES

Issuance of Bonds; System Projects and Campus Projects. The Authority shall use its best efforts to issue Bonds from time to time to achieve its corporate purposes in undertaking Projects on the campuses of the various State Universities and financing and refinancing Project Costs and related expenses. The Authority shall not initiate any Project except upon written request made by authority of the BHE and upon written approval from the Secretary of the Executive Office for Administration and Finance of the Commonwealth and the Commissioner. The Authority shall not issue notes or Bonds for the purpose of refunding Bonds theretofore issued and then outstanding under the Act except with the prior written approval of the BHE of such refunding issue, which approval need not be of the interest rate, the maturity or any of the other terms thereof.

Proposed Campus Operating Budgets. On or before each September 15, the Authority shall notify each State University on which a Campus Project is located of the Authority's projected costs related to Campus Residence Hall Projects at such State University for the ensuing Fiscal Year. On or before each November 1, each State University shall submit to the Authority the proposed operating budget for the ensuing Fiscal Year for such State University with respect to the System Projects on its campus and with respect to each Campus Residence Hall Project on its campus. If such proposed budget includes a requested increase in Authority fees, rates, rents and charges, such submission shall specify how such increase is proposed to be allocated to projected costs.

Operating Reserves. For each Campus Residence Hall Project, the applicable State University shall maintain within its Campus Project Trust Fund, a minimum balance as an operating reserve. Pursuant to the Authority's annual operating budget, and at such time or times in each Fiscal Year as may be specified in such budget, commencing with the second full Fiscal Year after completion of a Campus Residence Hall Project, the applicable State University shall add to the balance in its Campus Project Trust Fund held as an operating reserve the amount, if any, necessary to cause such reserve amount to equal the following percentages of the operating expenses for the Project for the Fiscal Year prior to the year in which the deposit is to be made: (i) in the second full Fiscal Year after completion of the Project, 1%, (ii) in the third year, 2%, (iii) in the fourth year, 3%, (iv) in the fifth year, 4%, and (v) in the sixth year and thereafter, 5%. Moneys held in such operating reserve may be expended by the State University for the payment of extraordinary and unexpected operating, maintenance and repair costs or to meet budgetary shortfalls with respect to the applicable Project resulting from an unexpected decline in use of the Project, damage to or destruction of a portion of the Project or any other unexpected occurrence with respect to the Project. Moneys withdrawn from such operating reserve must be replenished by the State University by the end of the next Fiscal Year after such withdrawal, in addition to the annual deposits described above.

Capital Improvement Reserve Accounts. The Authority shall maintain within the Capital Improvement Reserve Fund a System Projects Capital Improvement Reserve Account to be used to make Capital Improvements to System Projects. Pursuant to the Authority's annual operating budget, and at such time or times in each Fiscal Year as may be specified in such budget, the BHE shall pay over, or cause the State Universities to pay over, to the Trustee, for deposit in the System Projects Capital Improvement Reserve Account, from amounts collected as fees, rents, rates and other charges of the Authority, the greater of (i) the amount specified in the Authority's annual operating budget as being required by the Trust Agreement to be so deposited or (ii) an amount equal to 7.5% of the total fees, rents, rates and other charges collected with respect to the System Projects during such Fiscal Year. The Authority shall maintain within the Capital Improvement Reserve Fund a separate Campus Project Capital Improvement Reserve Account for each State University at which a Campus Residence Hall Project is located, to be used to make Capital Improvements to the Campus Residence Hall Projects at such State University. Pursuant to the Authority's annual operating budget, and at such time or times in each Fiscal Year as may be specified in such budget, commencing with the second full Fiscal Year after completion of a Campus Residence Hall Project, the

applicable State University shall pay over to the Trustee, for deposit in the applicable Campus Project Capital Improvement Reserve Account, the greater of (i) the amount specified in the Authority's annual operating budget as being required by the Trust Agreement to be so deposited or (ii) an amount equal to the following percentages of the fees, rents, rates and other charges collected with respect to such Campus Residence Hall Project during the Fiscal Year: (i) in the second Fiscal Year after completion of the Project, and in each of the next seven Fiscal Years, 2.5%, (ii) in each of the next five Fiscal Years, 5%, and (iii) in each Fiscal Year thereafter, 7.5%.

Operation, Maintenance and Repair of Projects. Each State University shall operate and maintain the Projects located on its campus and keep them in good order and repair, including, without limitation, billing and collecting fees, rents, rates and other charges in accordance with the Authority's annual operating budget, procuring all necessary equipment, materials and supplies and making repairs and capital improvements that are necessary to maintain the Project for its expected useful life and that are within the capacity of the State University to undertake. The State University may use its own employees or contract with third parties to provide such services, as such State University deems appropriate, provided that any such contract with a third party shall be submitted to the Authority for prior review and written approval as to compliance with applicable management contract guidelines under federal income tax law pertaining to bond-financed property. Notwithstanding the foregoing, the Authority may, in its sole discretion, elect to contract directly with a third party for the provision of any or all such services with respect to a particular Project other than a Commonwealth-owned Project. The Authority shall have no obligation to operate or maintain any Commonwealth-owned Project. Each State University shall submit to the Authority a copy of its annual financial statements for each Fiscal Year as soon as practicable after the issuance thereof. Each such financial statement shall be prepared in accordance with generally accepted accounting principles, shall be audited by an independent certified public accountant or accounting firm and shall contain such detail as to Projects as the Authority shall reasonably request. Each State University shall also provide the Authority such other information as the Authority may from time to time reasonably request. The BHE shall provide to the Authority such information as the Authority may from time to time reasonably request about the BHE, the system of public higher education in the Commonwealth, the State Universities and the Projects, including without limitation all information appropriate to enable the Authority to comply with the provisions of Rule 15c2-12 of the federal Securities and Exchange Commission (continuing disclosure requirements applicable to municipal securities).

