

NEW MONEY ISSUE – BOOK-ENTRY ONLY

In the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel, under existing law, interest on the 2022 Bonds will be included in the gross income of the holders of such 2022 Bonds for federal income tax purposes. In the opinion of Bond Counsel, interest on the 2022 Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the 2022 Bonds are exempt from Massachusetts personal property taxes. See “TAX MATTERS” herein.



\$2,680,980,000

THE COMMONWEALTH OF MASSACHUSETTS

\$1,996,515,000

**Special Obligation Revenue Bonds
(Unemployment Insurance Trust Fund)
2022 Series A (Federally Taxable)
(Social Bonds)**

\$684,465,000

**Special Obligation Revenue Bonds
(Unemployment Insurance Trust Fund)
2022 Series B (Federally Taxable)
(Social Bonds)**

Dated: Date of Delivery

Due: As shown on the inside cover hereof

The Commonwealth of Massachusetts Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund), 2022 Series A (Federally Taxable) (Social Bonds) (the “Series A Bonds”) and The Commonwealth of Massachusetts Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund), 2022 Series B (Federally Taxable) (Social Bonds) (the “Series B Bonds” and collectively with the Series A Bonds, the “2022 Bonds”) will be issued in denominations of \$5,000 or any integral multiple thereof by means of a book-entry only system evidencing ownership and transfer of the 2022 Bonds on the records of The Depository Trust Company (“DTC”) and its participants. Details of payment of the 2022 Bonds are more fully described in this Official Statement. The 2022 Bonds will bear interest from the date of delivery, and interest will be payable semiannually on January 15 and July 15, commencing January 15, 2023. The 2022 Bonds are subject to redemption prior to maturity, as more fully described herein. The Series B Bonds (also referred to herein as the “Super Sinker Bonds”) are subject to special mandatory redemption prior to maturity from Excess Pledged Funds as described herein.

The 2022 Bonds are special limited obligations of The Commonwealth of Massachusetts (the “Commonwealth”) payable from and secured solely by a pledge of Pledged Funds, as defined herein, all rights to receive Pledged Funds, and all Funds and Accounts, other than the Rebate Fund, held under the Trust Agreement dated as of August 1, 2022 (as supplemented, the “Trust Agreement”) between the Commonwealth and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as supplemented by the First Supplemental Trust Agreement between the Commonwealth and the Trustee dated as of August 1, 2022. Pledged Funds are moneys received or to be received by the Commonwealth from the COVID-19 Recovery Assessment, as described herein. **The 2022 Bonds are not general obligations of the Commonwealth and are not secured by the full faith and credit of the Commonwealth. The 2022 Bonds are payable only from Pledged Funds and other moneys available to the owners of the 2022 Bonds under the Trust Agreement.**

The 2022 Bonds are offered when, as and if issued and received by the Underwriters and subject to the unqualified approving opinion as to legality of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Locke Lord LLP, Boston, Massachusetts. PFM Financial Advisors LLC is acting as municipal advisor to the Commonwealth in connection with the issuance of the 2022 Bonds. Settlement of the issue is expected at DTC in New York, New York, on or about August 30, 2022.

Jefferies

BofA Securities

Academy Securities

Estrada Hinojosa

Loop Capital Markets

Mischler Financial Group, Inc.

Oppenheimer & Co.

Ramirez & Co., Inc.

Raymond James

Siebert Williams Shank & Co., LLC

Stifel

UBS

August 16, 2022

THE COMMONWEALTH OF MASSACHUSETTS

\$1,996,515,000
Special Obligation Revenue Bonds
(Unemployment Insurance Trust Fund)
2022 Series A (Federally Taxable)
(Social Bonds)
Dated: Date of Delivery

