

NEW ISSUE

**Ratings:
See "RATINGS" herein**

In the opinion of Bond Counsel, under existing law, assuming continued compliance with certain provisions of the Internal Revenue Code of 1986, as amended, interest on the 2014 Bonds will not be included in the gross income of holders of the 2014 Bonds for federal income tax purposes. Interest on the 2014 Bonds will not be treated as an item of tax preference for the purposes of computations of the alternative minimum tax imposed on certain individuals and corporations, although interest on the 2014 Bonds will be taken into account in computing the alternative minimum tax applicable to certain corporations. In the opinion of Bond Counsel, interest on the 2014 Bonds and any profit on the sale thereof are exempt from Massachusetts personal income taxes, and the 2014 Bonds are exempt from Massachusetts personal property taxes. For federal and Massachusetts tax purposes, interest includes original issue discount. See "Tax Matters" herein.



MARTHA'S VINEYARD LAND BANK
\$35,025,000
Revenue Refunding Bonds, Series 2014
(Green Bonds)

Dated: Date of delivery

Due: May 1, as shown herein

The 2014 Bonds are issuable only as fully-registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2014 Bonds. Purchases of the 2014 Bonds will be made in book-entry form, in the denomination of \$5,000 each or any integral multiple thereof. Purchasers will not receive certificates representing their interests in the 2014 Bonds purchased. So long as Cede & Co. is the Bondholder, as nominee of DTC, references herein to the Bondholders (the "Bondholders") or registered owners shall mean Cede & Co., and shall not mean the Beneficial Owners (as hereinafter defined) of the 2014 Bonds.

Principal and semiannual interest on the 2014 Bonds will be paid by the Trustee (as hereinafter defined). So long as DTC or its nominee, Cede & Co., is the Bondholder, such payments will be made directly to DTC. Disbursement of such payments to the DTC participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC participants, as more fully described herein. Interest will be payable commencing on May 1, 2015 and semiannually thereafter, on November 1 and May 1 in each year, to the Bondholders of record as of the close of business on the fifteenth day of the month preceding such interest payment date. The 2014 Bonds are subject to redemption prior to maturity, as described more fully herein.

The 2014 Bonds are a special obligation of Martha's Vineyard Land Bank (the "Land Bank" or "Issuer") and are payable pursuant to the Trust Agreement (as hereinafter defined).

The scheduled payment of principal of and interest on the 2014 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2014 Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM").



THE 2014 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE LAND BANK OR A DEBT OR LIABILITY OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COMMONWEALTH OF MASSACHUSETTS, THE COUNTY OF DUKES COUNTY OR ANY TOWN IN DUKES COUNTY, OR ANY AGENCY, INSTRUMENTALITY, OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING, BUT, EXCEPT TO THE EXTENT PAID FROM BOND PROCEEDS, ARE PAYABLE SOLELY FROM REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT IN ACCORDANCE WITH THE TRUST AGREEMENT. THE 2014 BONDS ARE NOT SECURED BY A MORTGAGE OR LIEN OR SECURITY INTEREST IN ANY REAL OR PERSONAL PROPERTY OF THE LAND BANK. THE LAND BANK HAS NO TAXING POWER.

The 2014 Bonds are offered when, as and if issued and received by the Underwriter, subject to the receipt of the unqualified approving opinion of Goodwin Procter LLP, Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed on for the Land Bank by its counsel, Reynolds, Rappaport, Kaplan & Hackney, LLC, Edgartown, Massachusetts, and for the Underwriter by its counsel, Edwards Wildman Palmer LLP, Boston, Massachusetts. BLX Group, LLC, Boston, Massachusetts serves as financial advisor to the Land Bank. Delivery of the 2014 Bonds is expected on or about November 13, 2014.

RBC Capital Markets

MARTHA'S VINEYARD LAND BANK
\$35,025,000
Revenue Refunding Bonds, Series 2014

Dated: Date of Delivery

Due: May 1, as shown below

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP No.*</u>
2019	\$1,555,000	4.00%	1.290%	573100CK8
2020	1,610,000	4.00	1.600	573100CL6
2021	1,680,000	4.00	1.880	573100CM4
2022	1,745,000	4.00	2.160	573100CN2
2023	1,815,000	5.00	2.320	573100CP7
2024	1,905,000	5.00	2.440	573100CQ5
2025	2,005,000	5.00	2.600 ⁽¹⁾	573100CR3
2026	2,110,000	5.00	2.760 ⁽¹⁾	573100CS1
2027	2,210,000	3.00	3.140	573100CT9
2028	2,275,000	5.00	3.030 ⁽¹⁾	573100CU6
2029	2,395,000	5.00	3.080 ⁽¹⁾	573100CV4
2030	2,515,000	3.25	3.400	573100CW2
2031	2,600,000	5.00	3.170 ⁽¹⁾	573100CX0
2032	2,730,000	5.00	3.210 ⁽¹⁾	573100CY8
2033	2,865,000	5.00	3.240 ⁽¹⁾	573100CZ5
2034	3,010,000	3.50	3.650	573100DA9

⁽¹⁾ Yield shown to first call date, November 1, 2024, at a redemption price of par.

* The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the 2014 Bonds and none of the Issuer, the Financial Advisor or the Underwriter make any representation with respect to such CUSIP numbers nor undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the 2014 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2014 Bonds. "CUSIP" is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association.

IN CONNECTION WITH THE OFFERING OF THE 2014 BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2014 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesperson or other person has been authorized by the Land Bank, the Martha's Vineyard Commission, any of the Member Towns (hereinafter defined) of the Land Bank, The County of Dukes County or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement and the Appendices hereto in connection with the offering described herein, and, if given or made, such other information or representations 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 any securities other than those identified on the cover page or an offer to sell or a solicitation of an offer to buy such securities in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

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

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2014 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Land Bank since the date hereof.

The 2014 Bonds have not been registered under the Securities Act of 1933, in reliance upon exemptions contained in such Act. The registration and qualification of the 2014 Bonds in accordance with applicable provisions of the securities law of the states in which the 2014 Bonds have registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, nor any agency or department thereof, has passed upon the merits of the 2014 Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the 2014 Bonds or the advisability of investing in the 2014 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and APPENDIX G "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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OFFICIAL STATEMENT

of the

MARTHA'S VINEYARD LAND BANK

relating to

\$35,025,000

Revenue Refunding Bonds, Series 2014

INTRODUCTION

This Official Statement, which includes the cover page and the Appendices hereto, sets forth certain information concerning the \$35,025,000 Revenue Refunding Bonds, Series 2014 ("2014 Bonds") of the Martha's Vineyard Land Bank (the "Land Bank" or the "Issuer"), a body politic and corporate and a public instrumentality organized and existing pursuant to Chapter 736 of the Massachusetts Acts of 1985, as amended and as it may hereafter be amended from time to time (the "Act"). Unless otherwise defined herein, certain capitalized terms used herein shall have the meanings set forth in APPENDIX D – "Summary of Definitions" and APPENDIX E - "Summary of the Trust Agreement."

The 2014 Bonds are to be issued pursuant to the Act and under the Trust Agreement (the "Trust Agreement"), dated as of November 1, 2014, between the Land Bank and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee," which term includes any successor trustee under the Trust Agreement). The 2014 Bonds are being issued to (i) refinance the Refunded Bonds as hereinafter defined; (ii) provide for a Debt Service Reserve Fund; and (iii) pay the costs of issuing the 2014 Bonds (or the balance thereof). See "ESTIMATED SOURCES AND USES OF FUNDS."

THE 2014 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE LAND BANK OR A DEBT OR LIABILITY OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY OF DUKES COUNTY, OR ANY TOWN IN DUKES COUNTY OR ANY AGENCY, INSTRUMENTALITY, OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING; EXCEPT TO THE EXTENT PAID FROM BOND PROCEEDS, THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE 2014 BONDS ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT IN ACCORDANCE WITH THE TRUST AGREEMENT (THE "PLEDGED RECEIPTS"). THE 2014 BONDS ARE NOT SECURED BY A MORTGAGE OR LIEN OR SECURITY INTEREST IN ANY REAL OR PERSONAL PROPERTY OF THE LAND BANK. THE LAND BANK HAS NO TAXING POWER.

The 2014 Bonds constitute special obligations of the Land Bank, secured as to the payment of principal and Redemption Price (as defined below), if any, and interest thereon by a pledge of the Pledged Receipts, which consist of certain revenues derived from fees collected by the Land Bank from real estate transactions in The County of Dukes County, from other moneys derived from the operation of the Land Bank and from certain funds and accounts established

under the Trust Agreement, subject to the application thereof for the purposes and on the terms and conditions provided therein.

The agreements of the Land Bank with the Trustee for the benefit of the Bondholders are set forth fully in the Trust Agreement, and neither any advertisement of the 2014 Bonds nor this Official Statement shall be construed as constituting a contract or agreement between either the Land Bank or the Member Towns (hereinafter defined) and the purchasers or holders of the 2014 Bonds.

Insofar as any statements are made in this Official Statement involving matters of opinion, regardless of whether expressly so stated, they are intended merely as such and not as representations of fact. The descriptions of the 2014 Bonds and the security for the 2014 Bonds contained herein, are qualified in their entirety by reference to the Trust Agreement, a summary of which is attached hereto as APPENDIX E.

Quotations, summaries and explanations of constitutional provisions, statutes, judicial decisions, administrative regulations, ordinances, agreements, reports and other documents in this Official Statement do not purport to be complete and are qualified by reference to the complete text of such documents. Information contained herein has been obtained from members of the Martha's Vineyard Commission, the Member Towns and the Land Bank, and from records and other sources believed to be reliable.

THE ISSUER

Purpose

The Land Bank is a body politic and corporate and a public instrumentality organized and existing pursuant to the Act. The Act provides that the Land Bank is empowered to acquire interests in (a) land to protect existing and future well fields, aquifers and recharge areas; (b) agricultural lands; (c) forest land; (d) fresh and salt water marshes and other wetlands; (e) ocean and pond frontage, beaches, dunes, and adjoining backlands, to protect their natural and scenic resources; (f) land to protect scenic vistas; (g) land for nature or wildlife preserve; (h) easements for trails and for publicly owned land; and (i) land for passive recreational use, located in the towns which are members of the Land Bank (the "Member Towns" or "Towns") and to retain and manage parcels of land predominantly in their natural, scenic or open condition. Specifically, the Act gives the Land Bank the power and authority to, among other things, (a) acquire the lands described in the preceding sentence; (b) accept gifts or funds to further the purposes of the Land Bank; (c) take any land by eminent domain pursuant to certain restrictions and only after first making a reasonable effort to negotiate the acquisition thereof by purchase; (d) dispose of any or all of its interests in any parcel of land or change the use of such parcel, but only with the approval of the applicable town advisory board of a Member Town ("Town Advisory Board"), and the Secretary of Environmental Affairs of The Commonwealth of Massachusetts and, as required by the Massachusetts Constitution, by a law enacted by two-thirds vote of each house; (e) hire staff and obtain professional services; and (f) administer and manage its interests in any parcel of land.

The Land Bank's Revenues (as hereinafter defined) are derived primarily from the real estate transfer fee (the "Real Estate Transfer Fee"), a 2% surcharge that the Land Bank is authorized to collect on transfers of real estate occurring in the Member Towns, subject to certain exemptions. See "REAL ESTATE TRANSFER FEE."

The Land Bank is authorized and empowered under the laws of The Commonwealth of Massachusetts, including the Act, to issue and sell bonds or notes (including notes in anticipation of bonds), including the 2014 Bonds, for all of its purposes, without the consent of any department, division, commission, board, bureau or agency or any Member Town or The County of Dukes County. Bonds and notes issued under the Act must be authorized by the Land Bank Commission which has full power and authority, subject to the Act, to determine the amount, form, terms, conditions, provisions for the payment of interest and other details, as well as the terms and conditions of their sale and issuance. Bond and note proceeds may be used, in whole or in part, (i) to pay acquisition costs; (ii) to provide reserves for debt service and other expenses; (iii) to pay consulting, appraisal, advisory and legal fees and the costs of issuing and selling such bonds or notes; (iv) to purchase, refund or renew bonds or notes previously issued; and (v) to pay any other cost or expense of the Land Bank necessary for it to accomplish the purpose of the Act.

The Land Bank may enter into any agreement, including a loan agreement or trust agreement, including the Trust Agreement, necessary to issue and secure any bonds or notes issued under the Act. Such agreements may pledge as security for such bonds or notes, in whole or in part, the Revenues held or to be received by the Land Bank. A trust agreement may provide for the issuance of additional debt obligations and the establishment of special funds and reserves and for any money received thereunder to be held, deposited or invested by the trustee pending disbursement thereof, notwithstanding the general requirement under the Act that the Treasurer of The County of Dukes County (the "County Treasurer") invest the assets of the Land Bank. In addition, a trust agreement may contain such terms and conditions as the Land Bank deems reasonable and proper. Bonds and notes may be secured, in addition to other security, in whole or in part, by insurance or letters or lines of credit or other credit facilities issued to the Land Bank by any bank, trust company or other financial institution, and the Land Bank may pledge or assign its Revenues as security for such insurance, letters or lines of credit or other credit facilities.

Bonds and notes issued under the Act are not secured by, nor are they themselves, a pledge of the full faith and credit of The Commonwealth of Massachusetts or any agency, instrumentality or political subdivision thereof or therein, including The County of Dukes County and the Member Towns. The 2014 Bonds are not secured by a mortgage or lien or security interest in any real or personal property of the Land Bank. The Land Bank has no taxing power. Bonds and notes issued by the Land Bank, their transfer and the income therefrom, are at all times exempt from taxation within The Commonwealth of Massachusetts. See "TAX MATTERS."

The Land Bank has borrowed from time to time to acquire and preserve certain parcels of land in the Member Towns, as well as to refinance existing debt. Provisions of the Act and Article XCVII of the Articles of Amendment to The Commonwealth of Massachusetts Constitution generally prohibit the Land Bank from selling land in which it holds an interest without a two-thirds vote of the Massachusetts legislature.

Innovative Land Bank Projects

To further the Land Bank's mission to conserve properties which are unique on Martha's Vineyard for their aesthetic, agricultural, wildlife or passive-recreational features and opportunities, the Land Bank has in certain instances coordinated its land acquisitions with local organizations in order to promote additional complementary community goals such as the preservation of farmland, the creation of affordable housing and the preservation of historic resources. Recent examples of the Land Bank's cooperation with other community initiatives

include the Short Cove pasture, the Wapatequa Woods Reservation in Tisbury and the Wasque Road farmhouse.

One of the prized scenic vistas on Martha's Vineyard is the 40-acre sheep pasture perched on the edge of the Tisbury Great Pond and its Short Cove. The land had been farmed for generations, but became vulnerable when inheritance taxes came due and a 13-acre lobe, at the pasture's promontory, was slated for sale. Because the land had been enrolled in the commonwealth's preferential tax program for farmlands, the Town of West Tisbury possessed a right-of-first-refusal, which the West Tisbury Selectmen assigned to the Land Bank and the Land Bank exercised. Pairing it with an agricultural preservation restriction over the balance of the pastureland, the Land Bank succeeded in conserving three-quarters of a mile of pond shorefront.

The Wapatequa Woods Reservation began with a purchase of 14 acres in 1988 and now totals some 190 acres. The geographical core of the reservation was finally acquired in 2014 and it involved not only a conservation opportunity, but also a large cottage. Subsequent to the acquisition, the land bank advertised the availability of the cottage under terms that provided that rent would be waived, if the occupants would manage the reservation on the Land Bank's behalf by cutting trails and thinning the woodlands for a prescribed number of hours per week. A young family was selected after a public competition and now resides in the cottage and manages the reservation, which serves as a greenbelt around the southerly end of Vineyard Haven.

One of the final inland vistas along the Wasque Road on Chappaquiddick Island in Edgartown, before reaching the sea, is a hayfield hosting an antique farmhouse. The owners wished to protect the entirety of the hayfield and the Land Bank conserved it and also acquired an architectural preservation restriction over the house, so that it will permanently remain a farmhouse in its bucolic setting.

The Land Bank Commission

The Land Bank is governed by a seven-member commission (the "Land Bank Commission") consisting of one elected representative from each of the six Member Towns and one at-large member selected by the Secretary of the Executive Office of Environmental Affairs of The Commonwealth of Massachusetts. The Member Towns consist of Aquinnah, Chilmark, Edgartown, Oak Bluffs, Tisbury and West Tisbury, Massachusetts (any Member Town's change of name after the date hereof shall not affect its designation as a Member Town). The members of the Land Bank Commission (the "Commissioners") serve without compensation. Each Commissioner serves a three-year term, with the exception of the Commonwealth's representative, who serves at the pleasure of the Secretary of the Executive Office of Environmental Affairs. The terms of Member Town representatives are staggered, two representatives being elected annually for a three-year term. The Land Bank Commission elects a chairman and vice chairman from among its members and elects a secretary and treasurer who need not be Commissioners. The Land Bank Commission operates pursuant to rules and regulations adopted by it after a public hearing and with the advice of the Town Advisory Board of each Member Town. The Land Bank Commission acts by majority of those present and voting at a meeting at which a quorum is present (a majority of the Member Town representatives constituting a quorum), except for decisions regarding land acquisitions and dispositions, which require a majority of all Town representatives, whether present or not.

The current Commissioners and their terms of office are as follows:

<u>Name and Office</u>	<u>Town</u>	<u>Principal Occupation</u>	<u>Expiration of Term of Appointment</u>
Pamela S. Goff ⁽¹⁾ Vice – Chairman	Chilmark	Farmer	2015
Edward W. Vincent, Jr. ⁽²⁾ Chairman	Edgartown	Retired	2016
Sarah Thulin	Aquinnah	Retired	2015
Priscilla L. Sylvia Secretary-Treasurer	Oak Bluffs	Retired	2016
John Anthony Nevin	Tisbury	Retired	2017
Glenn Hearn	West Tisbury	Retired	2017
Edith W. Potter ⁽³⁾	State Appointee	Farm Manager	Indefinite

(1) Also serves as member of the Chilmark Conservation Commission and the Chilmark Land Bank Town Advisory Board.

(2) Also serves as member of the Edgartown Conservation Commission.

(3) Also serves as member of the Edgartown Conservation Commission and Edgartown Land Bank Town Advisory Board.

Principal Administrative Officer

James Lengyel, Executive Director. Administration of all Land Bank business is supervised and carried out under the supervision of the Land Bank Commission by its Executive Director, James Lengyel. Mr. Lengyel joined the Land Bank in 1989 after previously being employed as the senior Town Planner of the Nantucket Planning & Economic Development Commission. Mr. Lengyel holds a Masters degree in City and Regional Planning from Rutgers University.

The Dukes County Treasurer

Pursuant to the Act, the Dukes County Treasurer (the “County Treasurer”) oversees the administration of the Land Bank’s account (the “Land Bank Fund”) and the investment of available assets therein on behalf of and at the direction of the Land Bank. Deposits into the Land Bank Fund include (i) funds appropriated, borrowed or transferred for deposit into the Fund pursuant to a vote of The County of Dukes County commissioners or of town meetings of the Member Towns, (ii) voluntary contributions of money and other liquid assets, (iii) revenues from Real Estate Transfer Fees, including payment of interest and penalties in connection therewith, and (iv) proceeds from sales of real property (collectively, the “Revenues”). All expenses incurred by the Land Bank in carrying out the provisions of the Act must be evidenced by vouchers and are paid by the County Treasurer against warrants approved by the Land Bank.

Under the Act, the County Treasurer has the obligation to invest prudently the Land Bank Fund assets in accordance with the Land Bank's rules and regulations.

The Land Bank establishes an account for each Member Town (each, an "Account"), the administration of which is overseen by the County Treasurer. Of the Revenues collected in the Land Bank Fund, fifty percent (50%) remain in the Land Bank Fund and are administered directly by the Land Bank. The remaining fifty percent (50%) of the Revenues collected are transferred to the individual Member Town Accounts, in proportion to each Member Town's respective share in Revenues derived from real estate transfers in such Member Town. Funds in an Account may be expended by the Land Bank with the approval of a majority of the Town Advisory Board of the respective Member Town, for the purchase of land within or outside the borders of such Town, or for any other purpose permitted by the Act, including debt service on bonds and notes. With the approval of two thirds of the members of the Town Advisory Board of a Member Town, a trust agreement executed in connection with bonds may pledge or assign all or a part of the Revenues held in or to be received for the Account of such Member Town to secure any bonds and notes issued by the Land Bank.

Authority of Member Towns

The Land Bank has the power and authority to acquire by purchase or gift real estate located within any of the Member Towns, provided that the Land Bank shall use as guidelines the open space and master plans of the Member Town or Towns in which such real estate is located, and provided further that any such acquisition shall receive the approval of the Town Advisory Board of the Member Town or Towns in which such real estate is located. In addition, each Town Advisory Board recommends to the Land Bank land acquisitions and management plans for parcels of land located in its respective Member Town. The Land Bank manages each of the Land Bank's land holdings pursuant to a separate management plan, which was adopted by, and can be changed only with, the approval of two-thirds of the members of each Town Advisory Board.

The affirmative vote of a majority at a town meeting is required for a Member Town to join or withdraw from the Land Bank. Each Member Town voted to join the Land Bank upon the Land Bank's establishment and no Town has voted to withdraw from the Land Bank, nor is any such vote pending. The affirmative vote of two thirds at a town meeting of each Member Town is required to do the following things:

- a. to approve an eminent domain taking by the Land Bank (which is finally approved by the affirmative vote of all Member Towns);
- b. to pledge the full faith and credit of such Town in connection with the Land Bank incurring debt; and
- c. for such Member Town to incur debt to deposit funds in the Land Bank Fund or to repay notes of such Member Town issued (i) to cover a debt service shortfall where such Town pledged its full faith and credit, or (ii) to incur debt for land acquisition pursuant to Chapter 44, Section 7(c) of the Massachusetts General Laws (any such debt to be repaid within twenty years).

A two-thirds vote at town meetings of a majority of the Member Towns is required to reduce the percentage of the Real Estate Transfer Fee to below 2%, provided that such reduction

shall not become effective until all then outstanding bonds and notes of the Land Bank have been repaid.

The affirmative vote of the majority of a Town Advisory Board is required for the following purposes:

- a. the acquisition by the Land Bank of a parcel of real estate in such Member Town;
- b. the disposition of any land by the Land Bank in such Member Town;
- c. the approval of the Land Bank's budget (which is finally approved by the consent of a majority of the Town Advisory Boards);
- d. the approval of the use of a parcel of real estate;
- e. the use by the Land Bank of the funds in an Account for acquisition of real estate within or outside of the borders of the applicable Member Town; and
- f. the use by the Land Bank of the funds in an Account for debt service on bonds.

The affirmative vote of two thirds of a Town Advisory Board is required to authorize the Land Bank to pledge the funds in such Member Town's Account as security for bonds or notes issued by the Land Bank.

Employee Relations & Pension Plans

The Land Bank currently employs seven full-time employees and approximately twelve seasonal workers. All permanent full-time employees of the Land Bank participate in the Dukes County Contributory Retirement System as established under Chapter 32 of the General Laws of The Commonwealth of Massachusetts. Under this plan, the participants contribute a certain percentage of their compensation annually, which amount is determined by their date of employment. Benefits paid under the plan, referred to as "retirement allowances," include both an annuity portion funded principally from amounts contributed by the participants and a pension portion funded by the Land Bank. Annual contributions by the Land Bank for the pension portion of the retirement allowance due in the fiscal year are determined by the Public Employee Retirement Administration. For the last five fiscal years, total pension plan costs were as follows:

<u>Fiscal Year</u>	<u>Plan Costs</u>
2010	\$ 76,300
2011	76,020
2012	79,600
2013	96,735
2014	101,259

Insurance

The Trust Agreement requires that the Land Bank carry public liability insurance against the death or bodily injury and property damage covering the land and interests in land from time to time held by the Land Bank. Insurance must be in such amounts and with such deductibles as is customary for the business conducted by the Land Bank and as is satisfactory to the Land Bank

and must be held with generally recognized responsible insurance companies authorized to do business in The Commonwealth of Massachusetts.