Pledge of Trust Funds. The BHE, in the name and on behalf of the Commonwealth, pledges to the making of payments required under the heading "Payments From Pledged Funds" the Trust Funds, provided, however, that the aggregate amount of Trust Funds of each State University so pledged shall be limited to 25% of the Authority's average annual aggregate debt service costs allocable to such State University's Projects, as determined by the Authority and provided, further, that the pledge of Trust Funds on account of System Projects on the campus of Fitchburg State University shall not include moneys attributable to the fee charged to students to finance a physical education facility. Each State University shall cause its Trust Funds to contain on each December 1 and June 1 an amount available for transfer to make payments as provided under the heading "Payments From Pledged Funds" equal to the amount of the State University's Pledged Trust Funds, less the amount of any Pledged Trust Funds previously transferred to make said payments (or, in the case of the Massachusetts Maritime Academy, to make payments to Bank of America pursuant to the prior lien on certain funds granted to Bank of America in connection with a loan obtained from the Massachusetts Health and Educational Facilities Authority financed by said Authority's Variable Rate Demand Revenue Bonds, Capital Asset Program Issue, Series M-2 (Pool 2)), and shall certify in writing to the Authority that it has complied with the foregoing requirement. If all of a State University's Pledged Trust Funds have been expended to make payments as provided under the heading "Payments From Pledged Funds" or to Bank of America as aforesaid, the foregoing provisions shall not be applicable to such State University.

Pledge of Appropriations. The BHE, in the name and on behalf of the Commonwealth, pledges to the making of payments required under the heading "Payment from Pledged Funds" any part or all of any funds made available for expenditure on behalf of any State University pursuant to an appropriation made by the General Court or otherwise available for expenditure by the BHE, including without limitation retained tuition payments, if any.

Pledged Funds. Except as provided under the heading "Pledge of Trust Funds," the Pledged Funds are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to the pledge created under the Contract and by the Prior Contracts, and the BHE shall take all actions necessary to protect and effectuate such pledge, provided, however, that nothing in this section shall be deemed to limit the right of the BHE or

any State University, to the extent permitted by law, to create a pledge, lien or other charge on any or all such Pledged Funds junior and subordinate to the pledge created under the Contract and provided, further, that the BHE or a State University may, to the extent permitted by law, create a pledge, lien or other charge on any or all such Pledged Funds in respect of a particular State University of equal rank with the pledge created under the Contract if, and only if, the BHE or the State University, as the case may be, shall have certified in writing to the Authority that the total revenues available for expenditure by such State University during each of the three most recently completed Fiscal Years (including the Pledged Funds, but excluding any Project Revenues, in respect of such State University) were not less than 200% of the maximum annual debt service requirements on all outstanding debt obligations allocable to such State University and the debt obligations then being issued. In computing principal and interest requirements for the purposes of this section on debt obligations as to which interest is deferred and compounded rather than being paid currently during any period of calculation, such calculation shall be made as if interest thereon accrued and was deemed paid at a rate determined on the date of such calculation by a nationally known investment banking firm selected by the BHE or State University, as the case may be, to be the rate which, if earnings at such rate were compounded on the initial public sale price in the manner required by the terms of such debt obligations through the maturity date or earlier date on which such compounding is scheduled to cease, would produce the amount of such debt obligations scheduled to mature on such maturity date or the accreted value of such debt obligations scheduled to exist on such earlier date, as the case may be.

Payments from Pledged Funds. The BHE shall make payments from Pledged Funds if and to the extent that Project Revenues related to a particular State University and other moneys received by the Authority or otherwise available pursuant to the Trust Agreement in connection with the Projects of such State University are insufficient to pay debt service on the Bonds allocable to such Projects and the Authority's expenses in connection with such Bonds or such Projects. Upon receipt from the Authority or the Trustee of notice of any such insufficiency relating to a particular State University, the BHE shall, as promptly as practicable, pay to the Trustee, or cause such State University to pay to the Trustee, from the Pledged Funds of such State University the amount of such insufficiency, provided that any such payment shall be made, first, from Pledged Trust Funds, until exhausted, and, second, from Pledged Appropriations. In the case of the Massachusetts Maritime Academy, the Pledged Trust Funds shall be deemed to be exhausted if and to the extent that they have been paid to Bank of America pursuant to the prior lien described above under the heading "Pledge of Trust Funds" or are otherwise unavailable to the Authority or the Trustee pursuant to the intercreditor agreement between the Authority and Bank of America as such intercreditor agreement may be amended from time to time. The Pledged Trust Funds of one State University may not be used to make payments under this section on behalf of any other State University. However, if the Pledged Trust Funds of the applicable State University have been exhausted and the Pledged Appropriations of such State University are insufficient to cover the insufficiency, the Board shall pay to the Trustee, or cause the Trustee to be paid, the amount of the remaining insufficiency from the Pledged Appropriations of all of the State Universities, ratably, according to the percentage of outstanding Bonds then allocable to each particular State University. In order to comply with the provisions of this paragraph or to effectuate the pledge described under the headings "Pledged Funds" and "Payment from Pledged Funds," the BHE shall take all actions necessary or desirable to effectuate transfers from funds made available for expenditure on behalf of an applicable State University pursuant to an appropriation or other spending authorization in the Commonwealth's annual operating budget, including supplemental and deficiency budgets and including, without limitation, any tuition retention authorization. Such actions shall include, without limitation, submitting or causing to be submitted to the Comptroller of the Commonwealth such directions or instructions as may be required or requested by the Comptroller to effectuate such transfers. The Authority agrees to give notice to the Secretary of the Executive Office for Administration and Finance of the Commonwealth whenever it gives notice to the BHE of an insufficiency as aforesaid, or whenever it has become aware that the Trustee has given such notice to the BHE.

The Authority shall keep an accurate account of the sufficiency of available funds to pay debt service on its outstanding indebtedness, including without limitation Pledged Funds, and shall twice each year, in the months of September and January, make a report thereof to the BHE and to the Comptroller. If the report described in the preceding sentence is not received by the Comptroller during the month of September or January, as the case may be, the Comptroller shall prevent any amounts from being expended from the appropriation account of any State University until such time as the Comptroller has determined whether there is an insufficiency of available funds to pay debt service. If such report indicates that there is an insufficiency of funds available to pay debt service, or if, in the absence of a report, the Comptroller ascertains that there is such an insufficiency, the Comptroller shall, within five days, but not later than the last business day in February (in the case of a May 1 debt service payment) or October 10 (in the case of a November 1 debt service payment), transfer amounts, without further allotment, from the appropriation

account of one or more State Universities, as appropriate, to cure such insufficiency in accordance with the provisions of this section.

Termination of Prior Contracts. The parties to the Trust Agreement agree that upon execution and delivery of the Contract, the Prior Contracts shall terminate and the parties shall be released from all duties, obligations and liabilities thereunder except insofar as any such duties, obligations and liabilities shall have been incorporated into the Contract.

Cooperation of BHE and State Universities. The BHE shall cause each State University to cooperate with the Authority to effectuate the provisions in the Contract. Such cooperation shall include, without limitation, the execution and submission to the Comptroller of any requests for expenditure or payment vouchers and any transfers among allocation subaccounts by the State University necessary or desirable to effectuate transfers for payments due under the Contract from appropriation allocation accounts or subaccounts or nonappropriated funds held by the State Comptroller for such State University. Neither the BHE nor any State University shall take any action, including without limitation entering into a management contract with respect to, or otherwise permitting private use of, a facility financed by the Authority that would jeopardize the exclusion from gross income for federal income tax purposes of the interest on the Bonds; the BHE and each State University shall be entitled to rely on the opinion of bond counsel to the Authority that a given action would not have such effect. Each State University shall notify the Authority in advance of any proposed change in use at a facility financed by the Authority that would involve private use. In the event the Act or other applicable laws are subsequently changed to eliminate the role of the BHE as agent of the Commonwealth under the Contract, the State Universities shall execute such amendments to the provisions of the Contract as may be necessary to effectuate the covenants and agreements of the Commonwealth under the Contract, including without limitation the pledge of Trust Funds and Appropriations. In the event legislation shall be proposed to alter in any material way the nature of the relationship among the Authority, the BHE and the State Universities or the ability of the Authority to obtain access to the revenues and funds contemplated by the Contract to provide for payment of the Bonds, the BHE and the State Universities agree to use their best efforts to influence such legislation so as to maintain the financial security of the Authority and the security for the Bonds, and, upon enactment of any such legislation, the BHE and the State Universities agree, to the fullest extent permitted by law, to execute such amendments to the provisions of the Contract and to execute such other agreements and take such other actions as may be necessary to achieve the purposes of the Contract and to maintain the financial security of the Authority and the security for the Bonds.

Default by BHE or State University. Upon the failure of the BHE to make any payment required under the heading "Payment From Pledged Funds" or by the BHE or any State University to observe any other covenant or requirement imposed by the Contract, the BHE or the State University, as the case may be, shall be deemed in default under the Contract. Thereupon, the Authority or the Trustee may institute legal proceedings to enforce such covenant or requirement or to enforce the pledge and lien granted under the headings "Pledge of Appropriations" and "Pledged Funds" and may take such other actions or exercise such other remedies as may be available at law or in equity to enforce the provisions of the Contract. Without limiting the generality of the foregoing, the Authority may undertake direct responsibility for the operation of one or more Projects, including without limitation Commonwealth-owned Projects, or take such other action as may be necessary or desirable to generate Project Revenues in accordance with the requirements of the Contract. No action by the Authority under the Contract, and no default or breach by the BHE or any State University, shall in any way affect the obligations of the BHE or any State University under the Contract. Whenever a breach of the Contract, whether substantial or otherwise, and whether before or after notice of the breach has been given to the BHE or any State University, has been corrected, the obligations and rights under the Contract shall be reinstated and performance of the Contract shall continue as if such breach had never occurred.