REAL ESTATE TRANSFER FEE

The Act establishes the Real Estate Transfer Fee, equal to two percent (2%) of the purchase price, upon the transfer of any real property interest in any real property situated in a Member Town, subject to the exemptions discussed below. The Real Estate Transfer Fee is the liability of the purchaser of such real property interest and must be paid to the Land Bank or its designee, is due at the time the transfer of real property takes place, and must be accompanied by an affidavit of the purchase price and the basis, if any, upon which the transfer is claimed to be exempt, in whole or in part, from such fee. The Act further provides that the register of deeds for The County of Dukes County and the assistant recorder for the registry district of The County of Dukes County shall not record or register or receive or accept for recording or registration, any deed, except a mortgage deed, to which has not been affixed a certificate of the Land Bank that the Real Estate Transfer Fee has been paid or that the transfer is exempt from the Real Estate Transfer Fee.

The Act provides that no reduction in the Real Estate Transfer Fee percentage shall take effect until all bonds and notes of the Land Bank issued prior thereto have been paid in full. The Act provides that each Town Advisory Board may approve the grant, pledge and assignment of its Town's portion of the Transfer Fee Revenue (hereinafter defined) to the Trustee in the Trust Agreement. The Town Advisory Boards have approved the grant, pledge and assignment of the Transfer Fee Revenue to secure the 2014 Bonds pursuant to resolutions duly adopted by each Town Advisory Board.

Exemptions

The Act provides that the following transfers of real property interests are exempt from the Real Estate Transfer Fee:

- (a) Transfers to the government of the United States or The Commonwealth of Massachusetts, and any of their instrumentalities, agencies or subdivisions;
- (b) Transfers made to correct or confirm a prior transfer, without additional consideration;
- (c) Transfers made as bona fide gifts without consideration;
- (d) The transfer of legal title in exchange for a beneficial interest in a trust;
- (e) Transfers "by operation of law without actual consideration" such as in the case of bankruptcy or death;
- (f) Transfers made in partition proceedings;
- (g) Transfers made to charitable or religious organizations;
- (h) Transfers made to a mortgagee as a result of a foreclosure of a mortgage;

- (i) Transfers to a corporation or partnership at formation which do not result in a gain or loss pursuant to the relevant provisions of Section 351 of the Internal Revenue Code;
- (j) Transfers made to a stockholder of a corporation in liquidation or to a partner of a partnership in dissolution;
- (k) Transfers involving the division of marital assets;
- (l) Transfers involving a mix of non-exempt real property and other exempt property, but only to the extent of the exempt property; and
- (m) Transfers to bona fide first-time homebuyers who reside on the property and retain ownership for at least five years (up to an amount determined annually by the Land Bank Commission after due analysis of the range of real estate prices in the Member Towns and in no event less than \$300,000; currently the first \$400,000 of the purchase price is excluded).

Enforcement Rights and Procedures

The Act provides that purchasers who fail to pay all or any of the Real Estate Transfer Fee are liable to pay interest and penalties. The Act establishes procedures for the enforcement of the collection of the Real Estate Transfer Fee by the Land Bank. The Act requires that the Land Bank, if requested to do so, shall hold a hearing on the matter of the imposition of any Real Estate Transfer Fee. An aggrieved party may appeal a determination of the Land Bank to the District or Superior Court of Massachusetts. The Act authorizes the Land Bank to sue for collection of the Real Estate Transfer Fee and any interest and penalties due. The Act also provides that if a purchaser neglects or refuses to pay the Real Estate Transfer Fee, the amount of such fee, including interest and penalties, shall be a lien in favor of the Land Bank upon all property and rights to property, whether real or personal, belonging to such purchaser, provided certain notice requirements are satisfied. There are currently no enforcement proceedings pending and no such liens outstanding.

Real Estate Valuation

The 2014 Bonds are not payable from real property taxes and the following information is presented solely to show changes in the annual value of real property located in the Member Towns. It should be noted, however, due to the timing of revaluations, increases in valuation attributable to construction may not be reflected in the assessed valuation for as long as two and one half years after such construction takes place. The following chart lists the amount of total valuations for each Town for Fiscal Years 2010 through 2014:

**Amount of Total Real Property Valuation
(By Fiscal Year)**

<u>Year</u>	<u>Aquinnah</u>	<u>Chilmark</u>	<u>Edgartown</u>	<u>Oak Bluffs</u>	<u>Tisbury</u>	<u>W. Tisbury</u>	<u>Total</u>
2010	\$709,977,649	\$3,060,583,926	\$6,748,455,000	\$2,873,709,066	\$2,717,459,531	\$2,542,553,601	\$18,652,738,773
2011	716,594,632	3,076,542,100	6,563,959,740	2,647,611,904	2,558,966,837	2,433,158,447	17,996,233,660
2012	717,554,731	3,196,293,470	6,666,537,995	2,581,134,119	2,559,241,145	2,411,685,767	18,132,447,227
2013	723,005,048	3,144,300,790	6,597,990,238	2,512,650,457	2,472,061,469	2,380,518,271	17,830,526,273
2014	732,344,872	3,138,733,776	6,613,836,438	2,522,434,290	2,506,632,233	2,385,941,704	17,899,973,313

Source: Massachusetts Department of Revenue

Transfer Fee Revenues

Revenues derived from Real Estate Transfer Fees are hereinafter referred to as “Transfer Fee Revenues.” Transfer Fee Revenues for Fiscal Years 2010 through 2014 are as follows:

Comparative Transfer Fee Revenues For Fiscal Years

<u>Fiscal Year</u>	<u>Amount</u>
2010	\$ 7,639,725
2011	7,730,875
2012	7,488,767
2013	9,025,957
2014	10,025,591

Source: Land Bank.

The aggregate purchase price of non-exempt real property transferred within the Member Towns during Calendar Years 2010 through 2014 is as follows:

**Purchase Price Of Non-Exempt
Real Property Transferred
(Calendar Year)**

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014*</u>
\$406,470,551	\$350,946,111	\$485,964,678	\$458,973,653	\$311,835,500

*Unaudited, as of October 1, 2014.

Source: Land Bank.

Real Estate Transfers

The Real Estate Transfer Fee is due upon the transfer of non-exempt real property interests within the Member Towns. Based upon records maintained by the Land Bank, the following chart reflects the number of exempt and non-exempt real property transfers within the Member Towns for Calendar Years 2010 through 2014:

**Exempt And Non-Exempt
Real Property Transfers
(Calendar Year)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014*</u>
Exempt Transfers	769	784	1055	706	519
Non-Exempt Transfers	475	468	562	598	418
Total Property Transfers	1,244	1,252	1,617	1,304	937

*Unaudited, as of October 1, 2014.

Source: Land Bank.

A significant proportion of real property transfers within the Member Towns are exempt from the Real Estate Transfer Fee, with the most significant exemption being transfers made as bona fide gifts without consideration:

**Percentage Of Real Property
Transfers Qualifying For Exemption
(Calendar Year)**

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014*</u>
62%	63%	65%	54%	54%

*Unaudited, as of October 1, 2014.

Source: Land Bank.

The Land Bank does not maintain data that distinguish between residential and commercial real property. Based on the Land Bank's knowledge of local conditions, however, it has been the Land Bank's experience that most transfers of developed real property within the Member Towns involve residential real property rather than commercial real property.

Land Acquisitions

Since its inception in 1986, the Land Bank has created 69 reservations and manages more than 50 miles of trails, together comprising approximately 3,136 acres of land and representing 5.4% of Martha's Vineyard, to be held in accordance with the Act. The following chart reflects the Land Bank's acquisitions as of October 1, 2014:

Land Bank Land Acquisitions

<u>Years</u>	<u>Cumulative Acres</u>	<u>Cumulative % of Total Land Area on Martha's Vineyard</u>	<u>Cumulative Cost</u>
1986 - 1998	1,117	1.7%	\$ 31,874,787
1986 - 2006	2,750	4.5	136,253,420
1986 - 2014*	3,136	5.4	177,005,380

*Through October 1, 2014

Source: Land Bank.

The Martha's Vineyard Commission and Regulation of Development

The development of land on Martha's Vineyard is subject to the regulatory power of the Martha's Vineyard Commission. The Martha's Vineyard Commission is not affiliated with the Land Bank. Pursuant to Chapter 831 of the Acts of 1977, as amended (the "Enabling Act"), the Martha's Vineyard Commission is empowered to create (with the approval of the Secretary of Environmental Affairs) "districts of critical planning concern" and regulate "developments of regional impact" on Martha's Vineyard for the purpose of ensuring that the land usages of Martha's Vineyard are those which will not be unduly detrimental to the natural, historical, ecological, scientific, cultural and other values of Martha's Vineyard or to its economy. The Enabling Act provides that, in passing upon applications for development permits relating to areas subject to the Enabling Act, every municipal land regulatory agency on Martha's Vineyard shall be governed by the procedures, standards and criteria established pursuant to the Enabling Act. The Enabling Act also provides that all regulations adopted under the Enabling Act shall be incorporated into the ordinances of each municipality so affected.

Generally, a "district of critical planning concern" is defined by the Enabling Act as an area which possesses unique material, historical, ecological, scientific, or cultural resources of regional or statewide significance. "Developments of a regional impact" are developments which, because of their magnitude or the magnitude of their effect on the surrounding environment, are likely to present development issues significant to more than one municipality on Martha's Vineyard. Since 1975, the Martha's Vineyard Commission has designated some 30 districts of critical planning concern (ranging in magnitude from the entire island to contiguous forest acreage and strips of land bordering beach front and strips of land approximately 200 feet wide bordering public ways) and has evaluated and approved with restrictions or conditions approximately 90% of the approximately 650 applications it has received relating to developments of a regional impact.

The Land Bank cannot predict whether regulations of the Martha's Vineyard Commission or of the Commonwealth, or federal regulations, will be changed in the future, or whether existing regulations will be applied in a different manner. Neither the Land Bank nor the Martha's Vineyard Commission, however, is aware of any pending changes to such regulations or the application thereof which would have a material adverse effect on Transfer Fee Revenues.

Lien for Clean-Up of Hazardous Materials

The Massachusetts Oil and Hazardous Materials Release Prevention and Response Act of 1983 (the "Massachusetts Superfund Act") authorizes the Massachusetts Department of Environmental Protection ("DEP") to arrange for response actions, such as clean-up or containment, in the event of a release or threat of release of oil or hazardous materials and imposes liability for the costs of such actions on those responsible for such a release and without regard to fault, on the present owner of a site on which there has been such a release and on certain other persons. The Massachusetts Superfund Act permits DEP to secure such liability by recording a lien (the "Super Lien") on the real property which is the site of the release. The Massachusetts Superfund Act provides that the costs of cleanup shall also be secured by a lien on any other real property owned by the present owner of the site or the person responsible for such release. None of the land owned by the Land Bank is subject to a response action pursuant to the Massachusetts Superfund Act or a Super Lien pursuant thereto.

MARTHA’S VINEYARD

Description

The island of Martha’s Vineyard lies five miles off the coast of Cape Cod with a total land area of approximately ninety-three (93) square miles and consists solely of the Member Towns. The Member Towns, together with the Town of Gosnold, located on the Elizabeth Islands, constitute The County of Dukes County.

Other Information

The Land Bank does not maintain data on the population of Member Towns, land use in Member Towns and The County of Dukes County as a whole, or on the economy of Martha’s Vineyard generally. Data concerning the foregoing is maintained by the Martha’s Vineyard Commission.

PLAN OF FINANCE

Plan of Finance

The Land Bank will use the proceeds of the 2014 Bonds to refund certain outstanding bonds (the "Refunded Bonds") of the Land Bank to accomplish debt service savings. See "PLAN OF FINANCE – Plan of Refunding" and APPENDIX H – “Table of Refunded Bonds" herein.

Plan of Refunding

Upon the delivery of the 2014 Bonds, the Land Bank will deposit proceeds of the 2014 Bonds with the 2002 Trustee (defined below) and the 2004 Trustee (defined below) to provide, together with the additional amounts deposited by the Land Bank with the 2004 Trustee and the 2002 Trustee, for the current refunding of (a) the Land Bank’s \$22,640,000 Revenue Bonds, Series 2002 (the “2002 Bonds”) maturing on May 1, 2022 and May 1, 2032 in the aggregate principal amount of \$22,640,000 (the “Refunded 2002 Bonds”) at a redemption price of 100% of par on January 13, 2015, and (b) the Land Bank’s \$19,500,000 Revenue Bonds, Series 2004 (the “2004 Bonds”) maturing on May 1, 2015 through May 1, 2018, inclusive, and on May 1, 2020, May 1, 2022, May 1, 2024, May 1, 2026, May 1, 2029 and May 1, 2034 in the aggregate principal amount of \$18,315,000 (the “Refunded 2004 Bonds”, and collectively with the Refunded 2002 Bonds, the “Refunded Bonds”) at a redemption price of 100% of par on January 13, 2015.

Verification of Mathematical Computations

Grant Thornton LLP, a firm of independent public accountants, will deliver to the Land Bank, on or before the settlement date of the 2014 Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the 2014 Bonds will be excluded from gross income for federal income tax purposes.

The verification performed by Grant Thornton LLP will be solely based upon data, information and documents provided to Grant Thornton LLP by the Land Bank and its representatives. Grant Thornton LLP has restricted its procedures to recalculating the computations provided by the Land Bank and its representatives and has not evaluated or examined the assumptions or information used in the computations.

Outstanding Indebtedness

The 2002 Bonds are currently outstanding in the aggregate principal amount of \$22,640,000. The 2002 Bonds were issued under a Trust Agreement dated as of December 1, 2002 (the "2002 Trust Agreement"), between the Land Bank and J.P. Morgan Chase Bank, a New York banking corporation, as predecessor trustee to The Bank of New York Mellon Trust Company, N.A. (the "2002 Trustee"). The 2004 Bonds are currently outstanding in the aggregate principal amount of \$18,315,000. The 2004 Bonds were issued under a Trust Agreement dated as of September 1, 2004 (the "2004 Trust Agreement"), between the Land Bank and J.P. Morgan Chase Bank, a New York banking corporation, as predecessor trustee to The Bank of New York Mellon Trust Company, N.A. (the "2004 Trustee"). The Land Bank's \$35,200,000 Revenue Bonds, Series 2006 (the "2006 Bonds") are currently outstanding in the aggregate principal amount of \$27,230,000. The 2006 Bonds were issued under a Trust Agreement dated as of December 1, 2006 (the "2006 Trust Agreement"), between the Land Bank and U.S. Bank National Association (the "2006 Trustee"). All of the 2002 Bonds, the 2004 Bonds and the 2006 Bonds are secured equally and ratably by the Pledged Receipts. The final maturity date of the 2002 Bonds is May 1, 2032, the final maturity date of the 2004 Bonds is May 1, 2034 and the final maturity date of the 2006 Bonds is May 1, 2036. The Land Bank's purchase money notes (for the acquisition of real estate, as set forth below) are outstanding in the aggregate amount of \$5,050,000.

The 2002 Bonds and the 2004 Bonds will be redeemed, see "PLAN OF FINANCE - Plan of Refunding" herein. There are no other bonds or notes or obligations of the Land Bank outstanding.

Equal and Ratable Treatment of 2014 Bonds with the 2006 Bonds

Pursuant to a certain agreement of contemporaneous date herewith among the Trustee, the 2006 Trustee and the 2004 Trustee, the parties thereto have, inter alia, memorialized the terms regarding the allocation of Pledged Receipts as among the 2014 Bonds and the 2006 Bonds. As set forth in the Trust Agreement, the Pledged Receipts secure the 2014 Bonds equally and ratably with the 2006 Bonds and with any other Alternative Indebtedness.

Future Borrowing

The Land Bank will continue to acquire properties on Martha's Vineyard, which may be purchased, independent from the Acquisition Fund established pursuant to the Trust Agreement, using cash or purchase money promissory notes or bank loans, both of which would be unsecured by Pledged Receipts, or through the issuance of additional Bonds or Alternative Indebtedness.

THE 2014 BONDS

The 2014 Bonds will be the first series of Bonds to be issued under the Trust Agreement. The following is a summary of certain provisions of the 2014 Bonds. Reference is made hereby

to the 2014 Bonds and the Trust Agreement, each in their entirety, for detailed provisions of the 2014 Bonds.

Green Bonds

The 2014 Bonds will be designated by the Land Bank as “Green Bonds” issued to refinance the environmentally beneficial sustainable land use projects originally financed with the Refunded Bonds. The Refunded Bonds were issued to finance (a) the acquisition of various properties on Martha’s Vineyard, unique for their aesthetic, agricultural, wildlife and passive-recreational features, and (b) the acquisition of a 190-acre tract of land in the Town of Oak Bluffs known as the “Southern Woodlands” which has been designated as a “core habitat” by The Commonwealth of Massachusetts (collectively, the “Green Projects”). “Core habitat” identifies specific areas necessary to promote the long-term persistence of Species of Conservation Concern (those listed under the Massachusetts Endangered Species Act as well as additional species identified in the State Wildlife Action Plan), exemplary natural communities, and intact ecosystems. The Green Projects are environmentally beneficial and consistent with the environmental purposes described in the Act. See “THE ISSUER – Purpose,” above.

THE PURPOSE OF LABELING THE 2014 BONDS AS “GREEN BONDS” IS TO ALLOW INVESTORS TO INVEST DIRECTLY IN ENVIRONMENTALLY BENEFICIAL PROJECTS.

The designation of the 2014 bonds as “Green Bonds” does not affect the underlying security for the payment of the 2014 Bonds. The 2014 Bonds are payable solely from the Pledged Receipts as described herein. See “SECURITY FOR THE 2014 BONDS” herein. Holders of the 2014 Bonds do not assume specific project risk, if any, related to the Green Projects.

The Land Bank makes no representation that every use of the 2014 Bonds meets the classification of a Green Project. The Land Bank assumes no obligation to ensure compliance with the principles of Green Bonds as such principles may evolve over time.

Description of the 2014 Bonds

The 2014 Bonds will be issued in the aggregate principal amount, will mature (unless redeemed prior to maturity) in the years and principal amounts, and will bear interest from the dates and at the per annum rates, all as set forth herein. Interest will be payable on May 1 and November 1 of each year, commencing May 1, 2015. The 2014 Bonds are subject to optional redemption as described below.

Debt Service Requirements

The table attached hereto as APPENDIX C sets forth, for each respective year ending June 30, the amounts required to be made available in such year by the Land Bank for payment of the principal, interest and total debt service on the 2014 Bonds. Such table also reflects, for each respective year ending June 30 (commencing June 30, 2014), the total debt service on the 2006 Bonds.

Redemption Provisions

Optional Redemption. The 2014 Bonds maturing on and after May 1, 2025 are subject to optional redemption on or after November 1, 2024 as a whole or in part at any time, from maturities selected by the Land Bank at a redemption price of 100% of their principal amount, without premium, plus accrued interest, if any, to the redemption date.

Selection of Bonds for Redemption. So long as the 2014 Bonds are held in the book-entry only system, if fewer than all the 2014 Bonds of a particular series and maturity are to be redeemed, the particular Bonds (or portions thereof in authorized denominations) to be called for redemption shall be selected by DTC as described below under “SECURITIES DEPOSITORY - Book-Entry Only System.” If the 2014 Bonds of a particular series are no longer held in the book-entry only system and fewer than all the 2014 Bonds of a particular series and maturity are to be redeemed, the particular 2014 Bonds (or portions thereof in authorized denominations) to be called for redemption shall be selected by the Trustee as provided in the Trust Agreement. Bonds shall be selected by the Trustee by lot or in any customary manner as determined by the Trustee.

Notice of Redemption. Notice of redemption of the 2014 Bonds shall be mailed to the Bondholders of any 2014 Bonds (or portion thereof) which are to be redeemed (which, so long as the book-entry only system is in effect, shall mean DTC or its nominee as described below under “SECURITIES DEPOSITORY - Book-Entry Only System”), at their addresses shown on the registration books kept by the Trustee, not less than thirty (30) and not more than sixty (60) days prior to the redemption date. Such notice of redemption shall identify the 2014 Bonds (or portion thereof) to be redeemed, state the date fixed for redemption and state that such 2014 Bonds (or portion thereof) will be redeemed at the designated corporate trust office of the Trustee. The notice of redemption shall further state that on such date there shall become due and payable upon each 2014 Bond (or portion thereof) to be redeemed the redemption price thereof, together with interest accrued to the redemption date, and that moneys therefor having been deposited with the Trustee, interest on any 2014 Bond called for redemption shall cease to accrue from and after the date fixed for redemption. Failure to mail notice to a particular Bondholder, or any defect in the notice to such Bondholder, shall not affect the redemption of any other 2014 Bonds.

Subject to the terms and conditions set forth herein applicable to a particular series of 2014 Bonds, as long as the 2014 Bonds of such series are maintained in the book-entry form, the 2014 Bonds are transferable or exchangeable for bonds of the same series and maturity upon the terms and conditions provided in the Trust Agreement, at the option of the Bondholder and at the expense of the Land Bank, except for any tax or other governmental charge required to be paid with respect to such exchange. The Trustee will not be required to make an exchange or transfer of any 2014 Bond during the forty-five (45) days preceding any date fixed for redemption of such Bond selected, called or being called for redemption.

Subject to the provisions discussed below in the section entitled “Book Entry Only System,” the 2014 Bonds will be issued only as fully-registered bonds without coupons in the minimum denominations set forth below. Principal or redemption premium, if any, of the 2014 Bonds will be payable at the principal corporate trust office of the Trustee, and interest on the 2014 Bonds will be paid by check or draft mailed (or, at the option of a Bondholder of \$1,000,000 or more of the 2014 Bonds, by wire transfer) by the Trustee to the Bondholder as of the applicable Record Date.

SECURITIES DEPOSITORY

Book Entry Only System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2014 Bonds. The 2014 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 certificate will be issued for the 2014 Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of securities deposited with DTC must be made by or through Direct or Indirect Participants, which will receive a credit for such securities on DTC’s records. The ownership interest of each actual purchaser of each security deposited with DTC (“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 securities deposited with DTC 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 securities deposited with DTC, except in the event that use of the book-entry system is discontinued.

To facilitate subsequent transfers, all securities 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 securities 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 securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, 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 issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Land Bank believes to be reliable, but none of the Land Bank, the Trustee, Paying Agent or the Underwriter take any responsibility for the accuracy thereof.