Insurance. The Authority shall purchase and maintain in effect with respect to each of its Projects policies of insurance and fidelity bonds against such risks and losses and in such amounts as it shall deem to be reasonable. In addition, the Authority agrees to purchase and maintain in effect with respect to each Commonwealth-owned Project, upon the written request of the Commissioner of the Division of Capital Asset Management and Maintenance of the Commonwealth, such insurance policies as may be available to it and to name the Commonwealth as an additional insured on any policy related solely to one or more Commonwealth-owned Projects, provided that the Commonwealth shall be obligated to make payments under the Contract from Pledged Funds irrespective of the existence of any such insurance. Subject to any contrary requirements in the Trust Agreement, the Authority shall use the proceeds of any use and occupancy insurance to replace revenues lost by

reason of interruption of the use of the applicable Project and shall apply insurance proceeds received in respect of damage or destruction to a Project to the replacement, restoration or reconstruction of such Project.

Annual Report. As required by Section 6 of the Act, the Authority shall keep an accurate account of all its activities and of all its receipts and expenditures and shall annually in the month of January make a report thereof to the BHE, to the Governor of the Commonwealth and to the Auditor of the Commonwealth, such reports to be in a form prescribed by the BHE, with the written approval of said Auditor. Unless otherwise directed by the BHE, the Authority may use its audited annual financial statements for the preceding Fiscal Year to comply with the provisions of this paragraph.

Liability. No member, officer or employee of the BHE or any State University shall be individually liable on any obligation assumed by the Commonwealth or the BHE under the Contract. No member, officer or employee of the Authority shall be individually liable on any obligation assumed by the Authority under the Contract, and neither the carrying out of a Project nor the ownership of a Project by the Authority shall impose any liability on any such member, officer or employee.

With respect to a Commonwealth-owned Project, the Authority shall not be liable for latent defects in construction not performed by the Authority or its contractors or agents or for any action or inaction of any party not acting as an agent, employee or contractor of the Authority.

Term. The Contract shall continue in full force and effect until all amounts payable to the Authority with respect to the Bonds and the Projects shall have been paid in full. Upon such payment, the Contract shall cease and determine without further liability on the part of either party to the Contract to the other.

Non-Assignability. The Contract is not assignable except that if by act of the General Court the powers, functions, duties and property of the BHE or the Authority are transferred to another political subdivision, agency, board, commission, department, authority or institution of the Commonwealth, the rights and obligations of the Contract shall be deemed to have been assigned thereby to such transferee, and provided further that the Authority's rights to receive moneys under the Contract and to enforce the provisions of the Contract may be assigned to the Trustee.

Amendments and Addenda. The Contract may be amended only by the execution of an Amendment in writing by the BHE and the Authority or their successors. It is anticipated that certain of the provisions of the Contract may be waived or modified with respect to particular Campus Projects by the execution of a written Addendum to the Contract by the BHE and the Authority, to be attached to the Contract.

Credit of the Commonwealth. The faith and credit of the Commonwealth are not and shall not be pledged to the payments required under the heading "Payments from Pledged Funds" or in respect of any other obligation assumed by the Commonwealth under the Contract. The financial assistance provided as described under the heading "Payments from Pledged Funds" shall be provided solely from the sources identified therein. No provision of the Contract shall create or be deemed to create any obligation by the Commonwealth to appropriate funds for any purposes under the Contract.

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PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the Series 2024A Bonds, Bond Counsel proposes to deliver its opinion in substantially the following form:

[Date of Delivery]

Massachusetts State College Building Authority
Boston, Massachusetts

Re: Massachusetts State College Building Authority (the "Authority")
Project and Refunding Revenue Bonds (State University Program), Series 2024A (the "Series 2024A Bonds")

We have acted as bond counsel to the Authority in connection with the issuance by the Authority of the Series 2024A Bonds pursuant to (i) Chapter 703 of the Acts of 1963, as amended (the "Act"), and (ii) the Trust Agreement dated as of November 1, 1994 between the Authority and U.S. Bank Trust Company, National Association, as successor trustee (the "Trustee"), as amended and restated by the Forty-fourth Supplemental Trust Agreement dated as of March 1, 2023, and supplemented through the Forty-sixth Supplemental Trust Agreement dated as of February 1, 2024 (the "Trust Agreement"). In such capacity, we have examined the law and such certified proceedings and other documents as we have deemed necessary to render this opinion, including without limitation the Contract for Financial Assistance, Management and Services dated as of February 1, 2003, as amended (the "Contract"), between the Authority and The Commonwealth of Massachusetts (the "Commonwealth"), acting by and through the Board of Higher Education (the "Board").

Capitalized terms used herein shall, unless otherwise specified, have the meanings set forth in the Trust Agreement.

Under the Trust Agreement, the Authority has pledged certain revenues (the "Revenues") for the payment of the principal of and interest on the Series 2024A Bonds when due.