Certificated Bonds

DTC may discontinue providing its services as securities depository with respect to the 2014 Bonds at any time by giving reasonable notice to the Land Bank and the Trustee. In addition, the Land Bank may determine that continuation of the system of book entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners. If for either reason the Book Entry Only system is discontinued, 2014 Bonds will be delivered as described in the Trust Agreement and the Beneficial Owners, upon registration of certificates held in the Beneficial Owners' names, will become the Bondholder. Thereafter, 2014

Bonds may be exchanged for an equal aggregate principal amount of 2014 Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the principal corporate trust office of the Trustee. The transfer of any 2014 Bond may be registered on the books maintained by the Trustee for such purpose only upon the assignment in the form satisfactory to the Trustee. For every exchange or registration of transfer of 2014 Bonds, the Land Bank and the Trustee may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the Bondholder for any exchange or registration of transfer of the 2014 Bonds. The Trustee will not be required to transfer or exchange any 2014 Bond during the notice period preceding any redemption if such 2014 Bond or any part thereof is eligible to be selected or has been selected for redemption.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the 2014 Bonds:

<u>Sources of Funds</u>	
Par Amount of Bonds:	\$35,025,000.00
Original Issue Premium:	4,311,241.55
2002 Bond Debt Service Reserve Fund:	2,320,896.60
2004 Bond Debt Service Fund:	52,361.17
Total Sources of Funds:	\$41,709,499.32
 <u>Uses of Funds</u>	
Deposit to 2002 Prepayment Account:	\$22,865,152.50
Deposit to 2004 Prepayment Account:	18,495,780.00
Costs of Issuance*:	348,566.82
Total Uses of Funds:	\$41,709,499.32

*Includes underwriter's discount, legal fees, financial advisor fees, bond insurance and debt service reserve insurance policy premiums, printing costs, rating fees, and other miscellaneous costs and expenses related to the issuance of the 2014 Bonds and the refunding of the Refunded Bonds.

SECURITY FOR THE 2014 BONDS

THE 2014 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE LAND BANK NOR A DEBT OR LIABILITY OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COMMONWEALTH OF MASSACHUSETTS, THE COUNTY OF DUKES COUNTY, OR ANY TOWN IN DUKES COUNTY, OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING, AND EACH COVENANT AND UNDERTAKING OF THE LAND BANK IN THE TRUST AGREEMENT AND IN THE 2014 BONDS IS NOT A GENERAL OBLIGATION OF THE LAND BANK NOR A DEBT OR LIABILITY OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COMMONWEALTH OF MASSACHUSETTS, THE COUNTY OF DUKES COUNTY, OR ANY TOWN IN DUKES COUNTY, OR ANY AGENCY, INSTRUMENTALITY OR POLITICAL SUBDIVISION OF ANY OF THE FOREGOING, BUT ARE A SPECIAL OBLIGATION PAYABLE (EXCEPT TO THE EXTENT PAID FROM BOND PROCEEDS) SOLELY FROM PLEDGED RECEIPTS. THE 2014 BONDS ARE NOT SECURED BY ANY MORTGAGE OR LIEN ON ANY REAL OR PERSONAL PROPERTY OF THE LAND BANK. THE LAND BANK HAS NO TAXING POWER.

The enforceability of any of the provisions of the 2014 Bonds and the Trust Agreement may be limited by the exercise of judicial discretion in accordance with general equitable principles and by bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors' rights generally heretofore or hereafter enacted to the extent constitutionally enforceable.

Pledged Receipts

“Pledged Receipts” are defined by the Trust Agreement as the gross receipts and revenues of the Land Bank, i.e., the Revenues, including (a) Real Estate Transfer Fees, revenues, and other moneys held or to be received for the account of the Land Bank and (b) Real Estate Transfer Fees, revenues and other moneys held or to be received for the account of the Member Towns; provided that “Pledged Receipts” do not include gifts, and certain funds or grants, all as more particularly described in the Trust Agreement, and do not include any fund established with the 2006 Trustee pursuant to the 2006 Trust Agreement for the benefit of the 2006 Bonds, the 2004 Trustee pursuant to the 2004 Trust Agreement for the benefit of the 2004 Bonds, or the 2002 Trustee pursuant to the 2002 Trust Agreement for the benefit of the 2002 Bonds.

In order to secure the due payment of the principal (including sinking fund installments, if any), of, redemption premium, if any, and interest on the 2014 Bonds and the performance by the Land Bank of its agreements in the Trust Agreement, equally and ratably with the 2006 Bonds and the Land Bank's obligations under the 2006 Trust Agreement, the Land Bank grants through the Trust Agreement a security interest in and lien on and assigns and pledges to the Trustee in trust upon the terms set forth in the Trust Agreement the Pledged Receipts and all funds (except the Rebate Fund and funds in the Collection Fund allocated to the 2006 Bonds or any other Alternative Indebtedness) maintained by the Trustee under the Trust Agreement, including, without limitation, moneys, investments and proceeds in the Acquisition Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Redemption Fund and amounts deposited in the Collection Fund and not previously allocated to the 2006 Bonds, or any other Alternative Indebtedness, and any other property, collateral or security that may from time to time hereafter, by delivery or writing of any kind, be subjected to the lien of the Trust Agreement by the Land Bank, or anyone acting on its behalf, and the Trustee is authorized under the Trust Agreement to

receive the same at any time as additional security under the Trust Agreement. In accordance with the Act, each Town Advisory Board approved such grant, lien, assignment and pledge of the portion of the Pledged Receipts constituting Revenues held or to be received for the account of such Member Town. As more particularly described in the Trust Agreement, the Pledged Receipts shall be allocated among the 2014 Bonds, the 2006 Bonds and all other Alternative Indebtedness, if any, on the basis of their respective outstanding principal amounts as of the time of such allocation; provided that, with respect to the allocation of funds in the Collection Fund, if any of the 2014 Bonds, the 2006 Bonds and all other Alternative Indebtedness (if any) has been outstanding for less than the entire period with respect to which such allocation is being made, the allocation of such funds shall reflect the respective portion of such period that each has been outstanding.

The Trust Agreement requires the Land Bank to cause all Pledged Receipts promptly to be deposited into the Collection Fund. Periodically, the Pledged Receipts then on deposit in the Collection Fund are allocated among the 2014 Bonds, the 2006 Bonds and all other Alternative Indebtedness, if any, then outstanding. See "SECURITY FOR THE 2014 BONDS – Collection Fund" for a description of the Collection Fund and allocations of Pledged Receipts from time to time on deposit therein. See "SECURITY FOR THE 2014 BONDS - Parity Debt -- Alternative Indebtedness" for a description of the method of such allocation. From the amount of Pledged Receipts allocated to the 2014 Bonds, the Trust Agreement requires that the Trustee, if there is a deficiency in the Debt Service Fund, the Debt Service Reserve Fund or the Redemption Fund, make certain deposits to the Debt Service Fund, the Debt Service Reserve Fund and the Redemption Fund, respectively. See "SECURITY FOR THE 2014 BONDS - Collection Fund" for a description of such deposits. Any balance of the Pledged Receipts allocated to the 2014 Bonds remaining in the Collection Fund after such deposits shall be transferred to the Land Bank Fund as part of the moneys generally on deposit therein. The Trust Agreement does not impose any other limitations on the withdrawal of Pledged Receipts from the Land Bank Fund, and once any Pledged Receipts are withdrawn from the Land Bank Fund, such Pledged Receipts are no longer subject to the lien of the Trust Agreement.

The Act provides that no reduction in the Real Estate Transfer Fee percentage shall take effect until all bonds and notes of the Land Bank issued prior thereto have been paid in full.

The Collection Fund (to the extent that Pledged Receipts on deposit therein are not allocated to the 2006 Bonds or other Alternative Indebtedness, if any), the Debt Service Fund, the Debt Service Reserve Fund and the Redemption Fund, the amounts on deposit therein and investments thereof, are pledged to the payment of the 2014 Bonds.

Collection Fund

A Collection Fund has been established pursuant to the 2006 Trust Agreement and is to be held by the Trustee and by the 2006 Trustee or by a national bank or Massachusetts trust company located in one of the Member Towns (the "Depository"); provided that the Depository has confirmed in writing to the Trustee and the 2006 Trustee that all amounts held by the Depository are held in trust for the Trustee and the 2006 Trustee and for the equal and ratable benefit of the 2014 Bonds and the 2006 Bonds and all other Alternative Indebtedness, if any, then outstanding. Pursuant to the Trust Agreement, the Land Bank shall cause all Pledged Receipts to be deposited promptly in the Collection Fund. As soon as practicable and in any event at any time the amount on deposit in the Collection Fund held by the Depository exceeds \$95,000 but not less frequently than monthly, not later than the 15th day of a month, the Trustee shall allocate or shall direct the Depository to allocate the Pledged Receipts then on deposit in the Collection

Fund among the 2014 Bonds, the 2006 Bonds and all other Alternative Indebtedness, if any, then outstanding; except following the occurrence and during the continuance of any Event of Default, as defined in the Trust Agreement, such allocation shall be made so as to meet on a monthly basis the debt service on the 2014 Bonds, the 2006 Bonds and all other Alternative Indebtedness, if any. See “SECURITY FOR THE 2014 BONDS - Parity Debt -- Alternative Indebtedness.”

Immediately upon allocating Pledged Receipts to the 2014 Bonds, the Trustee shall (a) in the event the Depository has made such allocation pursuant to Trustee directions described above, direct the Depository to transfer such Pledged Receipts to the Trustee and (b) in any event, from the amount of Pledged Receipts so allocated, deposit into (i) the Debt Service Fund, the amount necessary to cause the amount on deposit in the Debt Service Fund to equal the Debt Service Requirement (as defined below); (ii) the Debt Service Reserve Fund, the amount necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement; and (iii) the Redemption Fund, the amount equal to the sum of the amounts transferred therefrom to the Debt Service Fund and not theretofore restored. If, but only if, after making such deposits in full there remains a balance deposit in the Collection Fund, such balance shall be transferred to the Land Bank Fund as a part of the moneys generally on deposit therein. See APPENDIX D – “Summary of Definitions” and APPENDIX E – “Summary of the Trust Agreement.”

Debt Service Reserve Fund

The Trust Agreement establishes a Debt Service Reserve Fund to be applied solely to the payment of principal (including sinking fund installments, if any) of and interest on the 2014 Bonds. See APPENDIX D – “Summary of Definitions” and APPENDIX E - “Summary of Trust Agreement.”

Funding and Maintenance

On the date of delivery of the 2014 Bonds, proceeds of the 2014 Bonds will be used for the purchase of the Debt Service Reserve Insurance Policy (defined herein) to meet the Debt Service Reserve Fund Requirement with respect to the 2014 Bonds. See “BOND INSURANCE – Debt Service Reserve Insurance Policy” herein.

The Trust Agreement provides that no additional Bonds shall be delivered unless the amount on deposit in the Debt Service Reserve Fund shall at least equal the Debt Service Reserve Fund Requirement immediately after the delivery of the additional Bonds.

If and to the extent that the amount in the Debt Service Reserve Fund on May 1 or November 1 of any year (after any payment(s) made from the Debt Service Fund and the Debt Service Reserve Fund on that date, as described in the Trust Agreement) is less than the Debt Service Reserve Fund Requirement, the Land Bank shall by the next October 15, or as soon as possible thereafter, or April 15, or as soon as possible thereafter, respectively, pay to the Trustee for deposit in the Debt Service Reserve Fund the amount necessary to cure the deficiency.

If the amount in the Debt Service Reserve Fund on May 1 or November 1 of any year is less than the Debt Service Reserve Fund Requirement, the Trustee shall transfer an amount from the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase bonds under outstanding purchase contracts) to the extent necessary to meet the deficiency.

Application

If on any date the amount in the Debt Service Fund is less than the amount then required to be transferred to the Trustee to pay the principal (including sinking fund installments, if any) of, redemption premium, if any, and interest on the 2014 Bonds, the Trust Agreement provides that the Trustee shall apply the amount in the Debt Service Reserve Fund (including a drawing upon the Debt Service Reserve Insurance Policy, if available) to the extent necessary to meet the deficiency. Under the Trust Agreement, the Land Bank shall remain liable for any required sums which it has not paid to the Debt Service Fund and any subsequent payment thereof shall be used to restore funds so applied.

Excess

If the amount in the Debt Service Reserve Fund on May 1 or November 1 of any year (after any payment(s) made from the Debt Service Fund and the Debt Service Reserve Fund on that date, as described in the Trust Agreement) of, redemption premium, if any, or interest on Bonds) exceeds the Debt Service Reserve Fund Requirement, the Trustee shall transfer the excess to the Debt Service Fund to be credited against payments otherwise required to be made thereto.

Parity Debt - Additional Bonds

The Land Bank may issue additional Bonds, on a parity with other Bonds, including the 2014 Bonds, to provide additional moneys for the Debt Service Reserve Fund, to refund Bonds previously issued or to finance or refinance any other project of the Land Bank permitted under the Act. Prior to delivering any additional Bonds, the Land Bank and the Trustee shall enter into a supplemental agreement providing for the details of the additional Bonds, and the Land Bank shall cause to be delivered to the Trustee applicable resolutions of the Land Bank and the Advisory Board of each Member Town regarding the additional Bonds, legal opinions addressing the Bond issuance and confirming compliance with the requirements relating to the net revenues available for debt service, and other documents, as more fully described in the Trust Agreement. See APPENDIX E - "Summary of Trust Agreement."

Parity Debt - Alternative Indebtedness

The Land Bank may incur Alternative Indebtedness that is secured by Pledged Receipts on a parity with other Bonds, including the 2014 Bonds. Prior to incurring any Alternative Indebtedness, the Land Bank and the Alternative Indebtedness Lender or Alternative Indebtedness Trustee shall enter into a written agreement with respect thereto satisfactory to the Trustee, and the Land Bank shall cause to be delivered to the Trustee legal opinions addressing the Alternative Indebtedness and confirming compliance with the requirements relating to the net revenues available for debt service, as more fully described in the Trust Agreement. See APPENDIX E - "Summary of Trust Agreement."

Rights of Bondholders Subject to Rights of BAM

No Bondholder shall have any right to institute any legal proceedings for the enforcement of the obligations of the Land Bank under the Trust Agreement or any applicable remedy thereunder, unless the Bondholders have directed the Trustee to act and furnished the Trustee indemnity as provided in the Trust Agreement and have afforded the Trustee reasonable opportunity to proceed, and the Trustee shall thereafter have failed or refused to take such action, in each instance subject to the rights of BAM. Subject to the foregoing including the rights of

BAM, any Bondholder may by any available legal proceedings enforce and protect its rights under the Trust Agreement and under the laws of The Commonwealth of Massachusetts.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the 2014 Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the 2014 Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the 2014 Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the 2014 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the 2014 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the 2014 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the 2014 Bonds, nor does it guarantee that the rating on the 2014 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted

by the New York State Department of Financial Services were \$477.8 million, \$17.9 million and \$459.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the 2014 Bonds or the advisability of investing in the 2014 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditsights/.

Obligor Disclosure Briefs. Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the 2014 Bonds. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM's website at buildamerica.com/obligor/.

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the Issuer or the Underwriter for the 2014 Bonds, and the Issuer and Underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the 2014 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the 2014 Bonds, whether at the initial offering or otherwise.

Debt Service Reserve Insurance Policy

The Trust Agreement requires the establishment of a Debt Service Reserve Fund in an amount equal to \$2,755,783.67. The Trust Agreement authorizes the Land Bank to obtain a

surety bond in place of fully funding the Debt Service Reserve Fund (the “Debt Service Reserve Insurance Policy”). The 2014 Bonds will be delivered upon the issuance by BAM of the Debt Service Reserve Insurance Policy. The premium on the Debt Service Reserve Insurance Policy will be fully paid at or prior to the issuance and delivery of the 2014 Bonds.

BOND INSURANCE RISK FACTORS

In the event of default of the payment of principal or interest with respect to the 2014 Bonds when all or some becomes due, any owner of the 2014 Bonds shall have a claim under the applicable Municipal Bond Insurance Policy (the “Policy”) for such payments. However, in the event of any acceleration of the due date of such principal by reason of optional redemption or acceleration resulting from default or otherwise, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with optional prepayment of the 2014 Bonds by the Issuer which is recovered by the Issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absent such prepayment by the Issuer unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer’s consent may be required in connection with amendments to any applicable bond documents.

In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the 2014 Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the bond insurer becomes obligated to make payments with respect to the 2014 Bonds, no assurance is given that such event will not adversely affect the market price of the 2014 Bonds or the marketability (liquidity) for the 2014 Bonds.

The long-term ratings on the 2014 Bonds are dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the 2014 Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the 2014 Bonds or the marketability (liquidity) for the 2014 Bonds. See description of “RATINGS” herein.

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Issuer nor the Underwriter have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer to pay principal and interest on the 2014 Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See “BOND INSURANCE” above for

further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

RISK FACTORS

Prospective purchasers of the 2014 Bonds should consider the following risk factors:

Real Estate Related

As more fully set forth under “REAL ESTATE TRANSFER FEE,” the ability of the Land Bank to pay principal of, redemption premium, if any, and interest on the 2014 Bonds is dependent on real estate activity on Martha’s Vineyard, in terms of the number of non-exempt transfers of real property within the Member Towns and the price at which such real property is transferred. There can be no assurance that real estate values or the frequency of such transfers will increase or that such values and transfers will not decrease. As set forth under “RISK FACTORS - State of the Economy,” real estate values have generally increased throughout New England. Such values may continue to increase in the future. Real estate market activity on Martha’s Vineyard is affected by economic conditions in general and New England and local economic conditions in particular. In addition, the real estate market may be affected by governmental regulations affecting development or the ownership of land, including liens for the clean-up of hazardous materials.

The Land Bank cannot identify the economic conditions which impact Real Estate Transfer Fees and cannot predict whether Transfer Fee Revenue will continue to increase in Fiscal Year 2015 or future fiscal years or whether the percentage of exempt transfers will increase or decrease.

Although the 2014 Bonds are secured by a first lien on Transfer Fee Revenues and other Pledged Receipts, equally and ratably with the 2006 Bonds and the Land Bank’s obligations under the 2006 Trust Agreement and any other Alternative Indebtedness (see “SECURITY FOR THE 2014 BONDS - Pledged Receipts”), annual Transfer Fee Revenues at least equal to the annual debt service on the 2014 Bonds, the 2006 Bonds and any other annual current obligations (such as operating expenses, and interest and the current portion of indebtedness of the Land Bank, if any, other than the 2014 Bonds and the 2006 Bonds) are necessary if current obligations of the Land Bank are to be paid.

Investors should make their own independent assumptions regarding the adequacy of Transfer Fee Revenues in 2014 and in future years for the purpose of paying debt service on the 2014 Bonds and the 2006 Bonds for such years and other financial obligations of the Land Bank in each of such years (see “RISK FACTORS - Present and Future Financial Obligations” below), and, in making such assumptions, should bear in mind that the Trust Agreement does not impose any limitations on the Land Bank except with regard to Additional Indebtedness (see “SECURITY FOR THE 2014 BONDS - Parity Debt -- Additional Bonds”).

Present and Future Financial Obligations

The Land Bank has continuing obligations with respect to the 2006 Bonds. The Land Bank will be obligated to pay operating expenses in Fiscal Year 2015 and future years. The Land Bank cannot predict the amount of such operating expenses for Fiscal Year 2015 or any future year. The Land Bank expects that such operating expenses will be at least equal to the Fiscal Year 2015 level of operating expenses and may exceed such level.

The Land Bank's financing objectives are based primarily on its land acquisition policy. At present, the Land Bank has not formulated financing objectives for Fiscal Year 2015, other than the issuance of the 2014 Bonds, or financing objectives for any future year. Pursuant to the Land Bank's financing objectives as they may exist from time to time, however, the Land Bank may incur, and be obligated on other indebtedness, such as unsecured indebtedness in addition to unretired existing indebtedness, subordinated secured indebtedness and parity indebtedness to the extent to which such parity indebtedness is permitted to be incurred by the Trust Agreement. See "SECURITY FOR THE 2014 BONDS - Parity Debt -- Additional Bonds" and "Alternative Indebtedness."

Land Acquisition Policy

The land acquisition policy of the Land Bank is based on the purposes set forth in the Act and, to a limited extent, on the acquisition priorities of the Member Towns, and such policy and priorities may change from time to time. See "THE ISSUER - Authority of Member Towns." Currently, the Land Bank's priorities are the acquisition of (a) any vacant or virtually vacant coastal or pond front property containing (i) more than 100 linear feet of water frontage and (ii) upland adequate to locate a 10-vehicle trailhead; (b) any vacant or virtually vacant property in excess of 50 acres; (c) any active farmland or fallow pasture in excess of 10 acres visible from a public road or body of water; (d) any trail easement connecting or potentially connecting Land Bank or other conservation lands; and (e) any vacant or virtually vacant property in excess of 15 acres and bordering an existing Land Bank property.

The Land Bank cannot predict the extent to which its present land acquisition policy will result in incurring other indebtedness or in the use or obligation of amounts in the Land Bank Fund.

Land Bank Commission and Member Towns

Each Member Town may vote to withdraw from the Land Bank, but none has taken such vote, and any such vote would not be effective until all bonds and notes outstanding at the time of such vote, including the 2014 Bonds, are repaid in full. Any withdrawal of a Member Town may decrease Transfer Fee Revenues available to the Land Bank. In addition, the Member Towns may vote to reduce the Real Estate Transfer Fee to less than 2% of purchase price. To date, no such vote has been taken or is scheduled to be taken, and any such vote would not be effective until all bonds and notes outstanding at the time of such vote, including the 2014 Bonds, are repaid in full.

State of the Economy

Martha's Vineyard is heavily dependent upon the resort industry and therefore, has benefited by general and regional economic conditions. While the total number of property transfers declined in recent years, over the same period, real estate values generally increased throughout The Commonwealth of Massachusetts, and in Martha's Vineyard in particular. The Land Bank makes no prediction regarding the future economic conditions of Martha's Vineyard.

LITIGATION

There is no litigation now pending against the Land Bank or, to the knowledge of its officers and Commissioners, threatened, restraining or enjoining the issuance, sale, execution or delivery of the 2014 Bonds or in any way contesting or affecting the validity of the 2014 Bonds,

any proceedings of the Land Bank concerning the issuance or sale thereof or security provided for the payment of the 2014 Bonds. In the ordinary course of the conduct of the Land Bank's activities various legal actions and claims are pending against the Land Bank. Litigation is subject to many uncertainties and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Land Bank.

TAX MATTERS

In the opinion of Goodwin Procter LLP, Bond Counsel, under existing federal statutes and regulations as presently applied, the interest on the 2014 Bonds (including any original issue discount properly allocable to holder thereof) is excluded from gross income for federal income tax purposes and will not be treated as an item of tax preference in calculating alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended (the "Code") on individuals and corporations; however, interest on the 2014 Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations.

In the opinion of Bond Counsel, the Code establishes certain requirements that must be met subsequent to the issuance and delivery of the 2014 Bonds in order that interest on the 2014 Bonds be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with these requirements may cause the inclusion of interest on the 2014 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2014 Bonds. The Land Bank covenants in the Trust Agreement that it will not take any action which would cause interest paid on the 2014 Bonds to become included in gross income for federal income tax purposes or cause the 2014 Bonds to be "private activity bonds" as defined in the Code, and will take, or require to be taken, such acts as may be reasonably within its ability and as may from time to time be required under applicable law or regulations for the interest on the 2014 Bonds to be or continue to be excluded from gross income for federal income tax purposes.

In the opinion of Bond Counsel, interest on the 2014 Bonds is exempt from Massachusetts personal income taxes, and the 2014 Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the 2014 Bonds. Prospective purchasers should be aware, however, that the 2014 Bonds are included in the measure of Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the 2014 Bonds or the income therefrom under the laws of any state other than Massachusetts.

For federal and Massachusetts tax purposes, interest includes original issue discount, which with respect to a Bond is equal to the excess, if any, of the stated redemption price at maturity of such Bond over the initial offering price thereof to the public, excluding underwriters and other intermediaries, at which price a substantial amount of all such Bonds within the same maturity was sold. Original issue discount accrues actuarially over the term of a Bond. Holders of 2014 Bonds should consult their own tax advisers with respect to the computation of original issue discount during the period in which any such 2014 Bond is held.

On the date of the delivery of the 2014 Bonds, the Underwriter will be furnished with an opinion of Bond Counsel substantially in the form attached hereto as APPENDIX B - "Form of Bond Counsel Opinion."

LEGALITY OF BONDS FOR INVESTMENT

The Act provides that the 2014 Bonds are legal investments in which all public officers and public bodies of The Commonwealth of Massachusetts and its political subdivisions, all insurance companies, trust companies in their commercial departments, savings banks, cooperative banks, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. The Act also provides that the 2014 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 of Massachusetts for which the deposit of bonds or obligations of The Commonwealth is now or may hereafter be authorized by law.

RATINGS

Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. (the "Rating Agency") has assigned a rating of "AA" to the 2014 Bonds based on the issuance of the Policy by BAM at the time of delivery of the 2014 Bonds. The Rating Agency has assigned an underlying rating of "A-" to the 2014 Bonds based solely on the credit of the Land Bank.

Such ratings reflect only the views of the Rating Agency. The ratings are not a recommendation to buy, sell or hold the 2014 Bonds and there is no assurance that such ratings will continue for any given period of time after obtained or that such ratings will not be revised downward or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2014 Bonds. Neither the Land Bank nor the Underwriter of the 2014 Bonds has undertaken any responsibility to bring to the attention of the owners of the 2014 Bonds any proposed change in or withdrawal of such ratings once received or to oppose any such proposed revisions. Explanations of the ratings received by the Rating Agency can be obtained from the Rating Agency.

UNDERWRITING

The 2014 Bonds are being purchased by RBC Capital Markets, LLC (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the 2014 Bonds at a price of \$39,226,102.55 (which amount represents the principal amount of the 2014 Bonds (\$35,025,000), plus a net original issue premium of \$4,311,241.55, and less an underwriting discount of \$110,139.00). The Underwriter may offer and sell the 2014 Bonds to certain dealers (including dealers depositing the 2014 Bonds into unit investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof and such public offering prices may be changed, from time to time, by the Underwriter. The initial offering price may be changed from time to time by the Underwriter.

FINANCIAL ADVISOR

BLX Group, LLC ("BLX") was engaged by the Land Bank to provide various financial advisory services in connection with the issuance of the 2014 Bonds. BLX's duties, responsibilities, and fees arise solely as financial advisor to the Land Bank. BLX has no underwriting, secondary market obligations or other responsibility in connection with the 2014 Bonds.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the 2014 Bonds by the Land Bank are subject to the approval of Goodwin Procter LLP, Boston, Massachusetts, Bond Counsel, whose opinion approving the legality and tax-exempt status of the 2014 Bonds will be delivered with the 2014 Bonds. A copy of the proposed form of legal opinion of bond counsel is attached hereto as APPENDIX B. Certain legal matters will be passed upon for the Land Bank by its counsel, Reynolds, Rappaport, Kaplan & Hackney, LLC, Edgartown, Massachusetts. Certain legal matters will be passed upon for the Underwriter by Edwards Wildman Palmer LLP, Boston, Massachusetts.

INDEPENDENT AUDITORS

The financial statements of the Land Bank as of June 30, 2014 and for the year then ended, as included in APPENDIX A to this Official Statement have been audited by O'Connor & Drew P.C., Quincy, Massachusetts, independent certified public accountants, to the extent and for the periods indicated in their report thereon. Such financial statements have been included in reliance upon the report of O'Connor & Drew P.C. and upon the authority of said firm as experts in accounting and auditing.

CONTINUING DISCLOSURE UNDERTAKING

In order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the Land Bank will enter into a Continuing Disclosure Agreement with the Trustee (who will act as the Dissemination Agent in connection with the continuing disclosure filings of the Land Bank) for the benefit of the Bondholders of the 2014 Bonds setting forth the undertaking of the Land Bank regarding continuing disclosure with respect to the 2014 Bonds. The proposed form of Continuing Disclosure Agreement is set forth in APPENDIX F.

Audited financial statements for Fiscal Year 2009 were timely filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access database ("EMMA") on December 10, 2009, however, such filing did not include annual report data. Such annual report data for Fiscal Year 2009 was filed on EMMA on or about October 20, 2014.

Annual report data for Fiscal Year 2012 ("2012 Annual Report Data") was timely filed on EMMA on January 1, 2013, however, at the time of such filing, the 2012 Annual Report Data was not linked to the CUSIP numbers for the 2002 Bonds and the 2004 Bonds. The 2012 Annual Report Data was relinked to the CUSIP numbers for the 2002 Bonds and the 2004 Bonds on EMMA on or about October 20, 2014.

Except for the instances set forth above, the Land Bank has complied in all material respects with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule during the last five years.

MISCELLANEOUS

The summaries or descriptions herein of provisions of the Act, the Trust Agreement, and other documents, and all references to other materials not purporting to be quoted in full, are only brief outlines of some of the provisions thereof and do not purport to be complete statements of such provisions. The agreements of the Land Bank with the holders of the 2014 Bonds are set

forth fully in the 2014 Bonds and Trust Agreement, and neither any advertisement of the 2014 Bonds nor this Official Statement, is to be construed as constituting an agreement with the Bondholders. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the office of the Land Bank and the Trustee.

Information relating to DTC and the book-entry system described herein under the heading "THE DEPOSITORY TRUST COMPANY - Book-Entry Only System" has been furnished by DTC and is believed to be reliable, but neither the Land Bank nor the Underwriter make any representations or warranties whatsoever with respect to any such information.

APPENDIX A - "Financial Statements of the Land Bank," contains audited financial statements of the Land Bank. The Land Bank and the Underwriter have relied on the information contained in APPENDIX A.

APPENDIX B - "Form Opinion of Bond Counsel," has been prepared by Goodwin Procter LLP, Bond Counsel.

APPENDIX C - "Land Bank Debt Service Schedule," will be prepared by the Underwriter upon the sale of the 2014 Bonds.

APPENDIX D - "Summary of Definitions" and APPENDIX E - "Summary of Trust Agreement," have been prepared by Goodwin Procter LLP, Bond Counsel.

APPENDIX F - "Form of Continuing Disclosure Agreement," has been prepared by Edwards Wildman Palmer LLP, Counsel to the Underwriter.

APPENDIX G - "Specimen Bond Insurance Policy" has been prepared by Build America Mutual Assurance Company.

APPENDIX H - "Table of Refunded Bonds," has been prepared by the Land Bank.

The Appendices are incorporated herein as an integral part of this Official Statement.

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

MARTHA'S VINEYARD LAND BANK

By: /s/ Edward W. Vincent, Jr.
Edward W. Vincent, Jr., Chairman

November 4, 2014

APPENDIX A

FINANCIAL STATEMENTS OF THE LAND BANK

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MARTHA'S VINEYARD LAND BANK

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

JUNE 30, 2014

MARTHA'S VINEYARD LAND BANK

Financial Statements and Supplemental Information

June 30, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

To the Martha's Vineyard
Land Bank Commission
Edgartown, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the Martha's Vineyard Land Bank (the "Land Bank"), which comprise the statements of net position as of June 30, 2014 and 2013, the related statements of revenues and expenses, changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Martha's Vineyard Land Bank as of June 30, 2014 and 2013, and the respective changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-5 be presented to supplement the basic financial statements. Such information, 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 audits 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on Martha's Vineyard Land Bank's basic financial statements. The supplemental schedule of land, development rights and land improvements listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2014, on our consideration of the Land Bank'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 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 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 Martha's Vineyard Land Bank's internal control over financial reporting and compliance.

O'Connor and Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

October 22, 2014

MARTHA'S VINEYARD LAND BANK

Management's Discussion and Analysis (Unaudited)

Fiscal Years Ended June 30, 2014 and 2013

The Financial Statements

The financial statements presented herein include all of the activity of the Martha's Vineyard Land Bank ("the Land Bank") using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement 34.

The financial statements are on an accrual basis of accounting and include all assets and liabilities of the Land Bank.

The Land Bank was created by Chapter 736 of the Acts of 1985 of the Commonwealth of Massachusetts. The Land Bank was established to acquire and manage land located within Martha's Vineyard.

The Statements of Net Position and Statements of Revenues and Expenses

The Statements of Net Position and the Statements of Revenues and Expenses report all of the activities of the Land Bank on an accrual basis of accounting. All of the current year's revenues and expenses are recorded when they occurred regardless of when the cash is received or paid.

The two statements reflect the Land Bank's net position and the changes in net position. Net position is the difference between total assets and total liabilities. Measuring net position is one way to determine the financial stability of an organization or an organization's financial position. The statements of revenues and expenses show the change in net position from one year to the next year. This statement shows the components during the year that either increased or decreased the net position. Over time, increases or decreases in the Land Bank's net position are one factor of measuring whether the financial health of the organization is improving or deteriorating.

GASB 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012, establishes accounting and financial reporting standards for the reclassification of certain assets and liabilities in accordance with GASBS 63. The Land Bank adopted GASB 65 as of July 1, 2013, which required that the unamortized bond issuance costs were charged against net position.

The Land Bank had previously recorded the other post-employment benefits (OPEB) obligation at the unfunded actuarial accrued liability (UAAL) as opposed to the net OPEB obligation. As of July 1, 2014, the Land Bank retrospectively changed its method to recording the net OPEB obligation.

Based on these prior period adjustments, net position at June 30, 2013 and 2012 have been restated. The restatement resulted in an increase of net position of \$43,154 at June 30, 2013, and a decrease in net position of \$25,935 at June 30, 2012.

MARTHA'S VINEYARD LAND BANK

Management's Discussion and Analysis (Unaudited) - Continued

Fiscal Years Ended June 30, 2014 and 2013

The Statements of Net Position and Statements of Revenues and Expenses - Continued

Net Position of the Land Bank for the fiscal years ended June 30, 2014 and 2013, was as follows:

	<u>2014</u>	Restated <u>2013</u>
Current and other assets	\$ 10,862,278	\$ 11,027,388
Capital assets	<u>179,133,286</u>	<u>172,930,863</u>
Total Assets	<u>189,995,564</u>	<u>183,958,251</u>
Current and other liabilities	5,494,885	4,537,863
Long-term debt	<u>69,505,890</u>	<u>69,776,264</u>
Total Liabilities	<u>75,000,775</u>	<u>74,314,127</u>
Net position:		
Investment in capital assets, net	105,694,618	100,945,883
Restricted	3,169,154	3,204,553
Unrestricted	<u>6,131,017</u>	<u>5,493,688</u>
Total Net Position	\$ <u>114,994,789</u>	\$ <u>109,644,124</u>

Changes in net position for the fiscal years ended June 30, 2014 and 2013 were as follows:

	<u>2014</u>	Restated <u>2013</u>
Operating revenues	\$ 10,235,489	\$ 9,270,516
Operating expenses	<u>4,884,824</u>	<u>4,919,046</u>
Net Operating Income	\$ <u>5,350,665</u>	\$ <u>4,346,562</u>
Change in Net Position	\$ <u>5,350,665</u>	\$ <u>4,351,470</u>

Total net position increased 4.9% from 2013 to 2014 and 4.1% from 2012 to 2013. The majority of this increase was related to capital assets and is reflected in the increase in net investment in capital assets. Unrestricted net position decreased by 2.8% from 2013 to 2014 and increased by 3.6% from 2012 to 2013.

MARTHA'S VINEYARD LAND BANK

Management's Discussion and Analysis (Unaudited) - Continued

Fiscal Years Ended June 30, 2014 and 2013

The Statements of Net Position and Statements of Revenues and Expenses - Continued

Fiscal year 2014 had an increase in fee revenues of approximately \$1,008,000 from 2013 levels. Fee revenues represent 98% and 97% of all operating revenues of the Land Bank for fiscal years ended June 30, 2014 and 2013, respectively.

The Land Bank increased its investment in land, development rights and land improvements during fiscal year 2014 by approximately \$6,187,000.

2014 Budget

For fiscal year ending June 30, 2014, the Land Bank has budgeted a total cash outlay of \$8,097,690. The 2014 budget also includes budgeted revenue of \$7,100,000. The budget includes budgeted expenditures for debt service of \$6,716,028 land management expenses of \$839,516 and administrative expenses of \$542,146.

Contacting Land Bank Management

This financial report is designed to provide citizens with a general overview of the Land Bank's finances and to show the Land Bank's accountability for the money it receives. If there are questions about this report, please contact Martha's Vineyard Land Bank at P.O. Box 2057, Edgartown, MA 02539.

MARTHA'S VINEYARD LAND BANK

Statements of Net Position

June 30, 2014 and 2013

MARTHA'S VINEYARD LAND BANK

Statements of Net Position

June 30,

Assets

	<u>2014</u>	Restated <u>2013</u>
Current Assets:		
Cash and equivalents	\$ 2,612,792	\$ 1,845,910
Investments:		
Unrestricted	5,080,332	4,993,180
Restricted	3,169,154	3,204,553
Deposits on land	-	970,000
Prepaid expenses	<u>-</u>	<u>13,745</u>
Total Current Assets	<u>10,862,278</u>	<u>11,027,388</u>
Capital Assets:		
Property and equipment, net of accumulated depreciation of \$187,115 and \$171,971	292,465	277,321
Land and land improvements, net of accumulated depreciation of \$54,392 and \$50,834	<u>178,840,821</u>	<u>172,653,542</u>
Total Capital Assets	<u>179,133,286</u>	<u>172,930,863</u>
Total Assets	<u>\$ 189,995,564</u>	<u>\$ 183,958,251</u>

The accompanying notes are an integral part of the financial statements.

Liabilities and Net Position

	<u>2014</u>	Restated <u>2013</u>
Current Liabilities:		
Current portion of notes payable	\$ 2,027,778	\$ 1,200,000
Current portion of bonds payable	1,905,000	1,820,000
Current portion of pension payable	67,389	64,487
Accounts payable and accrued expenses	<u>618,603</u>	<u>593,341</u>
Total Current Liabilities	<u>4,618,770</u>	<u>3,677,828</u>
Long-Term Liabilities:		
Notes payable, net of current portion	3,022,222	1,400,000
Bonds payable, net of current portion	66,483,668	68,376,264
Pension payable, net of current portion	379,031	446,420
Other post-employment benefits	<u>497,084</u>	<u>413,615</u>
Total Long-Term Liabilities	<u>70,382,005</u>	<u>70,636,299</u>
Total Liabilities	<u>75,000,775</u>	<u>74,314,127</u>
Net Position:		
Investment in capital assets, net	105,694,618	100,134,599
Restricted	3,169,154	3,204,553
Unrestricted	<u>6,131,017</u>	<u>6,304,972</u>
Total Net Position	<u>114,994,789</u>	<u>109,644,124</u>
Total Liabilities and Net Position	<u>\$ 189,995,564</u>	<u>\$ 183,958,251</u>

MARTHA'S VINEYARD LAND BANK

Statements of Revenues and Expenses

For the Years Ended June 30,

	<u>2014</u>	Restated <u>2013</u>
Revenues:		
Fee revenues	\$ 10,025,591	\$ 9,025,957
Interest and dividends	73,696	90,620
Miscellaneous income	14,665	3,939
Donations	<u>121,537</u>	<u>150,000</u>
Total Revenues	<u>10,235,489</u>	<u>9,270,516</u>
Expenses:		
Interest	3,372,717	3,465,189
Administrative	<u>1,512,107</u>	<u>1,453,857</u>
Total Expenses	<u>4,884,824</u>	<u>4,919,046</u>
Total Increase in Net Position	<u>\$ 5,350,665</u>	<u>\$ 4,351,470</u>

The accompanying notes are an integral part of the financial statements.

MARTHA'S VINEYARD LAND BANK

Statements of Changes in Net Position

For the Years Ended June 30, 2014 and 2013

	<u>Investment in Capital Assets, net</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Balance, June 30, 2012, as previously stated	\$ 96,844,454	\$ 3,209,645	\$ 5,264,490	\$ 105,318,589
Prior period adjustments:				
Correction of an error - OPEB liability	-	-	823,595	823,595
Change in accounting principle - bond issuance costs	<u>(849,530)</u>	<u>-</u>	<u>-</u>	<u>(849,530)</u>
Balance, June 30, 2012, as restated	95,994,924	3,209,645	6,088,085	105,292,654
Changes in net position, as previously restated	4,101,429	(5,092)	211,979	4,308,316
Prior period adjustments:				
Correction of an error - OPEB liability	-	-	4,908	4,908
Change in accounting principle - bond issuance costs	<u>38,246</u>	<u>-</u>	<u>-</u>	<u>38,246</u>
Balance, June 30, 2013, as restated	100,134,599	3,204,553	6,304,972	109,644,124
Changes in net position	<u>5,560,019</u>	<u>(35,399)</u>	<u>(173,955)</u>	<u>5,350,665</u>
Balance, June 30, 2014	<u>\$ 105,694,618</u>	<u>\$ 3,169,154</u>	<u>\$ 6,131,017</u>	<u>\$ 114,994,789</u>

The accompanying notes are an integral part of the financial statements.

MARTHA'S VINEYARD LAND BANK

Statements of Cash Flows

For the Years Ended June 30,

	<u>2014</u>	Restated <u>2013</u>
Cash Flows from Operating Activities:		
Cash received from fees other income	\$ 10,161,793	\$ 9,179,896
Cash payments to suppliers	(706,893)	(734,054)
Cash paid to employees for services	<u>(709,899)</u>	<u>(685,825)</u>
Net Cash Provided by Operating Activities	<u>8,745,001</u>	<u>7,760,017</u>
Cash Flows from Capital and Related Financing Activities:		
Principal payments on notes payable	(1,200,000)	(1,610,000)
Principal payments on bonds payable	(1,820,000)	(1,700,000)
Interest payments on notes	<u>(3,361,530)</u>	<u>(3,469,588)</u>
Net Cash Applied to Capital and Related Financing Activities	<u>(6,381,530)</u>	<u>(6,779,588)</u>
Cash Flows from Investing Activities:		
Acquisition of land and development rights	(1,570,837)	(888,559)
Acquisition of property and equipment	(47,695)	-
Deposits on land	-	(970,000)
Interest and dividends	73,696	90,620
Net purchases of investments	<u>(51,753)</u>	<u>(69,869)</u>
Net Cash Applied to Investing Activities	<u>(1,596,589)</u>	<u>(1,837,808)</u>
Net Increase (Decrease) in Cash and Equivalents	766,882	(857,379)
Cash and Equivalents, Beginning of Year	<u>1,845,910</u>	<u>2,703,289</u>
Cash and Equivalents, End of Year	<u>\$ 2,612,792</u>	<u>\$ 1,845,910</u>
Supplemental Non-Cash Activity:		
Land acquired through notes payable	<u>\$ 3,650,000</u>	<u>\$ 400,000</u>

MARTHA'S VINEYARD LAND BANK

Statements of Cash Flows - Continued

For the Years Ended June 30,

	<u>2014</u>	Restated <u>2013</u>
Reconciliation of Increase in Net Position to Net Cash Provided by Operating Activities:		
Increase in Net Position	<u>\$ 5,350,665</u>	<u>\$ 4,351,470</u>
Adjustments to reconcile increase in net position to net cash provided by operating activities:		
Interest payments on notes	3,361,530	3,469,588
Interest and dividends	(73,696)	(90,620)
Depreciation	36,109	42,516
Amortization of bond premium and discount	12,404	16,368
Changes in assets and liabilities:		
Prepaid expenses	13,745	(13,745)
Accounts payable and accrued expenses	25,262	(33,277)
Employee benefits payable	<u>18,982</u>	<u>17,717</u>
Net Adjustments	<u>3,394,336</u>	<u>3,408,547</u>
Net Cash Provided by Operating Activities	<u>\$ 8,745,001</u>	<u>\$ 7,760,017</u>

The accompanying notes are an integral part of the financial statements.

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements

June 30, 2014 and 2013

Note 1 - Summary of Significant Accounting Policies

Business Activity

The Martha's Vineyard Land Bank (the "Land Bank") was created by Chapter 736 of the Acts of 1985 of the Commonwealth of Massachusetts to acquire and manage open space and resource protection on the island of Martha's Vineyard. The Land Bank is administered by the Martha's Vineyard Land Bank Commission (the "Commission") comprised of seven members, one elected from each of the six towns, which constitute the island of Martha's Vineyard, and one at-large member selected by the Department of Environmental Affairs of the Commonwealth. Each of the towns is required to appoint an advisory board to assist the Commission. Land purchases by the Land Bank are subject to approval by (a) a majority vote of each town's advisory board, whose fund is used for the purchase, (b) each town's advisory board, whose town borders are contiguous with a portion of the boundaries of the land to be purchased, and (c) the Commission. The law provides that the operations and acquisitions of the Land Bank will be financed principally by fees imposed upon certain transfers of real property interests in the member towns that represent the Land Bank and income earned from the investment of the Land Bank's surplus funds. The Land Bank may also issue bonds and notes to raise funds to acquire land and interests in land. The Land Bank holds title to certain properties that have been acquired and holds development rights to other properties.

Measurement Focus, Basis of Accounting and Presentation

The Land Bank uses the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time the liabilities are incurred.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

Revenue Recognition

Fee revenue is equal to two percent of the purchase price upon certain transfers of real property and is recognized on transfer. Interest income generated on investments is recognized as earned. Donations in the form of cash or property are recognized upon receipt.

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 1 - Summary of Significant Accounting Policies - Continued

Cash and Equivalents

The Land Bank considers securities purchased within three months of their date of maturity to be cash equivalents. The carrying amount approximates fair value for cash and equivalents.

Investments

Investments are recorded at fair value. Purchases and sales of investments are recorded on a trade-date basis.

Unrestricted investments represent certificates of deposit, money market funds, and repurchase agreements. Unrestricted investments are not insured and involve risk.

Restricted investments represent funds being held by the bond trustee as a reserve fund to provide principal and interest payments. These investments have been pledged as security on revenue bonds.

The Land Bank reports its investments in equity securities with readily determinable fair values at their fair value on the statements of net position, with the corresponding unrealized gains and losses included in the Statements of Net Position. Realized gains and losses are determined on the basis of the first-in and first-out method.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using straight-line methods over the estimated useful asset lives.

Land, Development Rights, and Land Improvements

Land, Development Rights, and Land Improvements are stated at cost. Land improvements are depreciated on a straight-line basis over the estimated useful lives.

Income Taxes

The Land Bank is exempt from federal and state income taxes.

Net Position

Restricted net position consists of funds maintained for payments of principal and interest on the Land Bank's outstanding bonds.

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 1 - **Summary of Significant Accounting Policies - Continued**

New Governmental Accounting Pronouncements

GASB 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* is required for periods beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Management is in the process of reviewing this Statement and its potential effect upon their financial reporting, but does not expect any material impact.

GASB 69, *Government Combinations and Disposals of Government Operations* is required for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. Management is in the process of reviewing this Statement and its potential effect upon their financial reporting, but does not expect any material impact.

GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB 68* is required for periods beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. Management is in the process of reviewing this Statement and its potential effect upon their financial reporting, but does not expect any material impact.

Note 2 - **Prior Period Adjustments**

GASB 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012, establishes accounting and financial reporting standards for the reclassification of certain assets and liabilities in accordance with GASBS 63. The Land Bank adopted GASB 65 as of July 1, 2013, which required that the unamortized bond issuance costs were charged against net position.

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 2 - **Prior Period Adjustments - Continued**

The Land Bank had previously recorded the other post-employment benefits (OPEB) obligation at the unfunded actuarial accrued liability (UAAL) as opposed to the net OPEB obligation. As of July 1, 2014, the Land Bank retrospectively changed its method to recording the net OPEB obligation.