With respect to questions of fact material to our opinion, we have relied upon representations and covenants of the Authority contained in the certified proceedings relating to the Series 2024A Bonds and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

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

1. The Authority is validly existing as a body politic and corporate and public instrumentality of the Commonwealth with the power to enter into the Trust Agreement, perform the agreements on its part contained therein and issue the Series 2024A Bonds.
2. The Trust Agreement and the Contract have been duly authorized, executed and delivered by the Authority and constitute valid and binding obligations of the Authority enforceable upon the Authority.
3. The Contract has been duly authorized, executed and delivered by the Commonwealth and constitutes a valid and binding obligation of the Commonwealth enforceable upon the Commonwealth.
4. Pursuant to the Act, the Trust Agreement creates a valid lien on the Revenues and other funds pledged by the Trust Agreement for the security of the Series 2024A Bonds issued thereunder on a parity with other bonds issued under the Trust Agreement.
5. The Series 2024A Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Trust Agreement. Neither the Commonwealth nor any political subdivision or instrumentality thereof, including the Authority, is obligated to pay the principal of or redemption premium, if any, or interest on the Series

2024A Bonds except from the Revenues and other funds provided therefor as aforesaid in the Trust Agreement, and neither the faith and credit nor the taxing power of the Commonwealth nor of any political subdivision or instrumentality thereof, including the Authority, is pledged to the payment of the principal of or redemption premium, if any, or interest on the Series 2024A Bonds.

6. Interest on the Series 2024A Bonds is excluded from the gross income of the owners of the Series 2024A Bonds for federal income tax purposes. In addition, interest on the Series 2024A Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although we observe that such interest will be taken into account in computing the “adjusted financial statement income” of corporate holders of the Series 2024A Bonds for purposes of computing the alternative minimum tax imposed on certain corporations with respect to their tax years beginning after December 31, 2022. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Authority with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2024A Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Authority has covenanted to comply with all such requirements. Failure by the Authority to comply with certain of such requirements may cause interest on the Series 2024A Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024A Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Series 2024A Bonds.

7. Interest on the Series 2024A Bonds and any profit on the sale thereof are exempt from Massachusetts personal income taxes, and the Series 2024A Bonds are exempt from Massachusetts personal property taxes. We express no opinion as to any other Massachusetts tax consequences arising with respect to the Series 2024A Bonds or any tax consequences arising with respect to the Series 2024A Bonds under the laws of any state other than Massachusetts.

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

The rights of the holders of the Series 2024A Bonds and the enforceability of the Series 2024A Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

HINCKLEY, ALLEN & SNYDER LLP

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

Massachusetts State College Building Authority
Project and Refunding Revenue Bonds (State University Program), Series 2024A
(the “Series 2024A Bonds”)

Authority Disclosure Agreement

Prior to the issuance of the Series 2024A Bonds, the Authority and the Board of Higher Education (the “BHE”) will enter into a continuing disclosure agreement (the “Authority Disclosure Agreement”) setting forth the undertakings of the Authority and the BHE regarding continuing disclosure with respect to the Series 2024A Bonds. The Authority will undertake for the benefit of the registered owners and Beneficial Owners (the “owners”) of the Series 2024A Bonds to provide the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”) 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 Authority, (i) the annual financial information described below relating to such fiscal year, together with audited financial statements of the Authority and each State University for such fiscal year if audited financial statements are then available, provided, however, that if audited financial statements of the Authority are not then available, such audited financial statements shall be delivered to the MSRB when they become available (but in no event later than 350 days after the end of such fiscal year) or (ii) notice of the Authority’s failure, if any, to provide any such information. The BHE will undertake for the benefit of the owners of the Series 2024A Bonds to provide to the MSRB through EMMA, no later than 270 days after the end of each fiscal year of the Authority, (i) the annual financial information described below relating to such fiscal year or (ii) notice of the BHE’s failure, if any, to provide any such information.

The annual financial information to be provided by the Authority and the BHE 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 this Official Statement relating to the Series 2024A Bonds, in each case substantially in the same level of detail as is found in the referenced section of the Official Statement, provided that in the case of the BHE only the information described in items 3, 8, 9, 10, 11 and 12 shall be provided.

Financial Information and Operating Data Category		Reference to Official Statement for Level of Detail
1.	Summary presentation on a five-fiscal-year basis of the receipts and disbursements related to Authority Projects.	“THE AUTHORITY – Management’s Discussion and Analysis – Authority Project Receipts and Disbursements”
2.	Summary presentation on a five-fiscal-year basis of the annual amounts paid by each of the State Universities to the Authority with respect to rents and fees for System Projects and Campus Projects.	“THE STATE UNIVERSITIES – Amounts Paid by State Universities to the Authority”
3.	Summary presentation on an eleven-fiscal-year comparative basis of the total system of public higher education appropriations.	“SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS – Total Budgeted Appropriations for the System of Public Higher Education”
4.	Summary presentation of the amount of Pledged Trust Funds for each State University.	“THE STATE UNIVERSITIES – Pledged Trust Funds”
5.	Summary presentation on a five-academic-year basis of the occupancy rates of the Authority’s residence facilities of the State Universities.	“APPENDIX A - Occupancy as a Percentage of Design Capacity at Residence Facilities of State Universities”