Based on these prior period adjustments, net position at June 30, 2013 and 2012 have been restated. The restatement resulted in an increase of net position of \$43,154 at June 30, 2013, and a decrease in net position of \$25,935 at June 30, 2012.

A summary of the changes made to the previously issued financial statements for the year ended June 30, 2013 is as follows:

	<u>As Previously Stated</u>	<u>As Restated</u>
Bond issue costs, net	\$ 811,284	\$ -
Other post-employment benefits	1,242,118	413,615
Net position	109,626,905	109,644,124
Change in net position	4,308,316	4,351,470

Note 3 - **Cash and Equivalents**

Custodial credit risk is risk that in the event of a financial institutions failure, the Land Bank would not be able to recover its deposits in full. The Land Bank's deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and Depositors Insurance Fund (DIF). The DIF insures all balances in excess of the amounts insured by the FDIC. As a result, the Land Bank does not have amounts exposed to custodial credit risk at June 30, 2014 and 2013.

Note 4 - **Investments**

The Land Bank categorizes short-term investments according to the level of risk assumed. At June 30, 2014, all investments are insured, registered, or held by the Land Bank's agent in the Land Bank's name. The Land Bank currently follows investment policies largely defined by the Commonwealth of Massachusetts.

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 4 - **Investments - Continued**

Concentration of Credit Risk

At June 30, 2014 and 2013, the Land Bank had invested \$5,030,073 and \$4,973,010 with single issuers representing 60.9% and 60.7% of the Land Bank's investments, respectively.

	June 30, 2014				
	<u>Investment Maturities (in Years)</u>				
	<u>Fair</u>	<u>Less</u>			<u>More</u>
	<u>Value</u>	<u>Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Than 10</u>
Certificates of deposit	\$ 2,526,875	\$ -	\$ 2,526,875	\$ -	\$ -
Money market	2,553,457	2,553,457	-	-	-
U.S. Treasury bonds and notes	<u>3,169,154</u>	<u>3,169,154</u>	-	-	-
Total	<u>\$ 8,249,486</u>	<u>\$ 5,722,611</u>	<u>\$ 2,526,875</u>	<u>\$ -</u>	<u>\$ -</u>

The following table summarizes the quality ratings of the Land Bank's debt investments at June 30, 2014:

	<u>Quality Ratings</u>				
	<u>Fair</u>				
	<u>Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
Certificates of deposit	\$ 2,526,875	\$ -	\$ -	\$ -	\$ 2,526,875
Money market	2,553,457	-	-	-	2,553,457
U.S. Treasury bonds and not	<u>3,169,154</u>	-	<u>3,169,154</u>	-	-
Debt Investments	<u>\$ 8,249,486</u>	<u>\$ -</u>	<u>\$ 3,169,154</u>	<u>\$ -</u>	<u>\$ 5,080,332</u>

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 4 - Investments - Continued

Concentration of Credit Risk – Continued

	June 30, 2013				
	<u>Investment Maturities (in Years)</u>				
	<u>Fair</u>	<u>Less</u>			<u>More</u>
	<u>Value</u>	<u>Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Than 10</u>
Certificates of deposit	\$ 4,969,801	\$ 2,482,178	\$ 2,487,623	\$ -	\$ -
Money market	23,379	23,379	-	-	-
U.S. Treasury bonds and notes	<u>3,204,553</u>	<u>3,204,553</u>	-	-	-
Total	\$ <u>8,197,733</u>	\$ <u>5,710,110</u>	\$ <u>2,487,623</u>	\$ -	\$ -

The following table summarizes the quality ratings of the Land Bank's debt investments at June 30, 2013:

	<u>Quality Ratings</u>				
	<u>Fair</u>				
	<u>Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
Certificates of deposit	\$ 4,969,801	\$ -	\$ -	\$ -	\$ 4,969,801
Money market	23,379	-	-	-	23,379
U.S. Treasury bonds and notes	<u>3,204,553</u>	-	<u>3,204,553</u>	-	-
Debt Investments	\$ <u>8,197,733</u>	\$ -	\$ <u>3,204,553</u>	\$ -	\$ <u>4,993,180</u>

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 5 - Capital Assets

Capital assets consist of the following at June 30, 2014:

	Estimated lives (in years)	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	Ending <u>Balance</u>
Capital assets, not depreciated:						
Land		\$ 105,350	\$ -	\$ -	\$ -	\$ 105,350
Development rights		4,991,110	100,000	-	-	5,091,110
Land - acquisitions		<u>167,357,692</u>	<u>6,187,780</u>	-	-	<u>173,545,472</u>
Total not depreciated		<u>172,454,152</u>	<u>6,287,780</u>	-	-	<u>178,741,932</u>
Capital assets depreciated:						
Buildings and improvements	11-40	223,316	-	-	-	223,316
Furnishings and equipment	3-10	510,678	47,695	-	-	558,373
Land improvements	15-40	<u>355,574</u>	<u>3,057</u>	-	-	<u>358,631</u>
Total depreciated		<u>1,089,568</u>	<u>50,752</u>	-	-	<u>1,140,320</u>
Less accumulated depreciation:						
Buildings and improvements		109,417	5,741	-	-	115,158
Furnishings and equipment		452,606	26,810	-	-	479,416
Land improvements		<u>50,834</u>	<u>3,558</u>	-	-	<u>54,392</u>
Total accumulated depreciation:		<u>612,857</u>	<u>36,109</u>	-	-	<u>648,966</u>
Net depreciable assets		<u>476,711</u>	<u>14,643</u>	-	-	<u>491,354</u>
Capital Assets, net		<u>\$ 172,930,863</u>	<u>\$ 6,302,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,233,286</u>

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 5 - Capital Assets - Continued

Capital assets consist of the following at June 30, 2013:

	Estimated lives (in years)	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	Ending <u>Balance</u>
Capital assets, not depreciated:						
Land		\$ 105,350	\$ -	\$ -	\$ -	\$ 105,350
Development rights		4,991,110	-	-	-	4,991,110
Land - acquisitions		<u>165,099,133</u>	<u>2,258,559</u>	<u>-</u>	<u>-</u>	<u>167,357,692</u>
Total not depreciated		<u>170,195,593</u>	<u>2,258,559</u>	<u>-</u>	<u>-</u>	<u>172,454,152</u>
Capital assets depreciated:						
Buildings and improvements	11-40	223,316	-	-	-	223,316
Furnishings and equipment	3-10	510,678	-	-	-	510,678
Land improvements	15-40	<u>355,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,574</u>
Total depreciated		<u>1,089,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,089,568</u>
Less accumulated depreciation:						
Buildings and improvements		103,676	5,741	-	-	109,417
Furnishings and equipment		419,649	32,957	-	-	452,606
Land improvements		<u>47,016</u>	<u>3,818</u>	<u>-</u>	<u>-</u>	<u>50,834</u>
Total accumulated depreciation:		<u>570,341</u>	<u>42,516</u>	<u>-</u>	<u>-</u>	<u>612,857</u>
Net depreciable assets		<u>519,227</u>	<u>(42,516)</u>	<u>-</u>	<u>-</u>	<u>476,711</u>
Capital Assets, net		<u>\$ 170,714,820</u>	<u>\$ 2,216,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,930,863</u>

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 6 - Long-Term Liabilities

Long-term liabilities at June 30, 2014, consist of:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Notes payable	\$ 2,600,000	\$ 3,650,000	\$ 1,200,000	\$ 5,050,000	\$ 2,027,778
Bonds payable	<u>70,196,264</u>	<u>-</u>	<u>1,807,596</u>	<u>68,388,668</u>	<u>1,905,000</u>
Total notes and bonds payable	<u>72,796,264</u>	<u>3,650,000</u>	<u>3,007,596</u>	<u>73,438,668</u>	<u>3,932,778</u>
Other long-term liabilities:					
Pension payable	510,907	-	64,487	446,420	67,389
Other post-employment benefit	<u>413,615</u>	<u>83,469</u>	<u>-</u>	<u>497,084</u>	<u>-</u>
Total other long-term liabilities	<u>924,522</u>	<u>83,469</u>	<u>64,487</u>	<u>943,504</u>	<u>67,389</u>
Total Long-Term Liabilities	\$ <u>73,720,786</u>	\$ <u>3,733,469</u>	\$ <u>3,072,083</u>	\$ <u>74,382,172</u>	\$ <u>4,000,167</u>

Long-term liabilities at June 30, 2013, consist of:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Notes payable	\$ 3,810,000	\$ 400,000	\$ 1,610,000	\$ 2,600,000	\$ 1,200,000
Bonds payable	<u>71,879,896</u>	<u>-</u>	<u>1,683,632</u>	<u>70,196,264</u>	<u>1,820,000</u>
Total notes and bonds payable	<u>75,689,896</u>	<u>400,000</u>	<u>3,293,632</u>	<u>72,796,264</u>	<u>3,020,000</u>
Other long-term liabilities:					
Pension payable	572,617	-	61,710	510,907	64,487
Other post-employment benefit	<u>334,188</u>	<u>79,427</u>	<u>-</u>	<u>413,615</u>	<u>-</u>
Total other long-term liabilities	<u>906,805</u>	<u>79,427</u>	<u>61,710</u>	<u>942,522</u>	<u>64,487</u>
Total Long-Term Liabilities	\$ <u>76,596,701</u>	\$ <u>479,427</u>	\$ <u>3,355,342</u>	\$ <u>73,720,786</u>	\$ <u>3,084,487</u>

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 6 - Long-Term Liabilities - Continued

Notes Payable

Notes payable at June 30, are as follows:

	<u>2014</u>	<u>2013</u>
Philip J. Norton; annual principal payments of \$100,000, plus interest at 1.5%, due August 2016, secured by revenues.	\$ 300,000	\$ 400,000
Karen Self Osler; annual principal payments of \$1,100,000, plus interest at 1.75% plus or minus annual fluctuations in the prime rate (3.25% at June 30, 2014 and 2013), due December 2014, secured by revenues.	1,100,000	2,200,000
Arnold M. Fischer 1994 Trust; annual principal payments of \$277,778, plus interest at 1.50%, due September 2022, secured by revenues.	2,500,000	-
James A. Richards and Lynne G. Silva; annual principal payments of \$150,000, plus interest at 1.73%, due February 2019, secured by revenues.	750,000	-
George G. Fisher, Jr.; annual principal payments of \$400,000, plus interest at 0.28%, due June 2015, secured by revenues.	<u>400,000</u>	-
Total	5,050,000	2,600,000
Less: current portion	<u>(2,027,778)</u>	<u>(1,200,000)</u>
Long-Term Debt	\$ <u>3,022,222</u>	\$ <u>1,400,000</u>

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 6 - **Long-Term Liabilities - Continued**

Notes Payable - Continued

Future principal maturities of long-term debt subsequent to June 30, 2014, are as follows:

Years Ending <u>June 30,</u>	
2015	\$ 2,027,778
2016	527,778
2017	527,778
2018	427,778
2019	427,778
2020-2023	<u>1,111,110</u>
	\$ <u>5,050,000</u>

Bonds Payable

Bonds payable at June 30, secured by future transfer fees and designated investments consist of the following:

	<u>2014</u>	<u>2013</u>
Land Acquisition Bonds, Series 2002 Revenue, dated December 1, 2002, bearing interest at 4.875%, matures serially beginning May 1, 2019 through May 1, 2032.	\$ 4,990,000	\$ 4,990,000
Land Acquisition Bonds, Series 2002 Revenue, dated December 1, 2002, bearing interest at 5.00%, matures serially beginning May 1, 2019 through May 1, 2032.	17,650,000	17,650,000
Land Acquisition Bonds, Series 2004 Revenue, dated September 14, 2005, bearing interest at 2% to 5%, matures at various dates through May 1, 2034.	18,315,000	18,425,000

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 6 - Long-Term Liabilities - Continued

Bonds Payable - Continued

Land Acquisition Bonds, Series 2006 Revenue, dated December 21, 2006, bearing interest at 4% to 5%, matures at various dates through May 1, 2036.	\$ <u>27,230,000</u>	\$ <u>28,940,000</u>
	68,185,000	70,005,000
Plus: bond premium net of accumulated amortization of \$209,672 and \$181,055.	629,565	658,182
Less: deferred loss on defeasance, net of accumulated amortization of \$221,250 and \$184,375.	(368,746)	(405,621)
Less: original issue discount, net of accumulated amortization of \$52,141 and \$47,995.	(57,151)	(61,297)
Less: current portion	<u>(1,905,000)</u>	<u>(1,820,000)</u>
Long-Term Bonds Payable	\$ <u>66,483,668</u>	\$ <u>68,376,264</u>

Aggregate payments of principal and interest on bonds payable subsequent to June 30, 2014 are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,905,000	\$ 3,235,925	\$ 5,140,925
2016	2,000,000	3,141,826	5,141,826
2017	2,100,000	3,043,026	5,143,026
2018	2,205,000	2,939,276	5,144,276
2019	2,365,000	2,830,374	5,195,374
2020 - 2024	13,610,000	12,388,700	25,998,700
2025 - 2029	17,160,000	8,859,614	26,019,614
2030 - 2034	21,695,000	4,320,900	26,015,900
2035 - 2036	<u>5,145,000</u>	<u>330,224</u>	<u>5,475,224</u>
	\$ <u>68,185,000</u>	\$ <u>41,089,865</u>	\$ <u>109,274,865</u>

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 6 - **Long-Term Liabilities - Continued**

Bonds Payable - Continued

The Land Bank's 1998 Land Acquisition Bonds were considered defeased based upon an advance refunding from proceeds of its 2006 bond issue and creation of a sinking fund funded with United States Treasury securities placed in escrow with an independent agent.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$663,746. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is charged to operations through the year 2018, the maturity date of the bonds. As a result, the Land Bank increased its total debt service over the next 30 years by \$3.6 million, but it obtained an economic gain (difference between the present value of the old and new debt service payments) of approximately \$1.2 million.

Note 7 - **Retirement Plan**

The Land Bank contributes to the Dukes County Contributory Retirement System (the "System"), a cost-sharing, multiple-employer defined benefit pension plan administered by the System Retirement Board. All full-time employees of the Land Bank are members of the System. The System provides retirement, disability, and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are funded by the Commonwealth and are deposited into the pension fund. Cost-of living adjustments granted after 1997 must be approved by System Retirement Board and funded by the System. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report may be obtained by contacting the System at 9 Airport Road, Suite 1, Vineyard Haven, Massachusetts 02568.

The Land Bank has made \$101,259 and \$96,735 in pension contributions, representing the required contribution to the plan during the years ended June 30, 2014 and 2013, respectively. The System has an unfunded actuarial liability obligation. The Land Bank's portion of this unfunded actuarial liability is \$446,421 and \$510,907 as of June 30, 2014 and 2013, respectively.

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 8 - **Other Post-Employment Benefits (OPEB)**

Plan Description

The Land Bank's healthcare plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Land Bank. The Plan provides medical, dental, and life insurance benefits to eligible retirees and their covered dependents. Chapter 32B of the Massachusetts General Law assigns the authority to establish and amend benefit provisions. The Plan does not issue a stand-alone financial report.

Funding Policy

The contribution requirements of plan members and the Land Bank are established and may be amended by the state legislature. The required contribution is based on the current pay-as-you-go financing requirement. During the years ended June 30, 2014 and 2013, set aside \$30,000 and \$20,000, respectively, in a specially designated account at MMDT to partially fund the unfunded liability.

Annual OPEB Cost and Net OPEB Obligation

The Land Bank recognizes an expense equal to the annual required contribution (ARC) of the employer, determined actuarially in accordance with GASBS 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC for the year ended June 30, 2014 was determined based on an actuarial valuation performed as of July 1, 2012. The Land Bank's annual OPEB cost and the net OPEB obligation for the year ended June 30, 2014, were as follows:

Annual required contribution (ARC)	\$ 84,652
Interest on net OPEB obligation	16,545
Adjustments to ARC	<u>(12,790)</u>
Annual OPEB cost	88,407
Contributions made (including subsidy)	<u>(4,938)</u>
Increase in OPEB obligation	83,469
Net obligation at beginning of year	<u>413,615</u>
Net obligation at end of year	\$ <u>497,084</u>

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 8 - **Other Post-Employment Benefits (OPEB) - Continued**

Annual OPEB Cost and Net OPEB Obligation – Continued

The Land Bank's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and its net OPEB obligation for 2014 and the two years preceding are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 88,714	4.9%	\$ 334,188
June 30, 2013	\$ 83,189	4.5%	\$ 413,615
June 30, 2014	\$ 88,407	5.6%	\$ 497,084

Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2012 (the date of the most recent valuation), was as follows:

Actuarial Accrued Liability (AAL)	\$ 1,125,757
Actuarial Value of Plan Assets	_____
Unfunded Actuarial Accrued Liability (UAAL)	\$ <u>1,125,757</u>
Funded ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Annual Covered Payroll (Active Plan Members)	\$ 615,291
UAAL as a Percentage of Covered Payroll	183.0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend rate. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities and benefits.

MARTHA'S VINEYARD LAND BANK

Notes to the Financial Statements - Continued

June 30, 2014 and 2013

Note 8 - **Other Post-Employment Benefits (OPEB) - Continued**

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the Plan and include the types of benefits provided at the time of each valuation. The actuarial assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

The projected unit credit actuarial cost method is used to determine the annual required contribution amounts and the annual net OPEB obligation. The actuarial assumptions include a 4.0% discount rate; an annual healthcare cost trend rate of 8.0% progressively declining to 5% after 5 years; and a 30 year level percent of pay method of amortization assumed to be increasing at 4.5% per year.

**REQUIRED SUPPLEMENTARY
INFORMATION**

MARTHA'S VINEYARD LAND BANK

Schedule of Funding Progress – OPEB (Unaudited) Required Supplementary Information June 30, 2014

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded (b-a)	Funded ratio (a/b)	Covered payroll (c)	Unfunded liability as percentage of covered payroll
7/1/2012	\$ —	\$1,125,757	\$1,125,757	0.00%	\$615,291	183.0%
7/1/2010	\$ —	\$1,071,938	\$1,071,938	0.00%	\$531,125	201.8%
6/30/2009	\$ —	\$1,075,158	\$1,075,158	0.00%	N/A	N/A

These actuarial calculations reflect a long-term perspective and, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**INDEPENDENT AUDITORS' 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***



INDEPENDENT AUDITORS' 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 Martha's Vineyard
Land Bank Commission
Edgartown, Massachusetts

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 Martha's Vineyard Land Bank (the "Land Bank"), which comprise the statements of net position as of June 30, 2014 and 2013, the related statements of revenues and expenses, changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise Martha's Vineyard Land Bank's basic financial statements, and we have issued our report thereon dated October 22, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Martha's Vineyard Land Bank's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Land Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Land Bank'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 audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Martha's Vineyard Land Bank'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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.

O'Connor and Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

October 22, 2014

SUPPLEMENTAL INFORMATION

MARTHA'S VINEYARD LAND BANK

Schedule of Land, Development Rights and Land Improvements

For the Year Ended June 30, 2014

	<u>Chilmark</u>	<u>Edgartown</u>	<u>Aquinnah Gay Head</u>	<u>Oak Bluffs</u>	<u>Tisbury</u>	<u>West Tisbury</u>	<u>Central Fund</u>	<u>Total</u>
Total Land, Development Rights and Land Improvements, June 30, 2013	\$ 19,459,326	\$ 36,092,462	\$ 2,841,592	\$ 10,007,717	\$ 12,551,656	\$ 11,479,461	\$ 80,221,328	\$ 172,653,542
Additions (Refunds) during year:								
Short Cove Preserve	-	-	-	-	-	2,068,732	1,391,518	3,460,250
Wapatequa Woods Reservation	-	-	-	468,060	536,940	450,000	974,450	2,429,450
Whippoorwill Farm	-	-	-	-	-	120,890	80,594	201,484
Menemsha Neck Preserve	-	-	-	-	-	-	62,710	62,710
Three Ponds Reservation	-	9,083	-	-	-	-	6,055	15,138
Edgartown Great Pond Beach	-	7,273	-	-	-	-	4,849	12,122
Toad Rock Preserve	-	-	-	-	-	-	5,646	5,646
Tiasquam Valley Reservation	-	-	-	-	-	-	980	980
Land improvements	-	-	-	-	-	-	3,057	3,057
Less: Depreciation of land improvements	-	-	-	-	-	-	(3,558)	(3,558)
Total Land, Development Rights and Land Improvements, June 30, 2014	<u>\$ 19,459,326</u>	<u>\$ 36,108,818</u>	<u>\$ 2,841,592</u>	<u>\$ 10,475,777</u>	<u>\$ 13,088,596</u>	<u>\$ 14,119,083</u>	<u>\$ 82,747,629</u>	<u>\$ 178,840,821</u>

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APPENDIX B

FORM OPINION OF BOND COUNSEL

November __, 2014

Martha's Vineyard Land Bank
167 Main Street
Edgartown, MA 02539

Re: \$35,025,000 Martha's Vineyard Land Bank Revenue Refunding Bonds, Series 2014, in fully-registered form without coupons, (the "Bonds"), issued under a Trust Agreement (the "Trust Agreement"), dated as of November 1, 2014, by and among the Martha's Vineyard Land Bank (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee")

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the referenced Bonds. In connection therewith, we have examined the following:

- (i) The Constitution of The Commonwealth of Massachusetts and such Massachusetts statutes and regulations as we have deemed relevant to render this opinion, including particularly Chapter 736 of the Massachusetts Acts of 1985, as amended (the "Act").
- (ii) The Internal Revenue Code of 1986, as amended, and the regulations of the United States Treasury Department thereunder (collectively, the "Code").
- (iii) Certified copies of the proceedings of the Issuer preliminary to and in connection with the issuance of the Bonds.
- (iv) An executed counterpart of the Trust Agreement.
- (v) Executed Bonds numbered R-1 through R-16.
- (vi) Such other documents and proceedings as we have considered necessary or appropriate in the circumstances to render the following opinion.

The Bonds are issued pursuant to the Act and the Trust Agreement. Under the Trust Agreement, the Issuer has granted a security interest in, and assigned and pledged to the Trustee to secure the Bonds, certain revenues held or to be received by the Issuer under the Act, including the portions of the revenues received for the account of the Towns of Chilmark, Edgartown, Aquinnah, Oak Bluffs, Tisbury and West Tisbury (the "Pledged Receipts"), on an equal and ratable basis with Alternative Indebtedness (as defined in the Trust Agreement). The Bonds are payable solely from the Pledged Receipts and all Funds maintained by the Trustee under the Trust Agreement (except the Rebate Fund and funds in the Collection Fund allocated to Alternative Indebtedness) (all as defined in the Trust Agreement).

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

In rendering the following opinion, we wish to advise you that the validity or enforceability against the Issuer of any of the provisions of the Bonds and the Trust Agreement, or of any rights

granted pursuant to such instruments, is subject to and may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or other law or enactment now or hereafter enacted affecting the rights and remedies of creditors and secured parties, to the extent constitutionally applicable, and to the exercise of judicial discretion in accordance with general equitable principles.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Issuer is a validly existing body politic and corporate and a public instrumentality duly existing under the laws of The Commonwealth of Massachusetts with the power to enter into and perform the Trust Agreement and to issue the Bonds.

2. The Trust Agreement has been duly executed and delivered on behalf of the Issuer, is in full force and effect, and constitutes a valid and legally binding obligation of the Issuer, enforceable in accordance with its terms. Pursuant to the Act, the Trust Agreement creates a valid lien on, and security interest in, (a) the Pledged Receipts for the benefit of the holders of and as security for the Bonds on a parity with other bonds or Alternative Indebtedness, if any, previously issued, or to be issued in accordance with the provisions of the Trust Agreement, including, as part of the Pledged Receipts, the revenues held in or to be received for the account of the individual accounts of the Member Towns (as defined in the Trust Agreement), and (b) the following funds established under the Trust Agreement: the Debt Service Fund, the Debt Service Reserve Fund, the Redemption Fund and the Collection Fund (exclusive of moneys in the Collection Fund allocated to Alternative Indebtedness). The lien on, and security interest in, the Pledged Receipts and other funds created by the Trust Agreement, as described above are duly perfected.

3. The Bonds have been duly authorized, executed, and delivered by the Issuer and constitute the valid and binding limited obligations of the Issuer, enforceable in accordance with their terms, subject to the limitations contained in paragraph four below.

4. The Bonds do not constitute a general obligation of the Issuer nor a debt or pledge of the faith and credit of The Commonwealth of Massachusetts, The County of Dukes County or any town in The County of Dukes County but are payable solely from the Pledged Receipts and other funds provided therefor in the Trust Agreement, as described in paragraph two above.

5. The Bonds are exempt from registration under the Securities Act of 1933 and the Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939.

6. Under existing Massachusetts statutes and regulations as presently applied, interest on the Bonds (including any original issue discount properly allocable to the holder thereof) and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion as to other Massachusetts tax consequences arising with respect to the Bonds or as to the taxability of the Bonds or the income therefrom under the laws of any state other than Massachusetts.

7. Under existing federal statutes and regulations as presently applied, the interest on the Bonds (including any original issue discount properly allocable to a holder thereof) is excluded from the gross income of the holders of the Bonds for federal income tax purposes. Interest on the Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code on individuals and corporations; however, interest on the Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax on corporations. We wish to advise you that the Code establishes

certain requirements which must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with such requirements may cause the inclusion of interest on the Bonds in the gross income of the holders of the Bonds for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

Very truly yours,

GOODWIN PROCTER LLP

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APPENDIX C

LAND BANK DEBT SERVICE SCHEDULE

Martha's Vineyard Land Bank

Debt Service Schedule
(11/01/2014 - Maturity)

Year Ending 30-Jun	2014 Bonds			2006 Bonds	Combined
	Principal	Interest	Total Debt Service	Total Debt Service	Total Debt Service
2015	\$ -	\$ 724,260.83	\$ 724,260.83	\$ 2,393,131.25	\$ 3,117,392.08
2016	\$ -	\$ 1,551,987.50	\$ 1,551,987.50	\$ 2,996,762.50	\$ 4,548,750.00
2017	\$ -	\$ 1,551,987.50	\$ 1,551,987.50	\$ 2,997,762.50	\$ 4,549,750.00
2018	\$ -	\$ 1,551,987.50	\$ 1,551,987.50	\$ 2,994,012.50	\$ 4,546,000.00
2019	\$ 1,555,000.00	\$ 1,551,987.50	\$ 3,106,987.50	\$ 1,470,512.50	\$ 4,577,500.00
2020	\$ 1,610,000.00	\$ 1,489,787.50	\$ 3,099,787.50	\$ 1,474,512.50	\$ 4,574,300.00
2021	\$ 1,680,000.00	\$ 1,425,387.50	\$ 3,105,387.50	\$ 1,472,312.50	\$ 4,577,700.00
2022	\$ 1,745,000.00	\$ 1,358,187.50	\$ 3,103,187.50	\$ 1,474,112.50	\$ 4,577,300.00
2023	\$ 1,815,000.00	\$ 1,288,387.50	\$ 3,103,387.50	\$ 1,474,712.50	\$ 4,578,100.00
2024	\$ 1,905,000.00	\$ 1,197,637.50	\$ 3,102,637.50	\$ 1,473,156.26	\$ 4,575,793.76
2025	\$ 2,005,000.00	\$ 1,102,387.50	\$ 3,107,387.50	\$ 1,475,362.50	\$ 4,582,750.00
2026	\$ 2,110,000.00	\$ 1,002,137.50	\$ 3,112,137.50	\$ 1,470,087.50	\$ 4,582,225.00
2027	\$ 2,210,000.00	\$ 896,637.50	\$ 3,106,637.50	\$ 1,473,537.50	\$ 4,580,175.00
2028	\$ 2,275,000.00	\$ 830,337.50	\$ 3,105,337.50	\$ 1,475,287.50	\$ 4,580,625.00
2029	\$ 2,395,000.00	\$ 716,587.50	\$ 3,111,587.50	\$ 1,470,337.50	\$ 4,581,925.00
2030	\$ 2,515,000.00	\$ 596,837.50	\$ 3,111,837.50	\$ 1,473,900.00	\$ 4,585,737.50
2031	\$ 2,600,000.00	\$ 515,100.00	\$ 3,115,100.00	\$ 1,470,550.00	\$ 4,585,650.00
2032	\$ 2,730,000.00	\$ 385,100.00	\$ 3,115,100.00	\$ 1,470,500.00	\$ 4,585,600.00
2033	\$ 2,865,000.00	\$ 248,600.00	\$ 3,113,600.00	\$ 1,468,537.50	\$ 4,582,137.50
2034	\$ 3,010,000.00	\$ 105,350.00	\$ 3,115,350.00	\$ 1,469,662.50	\$ 4,585,012.50
2035	\$ -	\$ -	\$ -	\$ 2,738,662.50	\$ 2,738,662.50
2036	\$ -	\$ -	\$ -	\$ 2,736,562.50	\$ 2,736,562.50
			\$ 55,115,673.33	\$ 40,413,975.01	\$ 95,529,648.34

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APPENDIX D

SUMMARY OF DEFINITIONS

“Agreement” means the Trust Agreement dated as of November 1, 2014 between the Issuer and the Trustee.

“Act” means Chapter 736 of the Massachusetts Acts of 1985, as amended, and as amended from time to time.

“Alternative Indebtedness” means indebtedness of the Issuer under the 2006 Bonds and other indebtedness incurred in accordance with Section 5.02, which is secured equally and ratably with the Bonds as to the lien on the Pledged Receipts, subject to the provisions of Section 5.02(d).

“Authorized Officer” means: in the case of the Issuer, the Chairman, Vice Chairman, Secretary, Treasurer, or Executive Director and when used with reference to an act or document of the Issuer also means any other person authorized to perform the act or execute the document.

“Balloon Indebtedness” means long-term indebtedness which is part of an issue of indebtedness 25% or more of which has its Date of Maturity in the same 12 month period.

“Bond Counsel” means Goodwin Procter LLP or any other attorney at law or a firm of attorneys, acceptable to the Issuer and the Trustee, of nationally recognized standing in matters pertaining to the validity of and the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

“Bond Insurance Policy” means the Municipal Bond Insurance Policy relating to the Bonds issued by the Bond Insurer.

“Bond Insurer” means Build America Mutual Assurance Company, a New York Mutual Assurance corporation.

“Bondholders” means the registered owners of the Bonds from time to time as shown in the books kept by the Trustee as bond registrar and transfer agent.

“Bonds” means the \$35,025,000 Martha’s Vineyard Land Bank Revenue Bonds, Series 2014, any additional Bonds issued under Section 5.01 of the Agreement, and any Bond or Bonds duly issued in exchange or replacement therefor.

“Bond Year” means each one year period (or shorter period from the date of issue of a series of Bonds) ending on May 1.

“Business Day” means a day on which banks in each of the cities in which the designated corporate trust office of the Trustee is located are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Code” means the Internal Revenue Code of 1986, as it may be amended and applied to each series of Bonds from time to time.

“Collection Fund” means the fund established pursuant to the 2006 Trust Agreement and held by the Trustee and the 2006 Trustee or by a national bank or Massachusetts trust company located in one of the Member Towns into which all of the Pledged Receipts must be deposited.

“Date of Maturity” means as to any indebtedness of the Issuer, as of any date of determination, the first date thereafter on which such indebtedness is payable, whether at maturity, by mandatory redemption (or purchase) or by redemption (or purchase) at the option of the holders; provided that if portions of any indebtedness are payable on different dates, the Date of Maturity shall be separately determined for each such portion. Balloon Indebtedness may be deemed to be payable as provided in Section 503 in order to adjust actual Dates of Maturity for such indebtedness to assumed Dates of Maturity, to be used in calculating Total Principal and Interest Requirements.

“Debt Service Requirement” means, as of the date of any transfer to the Debt Service Fund pursuant to Section 3.14 of the Agreement, an amount equal to the sum of:

- (i) the interest on Outstanding Bonds accrued and unpaid and to accrue to the first day of the following calendar month; and
- (ii) principal (including sinking fund installments, if any) accrued and to accrue (assuming the accrual of principal on the same basis that interest accrues, commencing one year prior to the next May 1) to the first day of the following calendar month on Outstanding Bonds due on the next May 1.

“Debt Service Reserve Fund Requirement” means, on any date, the lesser of (i) 10% of the proceeds of the Bonds or (ii) the average of the amounts required in the then current or any future Bond Year to pay the sum of: (A) interest on the Bonds payable on May 1 of such Bond Year and on November 1 of the next succeeding Bond Year excluding accrued interest received upon the issuance of the Bonds; and (B) the principal of the Bonds or the sinking fund installment, as the case may be, payable on May 1 of such Bond Year. For this purpose, principal becoming due by reason of acceleration or redemption of Bonds shall be treated as coming due on the originally scheduled dates until the same has been paid.

“DTC” means the Depository Trust Company, in New York, New York, and its successors and assigns.

“Government or Equivalent Obligations” means (i) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (ii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, and (iii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America.

“Government-Sponsored Agency Obligations” means the following obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- A. Federal Home Loan Mortgage Corporation debt obligations
- B. Farm Credit System bonds and notes

- C. Federal Home Loan Banks debt obligations
- D. Federal National Mortgage Association senior debt obligations
- E. Financing Corporation debt obligations
- F. Resolution Funding Corporation debt obligations
- G. U.S. Agency for International Development Guaranteed Notes

“Issuer” means the Martha’s Vineyard Land Bank, a body politic and corporate and a public instrumentality of the Commonwealth of Massachusetts, duly organized and existing pursuant to the Act.

“Land Bank Fund” means the fund created under Section 8 of the Act.

“Member Towns” means the Massachusetts Towns of Aquinnah, Chilmark, Edgartown, Oak Bluffs, Tisbury and West Tisbury. Any Member Town’s change of name shall not affect its designation as a Member Town.

“Moody’s” means Moody’s Investors Services, Inc. and its successors and assigns.

“Net Revenues Available for Debt Service” means with respect to any particular fiscal year, the excess of revenues over expenses (excluding from revenues and expenses extraordinary items and excluding from expenses depreciation, interest and amortization of bond discount and the current portion of any indebtedness (including any deferred portion of the sales price of any property), for such fiscal year.

“Outstanding,” when used to modify Bonds, refers to Bonds issued under this Agreement, excluding: (i) Bonds which have been exchanged or replaced, or delivered to the Trustee for credit against a principal payment or a sinking fund installment (if any); (ii) Bonds which have been paid; (iii) Bonds which have become due and for the payment of which moneys have been duly provided; and (iv) Bonds for which there have been irrevocably set aside sufficient funds, or Government or Equivalent Obligations bearing interest at such rates, and with such maturities as will provide sufficient funds, to pay or redeem them, provided, however, that if any such Bonds are to be redeemed prior to maturity, the Issuer shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with this Agreement or irrevocable instructions so to mail shall have been given to the Trustee.

The term “Permitted Investments” means:

- (i) Government or Equivalent Obligations;
- (ii) Government-Sponsored Agency Obligations;
- (iii) U.S. dollar denominated unsecured certificates of deposit, time deposits, and bankers’ acceptances (having maturities of not more than 360 days) of any bank, including the Trustee and any of its affiliates, the short-term obligations of which are rated ‘P-1’ by Moody’s and ‘A-1’ or better by S&P;

(iv) Deposits, the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation, in banks, including the Trustee and any of its affiliates, which have capital and surplus of at least \$5 million;

(v) Commercial paper which is rated at the time of purchase in the single highest classification, 'P-1' by Moody's and 'A-1+' by S&P and which matures not more than 270 calendar days after the date of purchase;

(vi) Money market funds rated "AAAm" or "AAAm-G," or better, by S&P, including, without limitation, the JP Morgan Funds or any other money market fund 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 the Agreement which fees are, separate from the fees received from such funds, and (c) services performed for such funds and pursuant to this Agreement may at times duplicate those provided to such funds by the Trustee or its affiliates.

(vii) Municipal obligations rated 'Aaa/AAA' and general obligations of any state of the United States of America rated 'A2/A' or higher by both Moody's by S&P; and

(viii) "Pre-refunded Municipal Obligations" which means:

any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

A. which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

B. (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Government or Equivalent Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(ix) investment agreements approved in writing by the Bond Insurer (supported by appropriate opinions of counsel); and

(x) other forms of investments (including repurchase agreements) approved in writing by the Bond Insurer which are not unacceptable to the Trustee.

Notwithstanding the immediately preceding paragraph Permitted Investments shall not include the following:

(i) Government or Equivalent Obligations, certificates of deposit and bankers' acceptances, in each case with yields lower than the yield available on delivery, of comparable obligations then offered by the United States Treasury;

(ii) any demand deposit or similar account with a bank, trust company or broker, unless (A) the account is used for holding funds for a short period of time until such funds are reinvested or spent, (B) substantially all the funds in the account are withdrawn for reinvestment or expenditure within five (5) business days of their deposit therein, and (C) the average daily balance of all such accounts during any calendar month does not exceed in the aggregate \$100,000;

(iii) repurchase agreements, unless (A) at least three (3) bids are obtained on the proposed repurchase agreement from persons other than those with an interest in the Bonds, (B) the yield on the repurchase agreement is at least equal to the yield offered by the highest bidder, and (C) a written record of the yield offered by each bidder is maintained; and

(iv) "Specified private activity bonds" as defined in Section 57(a)(5)(C) of the Code or investment property within the meaning of Section 148(b)(2) of the Code.

Any of the requirements of this paragraph (2) shall not apply to moneys allocable to any series of Bonds as to which the Trustee and the Issuer shall have received an opinion of Bond Counsel to the effect that such requirements are not necessary to preserve the exclusion of interest on the series of Bonds from the gross income of the owner thereof for federal income tax purposes. Permitted Investments shall not include any investment that would cause any of the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code.

"Pledged Receipts" means the gross receipts and revenues of the Issuer, including all Transfer Fees, revenues and other moneys held by or to be received by the Issuer, comprised of (a) Transfer Fees, revenues and other moneys held or to be received for the account of the Issuer and (b) Transfer Fees, revenues and other moneys held or to be received for the account of the Member Towns; provided that "Pledged Receipts" does not include (i) gifts, (ii) funds appropriated, borrowed or transferred to be deposited into the Land Bank Fund by vote of the county commissioners of Dukes County or Town meetings of the Member Towns which are restricted as to use or purpose, and (iii) government grants which are restricted as to use or purpose.

"Representation Letter" means the Blanket Issuer Letter of Representations from the Issuer and accepted by DTC.

“S&P” means Standard & Poor’s, a division of McGraw-Hill, Inc. and its successors and assigns.

“Surety Bond” means (a) the Municipal Bond Debt Service Reserve Insurance Policy issued by the Bond Insurer or (b) any other surety bond issued by a counterparty selected by the Issuer and satisfactory to the Trustee guaranteeing certain payments into the Debt Service Reserve Fund with respect to the Bonds as provided therein and subject to the limitations set forth therein.

“2004 Bonds” means the \$19,500,000 Martha’s Vineyard Land Bank Revenue Bonds, Series 2004, issued under a Trust Agreement dated as of September 1, 2004 between the Issuer and The Bank of New York Trust Company, N.A., as successor trustee, which are secured equally and ratably with the Bonds as to the lien on the Pledged Receipts.

“2004 Trust Agreement” means the Trust Agreement dated as of September 1, 2004 between the Issuer and The Bank of New York Trust Company, N.A., as successor trustee, under which the 2004 Bonds were issued.

“2004 Trustee” means The Bank of New York Trust Company, N.A., as successor trustee, under the 2004 Trust Agreement and any successor trustee.

“2002 Bonds” means the \$22,640,000 Martha’s Vineyard Land Bank Revenue Bonds, Series 2004, issued under a Trust Agreement dated as of December 1, 2002 between the Issuer and The Bank of New York Trust Company, N.A., as successor trustee, which are secured equally and ratably with the Bonds as to the lien on the Pledged Receipts.

“2002 Trust Agreement” means the Trust Agreement dated as of December 1, 2002 between the Issuer and The Bank of New York Trust Company, N.A., as successor trustee, under which the 2004 Bonds were issued.

“2002 Trustee” means The Bank of New York Trust Company, N.A., as successor trustee, under the 2002 Trust Agreement and any trustee thereunder.

“Total Principal and Interest Requirements” means as to any fiscal year during which additional Bonds or Alternative Indebtedness will be outstanding, amounts required to amortize principal and to pay interest (other than capitalized interest) on indebtedness of the Issuer (including any deferred purchase price of property) during such fiscal year, taking into account in determining the Total Principal and Interest Requirements for any future period that (i) at the election of the Issuer, Balloon Indebtedness shall be deemed payable on the dates and in the amounts contemplated in the Agreement; (ii) principal on all indebtedness (including the Bonds and the 1996 Bonds and any other Alternative Indebtedness) shall be deemed to be payable on the Date of Maturity thereof; and (iii) with respect to indebtedness refunded or refinanced during such period, the amounts of principal and interest taken into account during such period shall exclude amounts payable from proceeds of the refunding indebtedness. If any issue of additional Bonds, Alternative Indebtedness or other long term indebtedness bears other than a fixed rate of interest, the Issuer may make such assumptions in determining the maximum Total Principal and Interest Requirements with respect to such indebtedness as it deems reasonable and as are acceptable to the Trustee.

“Transfer Fees” means the revenues and other moneys described in Section 8(c) of the Act.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association, with its successors.

“UCC” means the Massachusetts Uniform Commercial Code.

Words importing persons include firms, associations and corporations, and the singular and plural form of words shall be deemed interchangeable wherever appropriate.

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APPENDIX E

SUMMARY OF TRUST AGREEMENT

The following is a brief summary prepared by Goodwin Procter LLP, bond counsel to the Issuer, of certain provisions of the Trust Agreement dated as of November 1, 2014 (the “Agreement”) pertaining to the Bonds. This summary does not purport to be complete, and reference is made to the Agreement for full and complete statements of its provisions.

Capitalized terms not defined herein shall have the respective meaning given them in Appendix D.

The Agreement is entered into pursuant to resolutions adopted by the Issuer on November 3 and 6, 2014 which authorizes the issuance of the Bonds.

Application of Bond Proceeds

Upon the receipt of the proceeds of the Bonds, including any accrued interest thereon, the Issuer shall make payments from such proceeds as follows: (a) a sum equal to the accrued interest on the Bonds, if any, shall be deposited in the Debt Service Fund; (b) a sum equal to the Debt Service Reserve Fund Requirement shall be deposited in the Debt Service Reserve Fund to the extent such Requirement has not been otherwise satisfied (e.g. with a Surety Bond); (c) a sum equal to \$18,443,418.83 shall be deposited in the 2004 Prior Bonds Prepayment Account and then paid to the 2004 Trustee to be applied to the redemption in full of the 2004 Bonds; (d) a sum equal to \$20,544,255.90 shall be deposited in the Prior Bonds Prepayment Fund and then paid to the 2002 Trustee to be applied to the redemption in full the 2002 Bonds and (e) the amount, together with funds provided by the Issuer, estimated to be needed to pay the costs of issuing the Bonds shall be deposited in the Expense Fund.

Establishment of Funds

The following funds shall be established, maintained and applied subject to the provisions of the Agreement: the Prior Bonds Prepayment Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Redemption Fund, the Rebate Fund, the Expense Fund and the Collection Fund.

The Prior Bonds Prepayment Fund

A Prior Bonds Prepayment Fund is hereby established to be held by the Trustee, and proceeds of the Bonds shall be deposited therein as described above. The Prior Bonds Prepayment Fund has two accounts, the 2002 Prior Bonds Prepayment Account and the 2004 Prior Bonds Prepayment Account. The moneys held in the Prior Bonds Prepayment Fund shall be held in trust, and on the date of issuance of the Bonds shall be disbursed by the Trustee to the 2004 Trustee and the 2002 Trustee in amounts certified by each of them as the amount required, to be held by each of them, together with other amounts held by them, sufficient for the 2004 Bonds and the 2002 Bonds to be deemed to have been paid in accordance with the terms of the 2004 Trust Agreement and the 2002 Trust Agreement, respectively.

Debt Service Fund

The moneys in the Debt Service Fund and any investments held as part of such Fund, except as otherwise provided, shall be applied solely to the payment of the principal (including sinking fund installments, if any) of and interest on the Bonds. (Section 3.03)

Debt Service Reserve Fund

The moneys in the Debt Service Reserve Fund and any investments held as a part of such Fund, except as otherwise provided, shall be applied by the Trustee on behalf of the Issuer solely to the payment of the principal (including sinking fund installments, if any) of, and interest on the Bonds. The Debt Service Reserve Fund may be funded in whole or in part with the Surety Bond, an irrevocable letter of credit or other credit instrument (each a "Credit Enhancement"), satisfactory to the Trustee. As of the date of issuance of the Bonds, the Debt Service Reserve Fund Requirement has been satisfied with the Surety Bond.

If on any date the amount in the Debt Service Fund is less than the amount then required, including the monthly payments to be made by the Issuer to the Trustee for deposit in the Debt Service Fund, to pay the principal (including sinking fund installments, if any) of, redemption premium, if any, and interest on the Bonds, the Trustee shall apply the amount in the Debt Service Reserve Fund, including drawing on the Surety Bond or other Credit Enhancement, if available, to the extent necessary to meet the deficiency. The Issuer shall remain liable for any required sums which it has not paid to the Debt Service Fund and any subsequent payment thereof shall be used to restore the funds so applied.

If the amount in the Debt Service Reserve Fund on May 1 or November 1 of any year (after any payment on that date from the Debt Service Fund and after any payment to the Debt Service Fund made from the Debt Service Reserve Fund on that day) exceeds the Debt Service Reserve Fund Requirement, the Trustee shall transfer the excess to the Debt Service Fund to be credited against payments otherwise required to be made thereto.

If and to the extent that the amount in the Debt Service Reserve Fund on May 1 or November 1 of any year (after any payment on that date from the Debt Service Fund and after any payment to the Debt Service Fund made from the Debt Service Reserve Fund on that day) is less than the Debt Service Reserve Fund Requirement, the Issuer shall by the next October 15 or as soon as possible thereafter, or April 15 or as soon as possible thereafter, respectively, pay to the Trustee for deposit in the Debt Service Reserve Fund the amount necessary to cure the deficiency.

Permitted investments, as defined below, in the Debt Service Reserve Fund shall be valued at market, plus accrued interest where applicable and a letter of credit or other credit instrument permitted under the Agreement shall be valued at the amount available to be drawn thereon. Earnings to be transferred pursuant to the Agreement to the Debt Service Fund shall not be included in the valuation of the Debt Service Reserve Fund. (Section 3.04)

Payment Procedure Pursuant to Surety Bond

In the event and to the extent that moneys on deposit in the Debt Service Fund, plus all amounts on deposit in and credited to the Debt Service Reserve Fund in excess of the amount of any Surety Bond are insufficient to pay the amount of principal and interest coming due, then upon the later of (1) one day after receipt by the issuer of the Surety Bond of a demand for

payment under the Surety Bond (the “Demand for Payment”) duly executed by the Trustee certifying that payment due under the Trust Agreement has not been made to the Trustee; or (ii) the payment date of the Bonds as specified in the Demand for Payment presented by the Trustee to the issuer of the Surety Bond will make a deposit of funds in an account with the Trustee or its successor, in New York, New York, sufficient for the payment to the Trustee, of amounts which are then due to the Trustee under the Agreement (as specified in the Demand for Payment), up to but not in excess of the Surety Bond Coverage, as defined in the Surety Bond; provided, however, that in the event that the amount on deposit in, or credited to, the Debt Service Reserve Fund, in addition to the amount available under the Surety Bond, includes amounts available under a letter of credit, insurance policy, surety bond or other such funding instrument (the “Additional Funding Instrument”), draws on the Surety Bond and the Additional Funding Instrument shall be made on a pro rata basis to fund the insufficiency.