6.	Summary presentation on a five-academic-year basis of the total number of residence hall spaces by each State University.	“APPENDIX A - Total Number of Residence Hall Spaces By State University”
7.	Summary presentation on a five-academic-year basis of the annual rates charged for the Authority’s facilities at each State University.	“APPENDIX A - Room Rates of Residence Facilities at State Universities”
8.	Summary presentation on a five-academic- year comparative basis of the full-time equivalent and headcount enrollment information for the system of public higher education.	“THE AUTHORITY - Enrollment”
9.	Summary presentation on a five-academic-year comparative basis of tuition rates and fees for the system of public higher education.	“APPENDIX A - Tuition and Fees”
10.	Summary presentation on a three-fiscal-year comparative basis of revenues for each of the State Universities.	“APPENDIX A - State University Revenue Sources”
11.	Summary presentation on a three-academic-year comparative basis of the admissions data for the system of public higher education.	“APPENDIX A - State Higher Education Admissions Data”
12.	Summary presentation on a five-academic-year comparative basis of the number of faculty members for each State University.	“APPENDIX A - State University Faculty Levels”

Any or all of the items listed above may be included by reference to other documents, including official statements pertaining to debt issued by the Authority, which have been submitted to the MSRB. If the document incorporated by reference is a Final Official Statement within the meaning of the Rule, it will also be available from the MSRB. The annual financial statements of the Authority and each State University for each fiscal year shall consist of the balance sheet and the related statements of revenue and cost of service and cash flows prepared in accordance with generally accepted accounting principles in effect from time to time. Such financial statements shall be audited by a firm of certified public accountants appointed by the Authority or the applicable State University.

In the Authority Disclosure Agreement, the Authority also will undertake for the benefit of the owners of the Series 2024A 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 Series 2024A Bonds (numbered in accordance with the provisions of the Rule):

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2024A Bonds, or other material events affecting the tax status of the Series 2024A Bonds;
- (vii) modifications to the rights of security holders, if material;

- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Series 2024A Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Authority*;
- (xiii) the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect the owners of the Series 2024A Bonds, if material; and†
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties.††

Nothing in the Authority Disclosure Agreement shall preclude the Authority or the BHE from disseminating any information in addition to that required under the Authority Disclosure Agreement. If the Authority or the BHE disseminates any such additional information, nothing in the Authority Disclosure Agreement shall obligate the Authority or BHE, as the case may be, to update such information or include it in any future materials disseminated.

To the extent permitted by law, the provisions of the Authority Disclosure Agreement shall be enforceable against the Authority and the BHE in accordance with the terms thereof by any owner of a Series 2024A Bond, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Authority or the BHE, as the case may be). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of the Series 2024A Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Authority or the BHE, as applicable, and to compel the Authority or the BHE, and any of their respective officers, agents or employees, to perform and carry out their duties under the foregoing provisions as aforesaid, provided, however, that the sole remedy in connection with such undertakings shall be limited to an action to compel specific performance of the obligations of the Authority or the BHE in connection with such undertakings and shall not include any rights to monetary damages. The obligations of the Authority and the BHE in respect of the Authority Disclosure Agreement shall terminate if no Series 2024A Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule concerning continuing disclosure are no longer effective, whichever occurs first. The provisions of the Authority Disclosure Agreement may be amended by the Authority and the BHE, without the consent of, or notice to, any owners of the Series 2024A Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Authority or the BHE for the benefit of the owners of the Series 2024A 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

* 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 Authority 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 Authority, 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 Authority.

† As noted in the Rule, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Series 2024A 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 Series 2024A Bonds, as determined either by a party unaffiliated with the Authority and the BHE (such as Authority bond counsel) or by the vote or consent of owners of a majority in outstanding principal amount of the Series 2024A Bonds affected thereby at or prior to the time of such amendment.

TABLE OF REFUNDED BONDS⁺

The Authority reserves the right not to refund, redeem or defease any or all of the bonds listed in this Appendix G.

The Series 2024A Bonds are being issued in part to refund and defease the following Refunded Series Bonds of the Authority:

Project Revenue Bonds, Series 2014A

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Refunded Principal Amount</u>
5758323Y4	2024	5.000%	\$4,760,000
5758323Z1	2025	5.000%	4,980,000

Project Revenue Bonds, Series 2014B

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Refunded Principal Amount</u>
575832XS4	2024	5.000%	\$2,610,000
575832XT2	2025	5.000%	2,735,000
575832XU9	2026	5.000%	2,875,000
575832XV7	2027	5.000%	3,015,000
575832XW5	2028	5.000%	3,165,000

Project Revenue Bonds, Series 2014C

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Refunded Principal Amount</u>
575832YQ7	2024	5.000%	\$495,000
575832YR5	2025	5.000%	515,000
575832YS3	2026	5.000%	540,000
575832YT1	2027	5.000%	575,000
575832YU8	2028	5.000%	600,000
575832YV6	2029	5.000%	630,000
575832YW4	2030	5.000%	660,000
575832YX2	2031	5.000%	695,000
575832YY0	2032	5.000%	730,000
575832YZ7	2033	5.000%	765,000
575832ZA1	2034	5.000%	805,000

⁺ Preliminary; subject to change. Any refunding is contingent upon the delivery of the Series 2024A Bonds. The Authority reserves the right not to refund, redeem or defease any or all of the bonds listed in this Appendix G.

^{*} Copyright 2024, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the Authority, the Dealer Manager, the Information Agent and the Tender Agent, or their respective agents or counsel assume responsibility for the accuracy of such numbers.