The Trustee, if appropriate, shall, after submitting to the issuer of the Surety Bond the Demand for Payment as provided in (a) above, make available to the issuer of the Surety Bond all records relating to the funds and accounts maintained under the Agreement.

The Trustee, if appropriate, shall, upon receipt of moneys received from the draw on the Surety Bond, as specified in the Demand for Payment, credit the Debt Service Reserve Fund to the extent of moneys received pursuant to such Demand.

The Debt Service Reserve Fund shall be replenished in the following priority: (i) principal and interest on the Surety Bond shall be paid from first available Revenues, or, if applicable, principal and interest on the Surety Bond and on the Additional Funding Instrument shall be paid from first available Revenues on a pro rata basis; (ii) after all such amounts are paid in full, amounts necessary to fund the Debt Service Reserve Fund to the required level, after taking into account the amounts available under the Surety Bond and any Additional Funding Instrument shall be deposited from next available Revenues. (Section 3.04A)

Redemption Fund

The moneys in the Redemption Fund and any investments held as a part of such Fund, except as otherwise provided, shall be applied by the Trustee on behalf of the Issuer solely to the redemption of Bonds. The Trustee may, and upon written direction of the Issuer for specific purchases shall, apply moneys in the Redemption Fund to the purchase of Bonds for cancellation at prices not exceeding the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not within the sixty (60) days preceding a redemption date. Accrued interest on the purchase of Bonds shall be paid from the Debt Service Fund.

If on any date the amount in the Debt Service Fund is less than the amount then required to pay the principal (including sinking fund installments, if any) of and interest then due on the Bonds or if on any date the amount in the Rebate Fund is less than the amount then required to be paid to the United States pursuant to the Rebate Provision (as defined below under “Rebate Fund”), in either case after any required transfer from the Debt Service Reserve Fund, the Trustee shall apply the amount in the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) first, to the Rebate Fund, and second, to the Debt Service Fund to the extent necessary to meet the deficiency. The Issuer shall remain liable for any sums which it has not paid into the Debt Service Fund or Rebate Fund and any subsequent payment thereof shall be used to restore the funds so applied.

If the amount in the Debt Service Reserve Fund on May 1 or November 1 of any year is less than the Debt Service Reserve Fund Requirement, the Trustee shall transfer an amount from the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) to the extent necessary to meet the deficiency. The Issuer shall remain liable, however, to meet the deficiency under any other provision of the Agreement and any payment for this purpose shall be used to restore the funds transferred from the Redemption Fund. (Section 3.05)

Rebate Fund

A Rebate Fund shall be established by the Trustee for the purpose of complying with Section 148(f) of the Code and the regulations thereunder (the “Rebate Provision”). Amounts in the Rebate Fund shall not be available to pay principal, interest, or redemption premium on the Bonds. Within forty-five (45) days after the close of the fifth Bond Year and the close of each fifth Bond Year thereafter (or any earlier date that may be necessary to comply with the requirements of the Rebate Provision or to make a required payment to the United States under the Agreement), the Issuer shall compute and certify to the Trustee in reasonable detail the rebatable amount, if any, for each series of Bonds as of the close of such Bond Year, and notwithstanding any provision of the Agreement to the contrary, the Issuer shall pay to the Trustee for deposit into the Rebate Fund any amount necessary to make the amount in the Rebate Fund equal to the rebatable amount for each series of Bonds. If at the close of any Bond Year, the amount in the Rebate Fund exceeds the rebatable amount for each series of Bonds, upon certification thereof in reasonable detail by the Issuer to the Trustee, the Trustee shall promptly pay the excess to the Issuer.

No later than sixty (60) days after the close of the fifth Bond Year following the date of issue of a series of Bonds (or any earlier date that may be required to comply with the Rebate Provision) and the close of each fifth Bond Year thereafter, the Trustee shall pay from the Rebate Fund to the United States on behalf of the Issuer the full amount then required to be paid under the Rebate Provision as certified and directed by the Issuer in accordance with the previous paragraph. Within sixty (60) days after the Bonds of a series have been paid in full, the Trustee shall pay to the United States from the Rebate Fund on behalf of the Issuer the full amount then required to be paid under the Rebate Provision as certified by the Issuer in accordance with the previous paragraph. If on any Rebate Payment Date (as defined below) the amount in the Rebate Fund will be insufficient to pay the amount required to be paid under the Rebate Provision, the Issuer shall pay the amount of such deficiency to the Trustee for deposit into the Rebate Fund prior to the Rebate Payment Date.

No later than fifteen (15) days prior to each date on which a payment could become due (a “Rebate Payment Date”), the Issuer shall deliver to the Trustee a certificate either summarizing the determination that no amount is required to be paid or specifying the amount then required to be paid pursuant to the Agreement, and if the certificate specifies an amount to be paid, the Trustee shall make such payment on the Rebate Payment Date from the Rebate Fund. (Section 3.06)

Expense Fund

The moneys in the Expense Fund and any investments held as part of such Fund, except as otherwise provided in the Agreement, shall be applied by the Trustee solely to the payment or reimbursement of the costs of issuing the Bonds. The Trustee shall pay from the Expense Fund the costs of issuing the Bonds, including the reasonable fees and expenses of financial consultants

and bond counsel, any recording or similar fees, rating agency and placement agent fees, the Trustee's fees and expenses (including counsel fees and expenses), and any expenses of the Issuer in connection with the issuance of the Bonds. Earnings on the Expense Fund shall not be applied to pay costs of issuance of the Bonds, but shall be transferred to the Debt Service Fund. To the extent the Expense Fund is insufficient to pay any of the above costs, the Issuer shall pay such deficiency. (Section 3.07)

Application of Moneys

If available moneys in the Debt Service Fund after any required transfers from the Debt Service Reserve Fund and Redemption Fund are not sufficient on any day to pay all principal (including sinking fund installments, if any), redemption premium, if any, and interest on the Outstanding Bonds then due or overdue, such moneys shall, after payment of all charges and disbursements of the Trustee in accordance with the Agreement, be applied first to the payment of interest, including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time) and second to the payment of principal (including sinking fund installments, if any) and redemption premiums, if any, without regard to the order in which the same became due (in proportion to the amounts due) or such other order the Trustee may deem fair and appropriate or as instructed by Bondholders holding more than 50% in principal amount of the Outstanding Bonds. For this purpose interest on overdue principal shall be treated as coming due on the first day of each month. Whenever moneys are to be applied as described in this paragraph, such moneys shall be applied at such times, and from time to time, as the Trustee in its discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall exercise such discretion it shall fix the date (which shall be the first of a month unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond, the Trustee may require presentation of the Bond for endorsement of the payment. (Section 3.08)

Investments

Pending their use under the Agreement, moneys held by the Trustee in the Collection Fund, Debt Service Fund, Redemption Fund and Rebate Fund may be invested by the Trustee in Permitted Investments (described below) maturing or redeemable at the option of the holder at or before the time when such moneys are expected to be needed and shall be so invested pursuant to written direction of the Issuer if there is not then an Event of Default known to the Trustee. Moneys in the Debt Service Reserve Fund may be invested by the Trustee in Permitted Investments pursuant to written direction of the Issuer if there is not then an Event of Default known to the Trustee; and provided further, that the amount held in such Fund shall consist of cash and obligations maturing or redeemable at the option of the holder within a weighted average of five (5) years. Moneys in the Expense Fund may be invested by the Trustee in Permitted Investments maturing or redeemable at the option of the holder not later than the time when such moneys are expected to be needed and shall be so invested pursuant to the written direction of the Issuer if there is not then an Event of Default known to the Trustee. Any investments described in this paragraph shall be held by the Trustee or the Issuer, as the case may be, as a part of the applicable Fund and shall be sold or redeemed to the extent necessary to make payments or transfers or anticipated payments or transfers from such Fund.

Except as set forth below, any interest realized on investments in any Fund and any profit realized upon the sale or other disposition thereof shall be credited to the Fund with respect to which they were earned and any loss shall be charged thereto. Earnings (which for this purpose include net profit and are after deduction of net loss) on proceeds from the sale of Bonds deposited in the Debt Service Reserve Fund, on accrued interest deposited in the Debt Service Fund, on the Expense Fund and on the Redemption Fund shall be transferred to the Debt Service Fund and credited against payments otherwise required to be made thereto not less often than quarterly; provided, however, that earnings on the Debt Service Reserve Fund shall be retained in the Fund to the extent necessary to make the amount therein equal to the Debt Service Reserve Fund Requirement. (Section 3.11)

Payments by the Issuer

To the extent not otherwise deposited in the Debt Service Fund from the initial Bond proceeds or as provided below under "Collection Fund," the Issuer shall pay to the Trustee for deposit in the Debt Service Fund on or before the 15th day of each month the amount necessary to increase the amount in the Debt Service Fund to the Debt Service Requirement.

At any time when any principal (including sinking fund installments, if any) of the Bonds is overdue, the Issuer shall also have a continuing obligation to pay to the Trustee for deposit in the Debt Service Fund an amount equal to interest on the overdue principal at a rate equal to the interest rate on such Bonds, but the installment payments required under this paragraph shall not otherwise bear interest. Redemption premiums shall not bear interest.

Payments by the Issuer to the Trustee for deposit in the Debt Service Fund under the Agreement shall discharge the obligation of the Issuer to the extent of such payments; provided, that if any moneys are invested in accordance with the Agreement and a loss results therefrom so that there are insufficient funds to pay principal (including sinking fund installments) and interest on the Bonds when due, the Issuer shall supply the deficiency. (Section 3.09)

Collection Fund

The Collection Fund is to be held by the Trustee and the 2006 Trustee by a national bank or Massachusetts trust company ("Depository") selected by the Issuer and satisfactory to the Trustee, located in one of the Member Towns; provided that the Depository has confirmed in writing to the Trustee and the 2006 Trustee that all amounts held by the Depository are held in trust for the Trustee and the 2006 Trustee and for the equal and ratable benefit of the Bonds, the 2006 Bonds and all other Alternative Indebtedness, if any, then outstanding. The Issuer shall cause all Pledged Receipts to be promptly deposited into the Collection Fund.

As soon as practicable and, in any event, at any time the amount on deposit in the Collection Account held by the Depository exceeds \$95,000 and, in any event, not less frequently than monthly not later than the 15th day of a month, the Trustee and the 2006 Trustee shall allocate or shall direct the Depository to allocate the Pledged Receipts then on deposit in the Collection Fund among the Bonds the 2006 Bonds and all Alternative Indebtedness, if any, then outstanding on the basis set forth below under Alternative Indebtedness; except following the occurrence and during the continuance of an Event of Default, such allocation shall be made so as to meet on a monthly basis the debt service on the Bonds, the 2006 Bonds and all other Alternative Indebtedness, if any.

Immediately upon allocating Pledged Receipts to the Bonds, the Trustee shall (i) in the event the Depository has made such allocation as provided above, direct the Depository to transfer such Pledged Receipts allocated to the Bonds to the Trustee and (ii) in any event, from the amount of Pledged Receipts so allocated, deposit into

First: the Debt Service Fund, the amount necessary to cause the amount on deposit in the Debt Service Fund to equal the Debt Service Requirement;

Second: the Debt Service Reserve Fund, the amount necessary to cause the amount on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement; and

Third: the Redemption Fund, the amount equal to the sum of the amounts transferred therefrom to the Debt Service Fund pursuant to the Trust Agreement and not theretofore restored.

If, but only if, after making such deposits in full there remains a balance in the Collection Fund, such balance shall be transferred to the Land Bank Fund as a part of the moneys generally on deposit therein.

Pledged Receipts on deposit in the Collection Fund which have been allocated to the Bonds, the 2006 Bonds or other Alternative Indebtedness shall be deposited in accordance with the agreement among the Trustee, the 2006 Trustee or the appropriate Alternative Lender or Alternative Indebtedness Trustee. (Section 3.14)

Lien on Gross Receipts and Revenues of Issuer

To secure payment of principal (including sinking fund installments, if any) of, premium, if any, and interest on the Bonds and compliance by the Issuer with its covenants under the Agreement equally and ratably with the 2006 Bonds and the Issuer's obligations under the 2006 Trust Agreement and with any other Alternative Indebtedness, the Issuer is granting to the Trustee a security interest in, and assigning and pledging, collateral (the "Collateral") consisting of the Pledged Receipts and the Debt Service Fund, the Debt Service Reserve Fund, the Redemption Fund and moneys in the Collection Fund not previously allocated to Alternative Indebtedness, and any other property, collateral or security that may from time to time hereafter, by delivery or writing of any kind, be subjected to the lien of the Agreement by the Issuer or anyone acting on its behalf. Notwithstanding the foregoing, Pledged Receipts shall not include any fund established with the 2006 Trustee pursuant to the 2006 Trust Agreement for the benefit of the 2006 Bonds. Pledged Receipts shall be allocated among the Bonds and Alternative Indebtedness, including the 2006 Bonds, on the basis of (a) the outstanding principal amounts of the Bonds and all such Alternative Indebtedness and (b) in addition, in the case of funds in the Collection Fund, the respective period of time during the period for which such allocation is being made that the Bonds and all such Alternative Indebtedness have been outstanding. (Section 2.01)

The enforcement of the lien on Collateral may be subject to applicable bankruptcy, receivership, municipal debt adjustment, moratorium and similar laws relating to the rights of creditors of municipal organizations. Furthermore the enforcement of the lien on Collateral is also subject to the exercise of discretion by a court, which exercising equitable powers, may have the power to direct the use of Pledged Receipts to meet expenses or other obligations of the Issuer prior to paying debt service. In the event the Issuer should seek relief under chapter 9 of the

Bankruptcy Code, Title 11 of the United States Code, relating to adjustment of debts of a municipality, under application of Section 552 of the Bankruptcy Code, the lien of the Trustee may not extend to certain Pledged Receipts coming into existence subsequent to the commencement of such proceeding. With respect to receivables and Pledged Receipts not subject to the lien, the Trustee and Bondholders would occupy the position of unsecured creditors.

Additional Bonds

The Issuer may issue additional Bonds, to provide additional moneys for the Debt Service Reserve Fund, to refund Bonds previously issued under the Agreement or to finance or refinance any other land acquisition projects of the Issuer permitted under the Act.

Prior to the delivery of the additional Bonds, the Issuer and the Trustee shall enter into a supplemental agreement providing for the details of the additional Bonds, including the application of the proceeds thereof, substantially in accordance with the provisions of the Agreement relating to the initial Bonds. The supplemental agreement shall require payments by the Issuer at such times and in such manner as shall be necessary to provide for full payment of the debt service on the additional Bonds as it becomes due. The supplemental agreement may also amend any other provision of the Agreement, provided that it will not have a material adverse effect upon the security for the Bonds other than that implicit in the authorization of parity Bonds.

No additional Bonds shall be delivered by the Trustee (except (i) to provide additional moneys for the Debt Service Reserve Fund or (ii) to refund Bonds or Alternative Indebtedness which refunding does not increase by more than ten per cent (10%) the maximum Total Principal and Interest Requirement for any fiscal year during which the Bonds will be Outstanding) unless there shall have been filed with the Trustee an opinion of a recognized firm of independent public accountants acceptable to the Trustee setting forth the Net Revenues Available for Debt Service for the preceding two consecutive fiscal years of the Issuer for which audited financial statements are available (provided that the most recent fiscal year covered by such audited financial statements shall have ended not more than 9 months prior to the date of issuance of such additional Bonds), which shall show that Net Revenues Available for Debt Service for each of such year equal at least 2 times the greatest Total Principal and Interest Requirements for any fiscal year in which such additional Bonds will be outstanding.

The interest on the additional Bonds shall be payable semi-annually on May 1 and November 1 of each year. The principal payments or sinking fund installments shall be payable on May 1 of each year. No additional Bonds shall be delivered unless the amount on deposit in the Debt Service Reserve Fund shall at least equal the Debt Service Reserve Fund Requirement immediately after the delivery of the additional Bonds. (Section 5.01)

Alternative Indebtedness

The Issuer may incur Alternative Indebtedness for purposes permitted under the Act.

The incurring of Alternative Indebtedness by the Issuer shall be given upon the fulfillment of the following conditions:

- (i) The Issuer and the Alternative Indebtedness lender or lenders (the "Alternative Lender") or any trustee appointed to administer the Alternative Indebtedness

(the “Alternative Indebtedness Trustee”) shall have entered into a written agreement satisfactory to the Trustee;

(ii) There shall have been filed with the Trustee:

(A) An opinion of nationally recognized bond counsel satisfactory to the Trustee that the agreement between the Issuer and the Alternative Lender or the Alternative Indebtedness Trustee and any supplement to the Agreement in connection therewith are permitted by the Agreement and that the creation of security interests in the Pledged Receipts for the benefit of the holders of Alternative Indebtedness is permitted by law and will not materially adversely affect (other than as implicit in the authorization of parity debt) the rights of the Bondholders to realize upon their share of the security interests in the Pledged Receipts;

(B) Except in the case of Alternative Indebtedness issued to refund Bonds or to refund Alternative Indebtedness which refunding does not increase by more than ten percent (10%) the maximum Total Principal and Interest Requirements for any fiscal year during which the Bonds will be Outstanding, an opinion of a recognized firm of independent public accountants acceptable to the Issuer setting forth the Net Revenues Available for Debt Service for the preceding two consecutive fiscal years of the Issuer for which audited financial statements are available (provided that the most recent fiscal year covered by such audited financial statements shall have ended not more than 9 months prior to the date of incurrence of such Alternative Indebtedness), which shall show that Net Revenues Available for Debt Service for each such year equal at least 2 times the greatest Total Principal and Interest Requirements for any fiscal year in which such Alternative Indebtedness will be outstanding.

The agreement between the Issuer and the Alternative Lender or the Alternative Indebtedness Trustee shall contain the following provisions:

(i) The Issuer shall not create or suffer to exist any pledge, lien, mortgage, security interest or other encumbrance on any property of the Issuer securing Alternative Indebtedness unless the same shall be extended also to secure the Bonds equally and ratably with such Alternative Indebtedness;

(ii) Payments by the Issuer shall be required at such times and in such manner as shall be necessary to provide for full payment of the debt service on the Alternative Indebtedness as it becomes due in substantially equal annual amounts of principal or in substantially equal annual amounts of principal and interest combined, in each case on the basis of its Date of Maturity as determined at the time of incurrence, and to provide for payment of any other cost in connection therewith;

(iii) The Alternative Lender or Alternative Indebtedness Trustee shall notify the Trustee of any default in a payment by the Issuer with respect to debt service on the Alternative Indebtedness immediately upon becoming aware of such default; and

(iv) The Issuer shall establish such special funds and accounts as may be necessary to insure that the Alternative Indebtedness enjoys protection and rights similar to the Bonds in all matters, in addition to being secured equally and ratably with the

Bonds as to the lien on the Pledged Receipts (except to the extent any Pledged Receipts shall have been transferred to the Debt Service Fund, the Debt Service Reserve Fund or the Redemption Fund or transferred to the Collection Fund and allocated to the Bonds) and having the benefit of the Issuer's covenants under the Agreement (including the establishment of the Operating Reserve Account discussed below), including without limitation, the deposit of Pledged Receipts in the Collection Fund to collect moneys necessary to meet on a monthly basis the debt service on the Alternative Indebtedness (but any Alternative Indebtedness need not have the benefit of a debt service reserve fund).

The agreement between the Issuer and the Alternative Lender or Alternative Indebtedness Trustee shall provide that any net proceeds derived from the exercise of the rights and remedies of the Issuer and the Trustee under the Agreement and/or of any net proceeds derived from the exercise of the rights and remedies of the Alternative Lender and the Alternative Indebtedness Trustee, if any, under the agreement between the Issuer and the Alternative Lender or Alternative Indebtedness Trustee including any right of set off shall be allocated as set forth in clause (ii) below.

Alternative Indebtedness shall be secured by a lien on Pledged Receipts equally and ratably with the Bonds; provided, that:

(i) such lien shall not extend to Pledged Receipts, or proceeds thereof, on deposit in (A) the Collection Fund after such Pledged Receipts have been allocated to the Bonds or (B) in any other Fund established with the Trustee pursuant to the Agreement for the benefit of the Bonds; and

(ii) Pledged Receipts subject to a lien for the benefit of Alternative Indebtedness shall be allocated among the Bonds and such Alternative Indebtedness on the basis of (A) the outstanding principal amounts of the Bonds and all such Alternative Indebtedness and (B) in addition, in the case of funds in the Collection Fund, the respective period of time during the period for which such allocation is being made that the Bonds and all such Alternative Indebtedness have been outstanding. (Section 5.02)

Balloon Indebtedness

For the purpose of determining Total Principal and Interest Requirements, the principal and interest deemed to be payable on Balloon Indebtedness shall be as follows: if the Issuer has obtained a binding commitment of a responsible financial institution whose long term debt is rated "A" by Moody's and S&P, which commitment and financial institution shall be satisfactory to the Trustee, to refinance such Balloon Indebtedness (or a portion thereof), including without limitation, a letter of credit or a line of credit, which commitment is subject only to such conditions as are reasonably acceptable to the Trustee, the Balloon Indebtedness (or portion thereof) may be deemed to be payable in accordance with the terms of the refinancing commitment. (Section 5.03)

Default

"Event of Default" in the Agreement means any one of the events set forth below and "default" means any Event of Default without regard to any lapse of time or notice:

- (i) Debt Service. The Issuer shall fail to make any debt service payment with respect to the Debt Service Requirement, accrued interest or in connection with a redemption, principal, redemption premium if any and accrued interest required to be paid by the Issuer within seven (7) days after the same becomes due and payable.
- (ii) Bond Payments. The Issuer shall fail to make payment of principal of (including sinking fund installments, if any) or interest or premium on, any Bond as and when the same shall become due.
- (iii) Other Obligations. The Issuer shall fail to make any other required payment to the Trustee, and such failure is not remedied within thirty (30) days after written notice thereof is given by the Trustee; or, subject to the rights of the Bond Insurer, the Issuer shall fail to observe or perform any of its other agreements, covenants or obligations under the Agreement and such failure is not remedied within sixty (60) days after written notice thereof is given by the Trustee to the Issuer.
- (iv) Warranties. There shall be a breach of warranty or misrepresentation made in the Agreement by the Issuer as of the date it was intended to be effective and, subject to the rights of the Bond Insurer, the breach is not cured within sixty (60) days after written notice thereof is given by the Trustee to the Issuer.
- (v) Voluntary Bankruptcy. The Issuer shall commence a voluntary case under the federal bankruptcy laws, or shall become insolvent or unable to pay its debts generally as they become due, or shall make an assignment for the benefit of creditors, or shall apply for consent to or acquiesce in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for itself or any substantial part of its property.
- (vi) Appointment of Receiver. A trustee, receiver, custodian or similar official or agent shall be appointed for the Issuer or for any substantial part of its property and such trustee or receiver shall not be discharged within sixty (60) days.
- (vii) Breach of Other Agreements. A breach shall occur (and continue beyond any applicable grace period) with respect to a payment of debt service on the 2006 Bonds or other Alternative Indebtedness (irrespective of the amount borrowed) or with respect to the payment of other indebtedness of the Issuer for borrowed money with respect to loans exceeding \$1,500,000, or with respect to the performance of the 2006 Trust Agreement or any other agreement securing any other Alternative Indebtedness or such other indebtedness or pursuant to which the same was issued or incurred, or an event shall occur with respect to provisions of any such agreement relating to matters of the character referred to in this subparagraph, and a holder or holders of such indebtedness or a trustee or trustees under any such agreement accelerates any such indebtedness; but an Event of Default shall not be deemed to be in existence or to be continuing under this subparagraph (vii) if (A) the Issuer is in good faith contesting the existence of such breach or event and if such acceleration is being stayed by judicial proceedings, (B) the power of acceleration is not exercised or it ceases to be in effect, or (C) such breach or event is remedied and the acceleration, if any, is wholly annulled. (Section 6.01)

Waiver

If the Trustee has declared the acceleration of the Bonds without a direction from the owners, and if there has not been delivered to the Trustee a written direction to the contrary by the owners of a majority in principal amount of the Outstanding Bonds, subject to the rights of the Bond Insurer, the acceleration shall be deemed annulled upon the curing of all outstanding Events of Default (other than nonpayment of principal and interest coming due by reason of the acceleration) if the annulment would not conflict with any final judgment or decree. (Section 601)

Remedies for Events of Default

Action upon Default. Upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy to enforce the payment of principal of, premium, if any, and interest on the Bonds then outstanding.