Project Revenue Bonds, Series 2015A

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Refunded Principal Amount</u>
575832U73	2024	5.000%	\$75,000

Project Revenue Bonds, Series 2016A

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Refunded Principal Amount</u>
575831HM7	2024	5.000%	\$285,000

Project Revenue Bonds, Series 2017A

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Refunded Principal Amount</u>
575832A59	2024	5.000%	\$80,000

Refunding Revenue Bonds, Series 2019B (Federally Taxable)

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Refunded Principal Amount</u>
575831DY5	2024	4.000%	\$1,760,000

Refunding Revenue Bonds, Series 2019C (Federally Taxable)

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Refunded Principal Amount</u>
575831EW8	2024	1.968%	\$11,630,000

Refunding Revenue Bonds, Series 2020A (Federally Taxable)

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Refunded Principal Amount</u>
575831FK3	2024	1.044%	\$1,100,000

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The Series 2024A Bonds are being issued in part to refund the following Tendered Bonds of the Authority by means of purchasing such bonds in accordance with the Authority's Invitation to Tender Bonds dated January 4, 2024:

Refunding Revenue Bonds, Series 2019B (Federally Taxable)

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Maximum Principal Amount to be Accepted</u>	<u>Accepted Principal Amount</u>
575831DZ2	2025	4.000%	\$1,830,000	
575831EA6	2026	4.000%	1,900,000	
575831EB4	2027	4.000%	1,980,000	
575831EC2	2028	4.000%	2,055,000	
575831ED0	2029	4.000%	2,140,000	
575831EE8	2030	4.000%	2,225,000	
575831EF5	2031	4.000%	2,315,000	
575831EG3	2032	4.000%	2,405,000	
575831EH1	2033	4.000%	2,500,000	
575831EJ7	2034	4.000%	2,600,000	
575831EK4	2035	4.000%	2,705,000	
575831EM0	2037	4.000%	5,740,000	
575831EP3	2039	4.050%	6,215,000	
575831ER9	2041	4.100%	6,725,000	

Refunding Revenue Bonds, Series 2019C (Federally Taxable)

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Maximum Principal Amount to be Accepted</u>	<u>Accepted Principal Amount</u>
575831EX6	2025	2.156%	\$11,850,000	
575831EY4	2026	2.256%	13,735,000	
575831EZ1	2027	2.389%	11,525,000	
575831FA5	2028	2.439%	11,375,000	
575831FB3	2029	2.499%	11,070,000	
575831FC1	2030	2.599%	11,645,000	
575831FD9	2031	2.739%	12,255,000	
575831FE7	2032	2.839%	7,840,000	
575831FF4	2033	2.889%	8,585,000	
575831FG2	2034	2.939%	8,910,000	
575831FH0	2039	3.273%	53,115,000	
575831FJ6	2043	3.373%	43,855,000	

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Refunding Revenue Bonds, Series 2020A (Federally Taxable)

<u>CUSIP*</u>	<u>Maturity (May 1)</u>	<u>Interest Rate</u>	<u>Maximum Principal Amount to be Accepted</u>	<u>Accepted Principal Amount</u>
575831FL1	2025	1.194%	\$1,130,000	
575831HX3	2026	1.412%	2,520,000	
575831HZ8	2027	1.512%	3,490,000	
575831FP2	2028	1.701%	1,855,000	
575831JA1	2029	1.801%	7,030,000	
575831GX4	2030	1.901%	7,720,000	
575831FS6	2031	1.951%	10,980,000	
575831GY2	2032	2.031%	12,315,000	
575831GZ9	2033	2.101%	12,605,000	
575831HA3	2034	2.201%	11,130,000	
575831HB1	2035	2.251%	10,430,000	
575831HC9	2040	2.972%	45,000,000	
575831HY1	2049	3.072%	30,560,000	

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APPENDIX B

SOLICITATION FEE PAYMENT REQUEST FORM

**RELATING TO THE
INVITATION TO TENDER BONDS DATED JANUARY 4, 2024
made by
MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY**

**to the Holders described herein of all or any portion of the maturities of the
MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY
Refunding Revenue Bonds, Series 2019B (Federally Taxable)
Refunding Revenue Bonds, Series 2019C (Federally Taxable)
Refunding Revenue Bonds, Series 2020A (Federally Taxable)**

The Massachusetts State College Building Authority (the “*Authority*”) has agreed to pay or caused to be paid to any commercial bank or trust company having an office, branch or agency in the United States, and any firm which is a member of a registered national securities exchange or of the Financial Industry Regulatory Authority (an “*Eligible Institution*”), a solicitation fee of \$1.25 per \$1,000 on the principal amount of Bonds purchased from each of its Retail Customers by the Authority pursuant to the tender offer described in the Invitation to Tender Bonds, dated January 4, 2024 (the “*Tender Offer*”). A “*Retail Customer*” is an individual who owns less than \$250,000 principal amount of Bonds and manages his or her own investments or an individual who owns less than \$250,000 principal amount of Bonds whose investments are managed by an investment manager or bank trust department that holds the investments of that individual in a separate account in the name of that individual.