(1) If an Event of Default occurs and has not been cured, either the Trustee (by written notice to the Issuer) or, subject to the rights of the Bond Insurer, the owners of at least 25% in aggregate principal amount of the Outstanding Bonds (by written notice to the Issuer and the Trustee), may declare the principal of all Outstanding Bonds and the accrued interest to be due and payable immediately. The owners of a majority in principal amount of the Outstanding Bonds, by written notice to the Issuer and to the Trustee, may, subject to the rights of the Bond Insurer, annul the acceleration if the annulment would not conflict with any final judgment or decree and if all outstanding Events of Default have been cured (other than nonpayment of principal or interest coming due by reason of the acceleration).

(2) Upon the continuance of an Event of Default, if so requested by the owners of at least 25% in aggregate principal amount of Bonds then Outstanding, subject to the rights of the Bond Insurer, the Trustee shall, subject to its right to be indemnified to its satisfaction, exercise such of the rights and powers conferred by the Agreement, including without limitation enforcement of the lien on Pledged Receipts, as the Trustee, being advised by counsel, shall deem most effective to enforce and protect the interests of such Bondholders.

(3) No remedy under the Agreement is intended to be exclusive, and to the extent permitted by law each remedy shall be cumulative and in addition to any other remedy hereunder or now or hereafter existing. No delay or omission to exercise any right or power shall impair such right or power or constitute a waiver of any default or Event of Default or acquiescence therein; and each such right and power may be exercised as often as deemed expedient. No waiver by the Trustee or the Bondholders of any default shall extend to any subsequent default or Event of Default.

(4) Anything in the Agreement to the contrary notwithstanding, the owners of a majority in aggregate principal amount of the Bonds then Outstanding, subject to the rights of the Bond Insurer, shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Agreement, or any other proceedings hereunder, provided that such direction shall be in accordance with applicable law and the Agreement, and provided that the Trustee shall be indemnified to its satisfaction.

Rights as a Secured Party. The Trustee may exercise all of the rights and remedies of an assignee or pledgee of revenues under the Act or of a secured party under the UCC with respect to that portion of the Pledged Receipts which is or may be treated as collateral under the UCC. (Section 6.02)

Court Proceedings. The Trustee may enforce the obligations of the Issuer under the Agreement by legal proceedings for the specific performance of any covenant, obligation or agreement contained therein, whether or not any breach has become an Event of Default, or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages caused by any breach by the Issuer of the provisions of the Agreement, including (to the extent the Agreement may lawfully provide) court costs, reasonable attorneys' fees and other costs and expenses incurred in enforcing the obligations of the Issuer thereunder. (Section 6.03)

Revenues after Default. Upon notice from the Trustee of the occurrence and during the continuance of an Event of Default the Pledged Receipts shall be remitted upon receipt and in the form received to the Trustee, the 2006 Trustee, and any other Alternative Indebtedness Trustee or Alternative Lender, as directed in a joint notice from the Trustee, the 2006 Trustee and any other Alternative Indebtedness Trustee or Alternative Lender. After payment or reimbursement of the reasonable expenses of the Trustee in connection therewith the same shall be allocated between the Bonds, the 2006 Bonds and other Alternative Indebtedness in accordance with the Agreement. The portion allocable to the Bonds shall be applied, first to the remaining obligations of the Issuer under the Agreement in such order as may be determined by the Trustee, and second, to any unpaid sums due the Issuer for its own use. (Section 6.04)

Remedies Cumulative. The rights and remedies under the Agreement shall be cumulative and shall not exclude any other rights and remedies allowed by law, provided there is no duplication of recovery. The failure to insist upon a strict performance of any of the obligations of the Issuer or to exercise any remedy for any violation thereof shall not be taken as a waiver for the future of the right to insist upon strict performance or of the right to exercise any remedy for the violation. (Section 6.05)

The Trustee

The Trustee shall not be required to monitor the financial condition of the Issuer and, unless otherwise expressly provided, shall not have any responsibility with respect to reports, notices, certificates or other documents filed with it under the Agreement, except to make them available for inspection by Bondholders. The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, except Events of Defaults described above in clauses (i) and (ii) under the heading "Default," unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the Issuer or by the holders of at least 10 percent of the aggregate principal amount of the Bonds then outstanding; such notice and all other notices and instruments required by this Agreement to be delivered to the Trustee must, in order to be effective, be delivered to the designated agency office of the Trustee. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default except as noted above.

The Trustee agrees to take any action requested by the owners of a majority in principal amount of the Bonds Outstanding, subject to the rights of the Bond Insurer, which action is not in

violation of law or the terms of the Agreement provided the Trustee is indemnified to its reasonable satisfaction therefor.

The Trustee shall not require an indemnity bond if the Bondholders providing such indemnity as is required under the Agreement have an aggregate net worth of in excess of \$100 million and if each such Bondholder is an “accredited investor” as defined in Regulation D promulgated under the Securities Act of 1933, as amended. In the case in which more than one Bondholder is providing indemnity, such indemnity shall be several and not joint and as to each Bondholder such indemnity obligation shall not exceed its percentage interest in the Bonds. Such indemnity shall be only for those actions or inactions taken or not taken at the indemnifying Bondholder’s direction.

Upon receipt of written notice, direction or instruction and indemnity, as provided above, and after making such investigation, if any, as it deems appropriate to verify the occurrence of any event of which it is notified as aforesaid, the Trustee shall promptly pursue the remedies provided by the Agreement or any of such remedies not contrary to any such direction as it deems appropriate for the protection of the Bondholders, and in its actions under this paragraph, after the Trustee has verified that such an event has occurred, the Trustee shall act for the protection of the Bondholders with the same promptness and prudence as would be expected of a prudent person in the conduct of such person’s own affairs. (Section 7.02)

The Bondholders

No Bondholder shall have any right to institute any legal proceedings for the enforcement of the obligations of the Issuer under the Agreement or any applicable remedy thereunder, unless the Bondholders have directed the Trustee to act and furnished the Trustee indemnity as provided above and have afforded the Trustee reasonable opportunity to proceed, and the Trustee shall thereafter have failed or refused to take such action.

Subject to the foregoing, any Bondholder may by any available legal proceedings enforce and protect its rights under the Agreement and under the laws of The Commonwealth of Massachusetts, subject to the rights of the Bond Insurer. (Sections 9.02)

Rights of Bond Insurer

Any amendment, supplement, modification to, or waiver of, the Trust Agreement that requires the consent of the holders of the Bonds or adversely affects the rights or interests of the Bond Insurer shall be subject to the prior written consent of the Bond Insurer.

Any reorganization or liquidation plan with respect to the Issuer must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation of the Issuer, the Bond Insurer shall have the right to vote on behalf of all Bondholders absent a continuing failure to make a payment under the Bond Insurance Policy.

Anything in the Agreement to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee for the benefit of the Bondholders under the Agreement. The Bond Insurer’s prior written consent is required as a condition precedent to and in all instances of acceleration.

The provisions described above shall govern and be controlling so long as the Bond Insurance Policy remains in full force and effect. (Section 10.01-10.05)

The Issuer

Corporate Organization, Authorization and Power

The Issuer represents and warrants that it is a body politic and corporate and a public instrumentality duly created and validly existing under the laws of The Commonwealth of Massachusetts, with the power under the Act to enter into and perform the Agreement and to issue the Bonds; that by proper corporate action it has duly authorized the execution and delivery of the Agreement; and the Bonds and that all actions and approvals necessary for this assignment and pledge of the Pledged Receipts and other Collateral have been duly taken or obtained. (Section 8.01)

Accounts and Audits

The Issuer shall keep books and accounts in accordance with sound accounting practice and permit representatives of the Trustee to examine and audit such books and records at reasonable times. The Issuer shall cause these accounts and the accounts of the Trustee to be audited annually within ninety (90) days after the end of the fiscal year by an independent public accountant selected by the Issuer and satisfactory to the Trustee. Annually within thirty (30) days after the receipt by the Issuer of the report of such audit, signed copies of such report shall be furnished to the Trustee and, upon written request, to any Bondholder. (Section 8.02)

Responsibility

No recourse shall be had by the Trustee, any Bondholder or any holder of Alternative Indebtedness for any claim based on the Agreement, the Bonds, any Alternative Indebtedness or any agreement securing the same against any member, officer, agent or employee of the Issuer unless such claim is based upon the bad faith, fraud or deceit of such person. (Section 8.02)

Tax Covenants

The Issuer covenants that it will not take any action which would cause interest paid on the Bonds to become included in gross income for federal income tax purposes or cause the Bonds to be private activity bonds as defined in Section 141(a) of the Code, and will take, or require to be taken, such acts as may be reasonably within its ability and as may from time to time be required under applicable law or regulations for the interest on the Bonds to be or continue to be excluded from gross income for federal income tax purposes. (Section 8.02)

Insurance

The Issuer shall carry public liability insurance against the death or bodily injury and property damage covering the land and interests in land from time to time held by it. Such insurance shall be carried in such amounts and with such deductibles as is customary for the business conducted by the Issuer and as is satisfactory to the Issuer. All such insurance shall be with generally recognized responsible insurance companies authorized to do business in the Commonwealth of Massachusetts. Such insurance may be blanket insurance and shall not be subject to cancellation by the insurer except upon 10 days prior written notice to the Issuer. The

Issuer shall furnish the Trustee evidence of such insurance in such form as the Trustee may require. (Section 8.04)

Pledged Receipts

The Issuer represents and warrants that it has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of, the Pledged Receipts and other assets pledged by Section 2.01 of the Agreement, except for the security interest, assignment and pledge granted to secure the 2006 Bonds and the Issuer covenants that it will not grant a lien on or security interest in, pledge or assignment of, the Pledged Receipts and other assets pledged by Section 2.01 of the Agreement which would be senior to the lien of the Agreement or on a parity with the lien of the Agreement except as expressly permitted under the Agreement. (Section 8.05)

Amendment

The Agreement may be amended by the parties without Bondholder consent for any of the following purposes: (a) to provide for the issuance of additional Bonds, (b) to subject additional property to the lien of the Agreement, (c) to provide for the establishment of a book entry system of registration for any series of Bonds through a securities depository (which may or may not be DTC), (d) to add to the covenants and agreements of the Issuer or to surrender or limit any right or power of the Issuer, or (e) to cure any ambiguity or defect, or to add provisions which are not inconsistent with the Agreement and which do not impair the security for the Bonds.

Except as provided in the foregoing paragraph and subject to the rights of the Bond Insurer, the Agreement may be amended only with the written consent of the owners of at least two-thirds (2/3) in principal amount of the Outstanding Bonds; provided, however, that no amendment of the Agreement may be made without the unanimous written consent of the affected Bondholders for any of the following purposes: (i) to extend the maturity of any Bond, (ii) to reduce the principal amount or interest rate of any Bond, (iii) to make any Bond redeemable other than in accordance with its terms, (iv) to create a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) to reduce the percentage of the Bonds required to be represented by the Bondholders giving their consent to any amendment.

Any amendment of the Agreement shall be accompanied by an opinion of nationally recognized bond counsel selected by the Issuer to the effect that the amendment is permitted by the Agreement. (Section 11.01)

Defeasance

When all principal, interest and any premium due or to become due on all Bonds have been duly paid and the Trustee shall have received an opinion of counsel to the effect that no such payments are subject to avoidance under the United States Bankruptcy Code, as amended from time to time, the lien of the Agreement on the Pledged Receipts shall terminate. Upon the Issuer's request, the Trustee shall thereupon promptly execute and deliver to the Issuer an appropriate discharge thereof and shall assign and deliver to the Issuer any property at the time subject to the lien of the Agreement which may then be in its possession, except amounts held by the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds.

All outstanding Bonds shall be deemed to have been paid when the Trustee shall hold, in trust therefor and irrevocably committed thereto, sufficient cash or Government or Equivalent

Obligations with maturities and interest rates as shown in a report of a firm of nationally-recognized independent certified public accountants to produce sufficient cash, (i) to prepay the Bonds in whole at the earliest date permitted by the Agreement; or (ii) to pay the principal, premium, if any, and interest on the Bonds due or to become due. As a condition of any such Bonds being deemed to have been paid prior to the earlier of the prepayment or the maturity thereof, (i) in the event of any prepayment, notice of such prepayment shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of such notice and (ii) in any event, the Trustee shall have received an unqualified opinion of nationally recognized bond counsel that such payment shall not adversely affect the exclusion of income on the Bonds from gross income for federal or Massachusetts state income tax purposes. Any amounts remaining in any Fund after provision satisfactory to the Trustee has been made for all payments required under the Agreement, including any payment required by the Rebate Provision, shall be distributed to the Issuer. Notwithstanding the termination of the lien, if the Trustee is then holding any funds for payment to any Bondholder, it shall continue to hold and make payment of such funds in accordance with the Agreement. (Section 2.02)

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated as of November 13, 2014 (the “Disclosure Agreement”) is executed and delivered by the Martha’s Vineyard Land Bank (the “Land Bank”) and The Bank of New York Mellon Trust Company, N.A., as Dissemination Agent (the “Dissemination Agent”), which term, as more fully set forth below, includes any successor Dissemination Agent and, solely with respect to Section 10 hereof, as Trustee under the Trust Agreement (as defined herein), in connection with the issuance of its \$35,025,000 Revenue Refunding Bonds dated November 13, 2014 (the “Bonds”). The Bonds are being issued pursuant to Chapter 736 of the Acts of 1985 of the Massachusetts Legislature, as amended (the “Act”), and the Trust Agreement between the Land Bank and The Bank of New York Mellon Trust Company, as Trustee (in such capacity, the “Trustee”), dated as of November 1, 2014 (the “Trust Agreement”). The Land Bank and the Dissemination Agent agree as follows:

Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Land Bank and the Dissemination Agent for the benefit of the Owners of the Bonds (defined below) and in order to assist the Participating Underwriter (defined below) in complying with the Rule.

Definitions. For purposes of this Disclosure Agreement the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Land Bank to the Dissemination Agent pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Dissemination Agent” shall mean any Dissemination Agent or successor Dissemination Agent designated in writing by the Land Bank and which has filed with the Land Bank and the Trustee a written acceptance of such designation. The same entity may serve as both Trustee and Dissemination Agent. Initially, the Trustee shall serve as the Dissemination Agent.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

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

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

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

“Rule” shall mean Rule 15c2-12 adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Reports.

The Land Bank shall, or shall cause the Dissemination Agent, not later than 255 days after the end of each fiscal year (the “Filing Deadline”), commencing with the fiscal year ending June 30, 2015,

provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement.

Not later than 15 business days prior to the said 255th day, the Land Bank shall provide its Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Land Bank may be submitted when available separately from the balance of the Annual Report.

The Dissemination Agent shall file a report with the Land Bank and the Trustee (if the Trustee is not the Dissemination Agent) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided (the "Compliance Certificate"); such Compliance Certificate shall include a certification from the Land Bank that the Annual Report complies with the requirements of this Disclosure Agreement.

If the Dissemination Agent has not received the Annual Report by the Filing Deadline, the Dissemination Agent shall send, and the Land Bank hereby authorizes and directs the Dissemination Agent to submit on its behalf, a notice to the MSRB, in substantially the form attached as Exhibit B.

If the Land Bank has not provided the Annual Report to either the Dissemination Agent or the MSRB by the Filing Deadline, the Land Bank shall send, or cause the Dissemination Agent to send, a notice to the MSRB, in substantially the form attached as Exhibit B, irrespective of whether the Dissemination Agent shall have submitted such written notice pursuant to Section 3(c) hereof.

Content of Annual Reports. The Land Bank's Annual Report shall contain or incorporate by reference the following:

quantitative information for the preceding fiscal year of the type presented in the Land Bank's Official Statement dated November 4, 2014 relating to the Bonds regarding (i) total real property valuation, (ii) transfer fee revenues, (iii) purchase price of non-exempt real property transferred, (iv) exempt and non-exempt real property transfers, (v) percentage of real property transfers qualifying for exemption, (vi) pension obligations of the Land Bank, and (vii) Land Bank land acquisitions, and

the most recently available audited financial statements of the Land Bank, prepared in accordance with generally accepted accounting principles. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Land Bank or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Land Bank shall clearly identify each such other document so incorporated by reference. Neither the Trustee nor the Dissemination Agent has any duty or responsibility as to the legal correctness or accuracy of the form or content of such Annual Report.

Reporting of Significant Events.

The Land Bank shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

Principal and interest payment delinquencies.

1. Non-payment related defaults, if material.
2. Unscheduled draws on debt service reserves reflecting financial difficulties.
3. Unscheduled draws on credit enhancements reflecting financial difficulties.
4. Substitution of credit or liquidity providers, or their failure to perform.
5. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
6. Modifications to rights of the Owners of the Bonds, if material.
7. Bond calls, if material, and tender offers.
8. Defeasances.
9. Release, substitution or sale of property securing repayment of the Bonds, if material.
10. Rating changes.
11. Bankruptcy, insolvency, receivership or similar event of the Land Bank.*
12. The consummation of a merger, consolidation, or acquisition involving the Land Bank or the sale of all or substantially all of the assets of the Land Bank, 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.
13. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Upon the occurrence of a Listed Event, the Land Bank shall, in a timely manner, direct the Dissemination Agent to file a notice of such occurrence with the MSRB not in excess of ten (10) business

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

days after the occurrence of the event. The Land Bank shall provide a copy of each such notice to the Trustee (if the Trustee is not the Dissemination Agent). The Dissemination Agent, if other than the Land Bank, shall have no duty to file a notice of an event described hereunder unless it is directed in writing to do so by the Land Bank and shall have no responsibility for verifying any of the information in any such notice or determining the materiality of the event described in such notice.

Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Termination of Reporting Obligation. The Land Bank's obligations under this Disclosure Agreement shall terminate upon the legal defeasance in accordance with the terms of the Bonds, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Land Bank shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Dissemination Agent. The Land Bank may, from time to time, with notice to the Dissemination Agent, appoint or engage a third-party Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may, with notice to the Dissemination Agent, discharge any such third-party Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Trustee) may resign upon 30 days' written notice to the Land Bank and the Trustee. The initial Dissemination Agent shall be the Trustee. During any period that neither the Trustee nor any third party is serving as Dissemination Agent, the Land Bank shall be responsible for all the obligations of the Dissemination Agent hereunder.

Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Land Bank and Dissemination Agent may amend this Disclosure Agreement (and, except as provided in the last sentence of this Section 9, the Dissemination Agent shall agree to any amendment so requested by the Land Bank) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws reasonably acceptable by the Land Bank and the Dissemination Agent, to the effect that such amendment or waiver would not cause this Disclosure Agreement to violate the Rule. Without limiting the foregoing, the Land Bank and the Dissemination Agent may amend this Disclosure Agreement if (a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Land Bank, (b) this Disclosure Agreement, as so amended, would have complied with the requirements of the Rule at the time the Bonds were issued, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c)(i) the Dissemination Agent determines, or the Dissemination Agent receives an opinion of counsel expert in federal securities laws and reasonably acceptable to the Dissemination Agent to the effect that the amendment does not materially impair the interests of the Owners of the Bonds; or (ii) the amendment is consented to by the Owners of the Bonds as though it were an amendment to the Trust Agreement pursuant to Section 1101 of such Trust Agreement. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Agreement shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the

change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Land Bank to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

The Dissemination Agent shall not be required to accept or acknowledge any amendment of this Disclosure Agreement if the amendment adversely affects its rights or immunities or increases its duties hereunder.

Default. In the event of a failure of the Land Bank or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of Owners of the Bonds representing at least 25% in aggregate principal amount of Outstanding Bonds and provided it is reasonably indemnified therefor, shall) take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Land Bank or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. Without regard to the foregoing, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Land Bank or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Land Bank or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Duties, Immunities and Liabilities of Dissemination Agent. As to the Dissemination Agent, Article VII of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Land Bank (to the extent permitted by law, including Article 62, § 1, of the Amendments to the Constitution of the Commonwealth of Massachusetts) agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Land Bank under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Land Bank covenants that whenever it is serving as Dissemination Agent, it shall take any action required of the Dissemination Agent under this Disclosure Agreement. The Trustee shall have no obligation under this Disclosure Agreement to report any information to the MSRB or any Owner of the Bonds, except during such periods as the Trustee is also serving as Dissemination Agent.

Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Land Bank, the Trustee, the Dissemination Agent, the Participating Underwriter and the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

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

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

IN WITNESS WHEREOF, MARTHA'S VINEYARD LAND BANK and the THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. have executed this Disclosure Agreement, under seal, all as of the date set forth above.

MARTHA'S VINEYARD LAND BANK

By: _____
James Lengyel, Director

[SEAL]

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.,
As Dissemination Agent and, solely with
respect to §10 hereof, as Trustee

By: _____
Name:
Title:

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]

APPENDIX G

SPECIMEN BOND INSURANCE POLICY



**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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APPENDIX H

TABLE OF REFUNDED BONDS

**Martha's Vineyard Land Bank \$22,640,000 Revenue Bonds, Series 2002
Dated December 1, 2002**

<u>Maturity (May 1)</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>CUSIP*</u>
2022	\$ 4,990,000	4.875%	573100AS3
2032	17,650,000	5.00	573100AT1

**Martha's Vineyard Land Bank \$19,500,000 Revenue Bonds, Series 2004
Dated September 1, 2004**

<u>Maturity (May 1)</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>CUSIP*</u>
2015	\$ 115,000	4.00%	573100BE3
2016	120,000	4.00	573100BF0
2017	125,000	4.00	573100BG8
2018	135,000	4.00	573100BH6
2020	1,140,000	5.00	573100BJ2
2022	1,255,000	5.00	573100BK9
2024	1,380,000	4.50	573100BL7
2026	1,525,000	5.00	573100BP8
2029	2,585,000	5.00	573100BM5
2034	9,935,000	5.00	573100BN3

* The CUSIP numbers listed above are being provided solely for the convenience of bondholders and none of the Issuer, the Financial Advisor or the Underwriter make any representation with respect to such CUSIP numbers nor undertake any responsibility for their accuracy now or at any time in the future. "CUSIP" is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association.

AM 40992107.3

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