Eligible Institutions must submit to the Tender and Information Agent requests for payment of solicitation fees on a Solicitation Fee Payment Request Form no later than 5:00 p.m. New York City, on the next business day following the Expiration Date (the Expiration Date is presently set for January 19, 2024), unless earlier terminated or extended. No solicitation fee will be paid on requests received after this time.

No solicitation fee will be paid on requests submitted on an improperly completed Solicitation Fee Payment Request Form. Electronic copies of the completed Solicitation Fee Payment Request Forms may be submitted via email to the Tender and Information Agent at rstevens@globic.com. FAILURE TO COMPLETE ALL SECTIONS WILL RESULT IN NONPAYMENT. EACH SOLICITATION FEE PAYMENT REQUEST FORM MUST BE ELECTRONICALLY SIGNED BY A REGISTERED REPRESENTATIVE.

Each completed Solicitation Fee Payment Request Form constitutes a representation by the registered representative completing such form that such representative is a registered employee of their firm, which is a financial institution described in the first paragraph, that such representative personally solicited the offer from their firm’s retail customer and, with respect to any tender offer, such representative has reviewed this transaction with their customer, and on behalf of their firm, such representative requests payment of the resulting solicitation fee.

Each completed Solicitation Fee Payment Request Form constitutes a representation that (i) in making solicitations, I and my firm did not use any materials other than the Offer, (ii) my firm is entitled to this solicitation fee under the terms and conditions described above, and (iii) if my firm is a foreign broker or dealer not eligible for membership in the NASD, it has agreed to conform to the NASD’s Rules of Fair Practice in making a solicitation outside the United States to the same extent as though it was a NASD member.

All questions as to the validity, form and eligibility (including the time of receipt) of the Solicitation Fee Payment Request Form will be determined by the Authority, in its sole discretion, which determination will be final, conclusive and binding. None of the Authority, the Dealer Manager, the Tender and Information Agent or any other person is under any duty to give notification of any defects or irregularities in any Solicitation Fee Payment Request Form or incur any liability for failure to give this notification.

SOLICITATION FEE PAYMENT REQUEST FORM

As described in the Tender Offer, the Authority will pay a soliciting dealer fee of \$1.25 per \$1,000 of up to the first \$250,000 par amount of Bonds that is validly tendered and accepted for payment by the Authority to soliciting dealers that are appropriately designated by their clients to receive this fee. *The soliciting dealer fee will only be paid to each designated soliciting dealer for each Bondholder that owns and submits Bonds with an aggregate principal amount of no more than \$250,000, and which are accepted for payment by the Authority.* In order to be eligible to receive the soliciting dealer fee, this form, properly completed, must be received by the Tender and Information Agent no later than 5:00 p.m., New York City time, on the next business day following the Expiration Date. The Authority reserves the right to audit any soliciting dealer to confirm bona fide submission of this form. The Authority shall, in its sole discretion, determine whether a soliciting dealer has satisfied the criteria for receiving a soliciting dealer fee (including, without limitation, the submission of the appropriate documentation without defects or irregularities and in respect of bona fide tenders). Such soliciting dealer fee will be paid within a reasonable amount of time after the Settlement Date. The Authority will not reimburse a soliciting dealer for any expenses it incurs in connection with the Tender Offer. No brokerage commissions are payable by Bondholders to the Dealer Manager, the Tender and Information Agent, or the Authority. Capitalized terms used and not defined herein shall have the respective meanings ascribed to them in the Tender Offer.

Name of Firm: _____

DTC Participant Number: _____

Authorized Contact: _____

Telephone Number of Broker: _____

Address of Broker: _____

E-Mail: _____

Signature: _____ Date: _____

MEDALLION STAMP BELOW

Deliver this executed Solicitation Fee Payment Request Form to the Tender and Information Agent prior to the next business day following the Expiration Date.

SCHEDULE OF BONDS SUBJECT TO THE SOLICITATION TERMS

Please complete the following.

****If available, please submit your schedule as formatted below in MS Excel****

Please follow the same line headers as listed below. Schedules may be e-mailed to rstevens@globic.com with the completed Solicitation Fee Payment Request Form attached or to follow.

CUSIP	Par Amount	VOI Number	Client Name/Accounts # (Optional)
	TOTAL		

SOLICITATION FEE PAYMENT INSTRUCTIONS

Please choose payment delivery method.

Delivery Via Check

Issue Check to: _____

Name of Firm: _____

Attention: _____

Address: _____

Phone Number: _____

Taxpayer Identification: _____

Delivery Via Wire

Bank Name: _____

City, State: _____

ABA or Bank Number: _____

Swift Code: _____

Accounts Name: _____

Accounts Number: _____

Re: _____

Taxpayer ID Number: _____

The acceptance of compensation by such soliciting dealer will constitute a representation by it that (i) it has complied with applicable requirements of the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations thereunder, in connection with such solicitation; (ii) it is entitled to such compensation for such solicitation under the terms and conditions of the Tender Offer; (iii) in soliciting a tender of Bonds, it has used no solicitation materials other than the Tender Offer furnished by the Authority; (iv) it has complied with all instructions from the Dealer Manager in connection with the Tender Offer; and (v) if it is a foreign broker or dealer not eligible for membership in the Financial Industry Regulatory Authority (the "*FINRA*"), it has agreed to conform to the FINRA's Rules of Fair Practice in making solicitations.