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP* Number</u>
7/15/2023	\$394,480,000	3.564%	100%	576004GV1
1/15/2024	222,865,000	3.614	100	576004GW9
7/15/2024	143,565,000	3.639	100	576004GX7
1/15/2025	72,740,000	3.660	100	576004GY5
7/15/2025	142,955,000	3.670	100	576004GZ2
1/15/2026	74,915,000	3.670	100	576004HA6
7/15/2026	140,680,000	3.680	100	576004HB4
1/15/2027	75,980,000	3.680	100	576004HC2
7/15/2027	138,330,000	3.680	100	576004HD0

\$421,225,000 3.769% Term Bonds Due July 15, 2029 at Price 100% - CUSIP* Number: 576004HE8

\$168,780,000 3.881% Term Bonds Due January 15, 2031 at Price 100% - CUSIP* Number: 576004HF5

\$684,465,000
Special Obligation Revenue Bonds
(Unemployment Insurance Trust Fund)
2022 Series B (Federally Taxable)
(Social Bonds)
Dated: Date of Delivery

\$684,465,000 4.110% Super Sinker Bonds due July 15, 2031
Price: 100%, CUSIP* Number: 576004HG3

Expected Final Super Sinker Redemption Date¹: January 15, 2031
Expected Average Life¹: 3.593 years

*CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems, Inc., on behalf of The American Bankers Association. The CUSIP numbers are included solely for the convenience of owners of the 2022 Bonds, and the Commonwealth is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products.

¹ The Series B Bonds are “Super Sinker Bonds” under the Trust Agreement and are subject to special mandatory redemption from Excess Pledged Funds on each Debt Service Payment Date. See *Security and Sources of Payment for the Bonds – Flow of Pledged Funds*. The expected final redemption date assumes the receipt of Excess Pledged Funds in accordance with the projections, schedules and other structuring assumptions set forth herein. See *Debt Service and Coverage Schedules*. Such redemptions are not scheduled amortization payments and will only be made from Excess Pledged Funds, if any. No assurance can be given that any of the structuring assumptions, projections or the anticipated amounts of Excess Pledged Funds will be realized.

No dealer, broker, salesperson or other person has been authorized by the Commonwealth or the Underwriters of the 2022 Bonds to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy nor shall there be any sale of the 2022 Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein or included by reference herein has been furnished by the Commonwealth and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to the accuracy or completeness and is not to be construed as a representation by the Underwriters of the 2022 Bonds or, as to information from sources other than the Commonwealth itself, the Commonwealth. The information and expressions of opinion herein or included by reference herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Commonwealth, or its agencies, authorities or political subdivisions, since the date hereof, except as expressly set forth herein.

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

The presentation of information, including tables of receipts from unemployment insurance assessments and expenditures of unemployment insurance payments, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Commonwealth unemployment compensation program. This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements”. In this respect, the words “may,” “will,” “should,” “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the economy of the Commonwealth, Commonwealth employment and unemployment levels, and the Commonwealth’s unemployment compensation program’s revenues, expenses and related financial results could cause future conditions to differ materially from those stated in the historical information or projected or estimated in the forward-looking statements. Projections are based on assumptions that the Commonwealth believes to be reasonable, but no assurances can be made that actual conditions will not differ materially from the projections. No representation is made that past experience, as it might be shown by employment levels or financial and other information, will necessarily continue or be repeated in the future.

References to web site addresses presented in this Official Statement are for informational purposes only and may be in the form of a hyperlink for convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES IN THIS SECTION TO THE “ISSUER” MEAN THE COMMONWEALTH OF MASSACHUSETTS AND REFERENCES TO “BONDS” OR “SECURITIES” MEAN THE COMMONWEALTH OF MASSACHUSETTS SPECIAL OBLIGATION REVENUE BONDS (UNEMPLOYMENT INSURANCE TRUST FUND) 2022 SERIES A (FEDERALLY TAXABLE) (SOCIAL BONDS) AND THE COMMONWEALTH OF MASSACHUSETTS SPECIAL OBLIGATION REVENUE BONDS (UNEMPLOYMENT INSURANCE TRUST FUND) 2022 SERIES B (FEDERALLY TAXABLE) (SOCIAL BONDS) OFFERED HEREBY. **NEITHER THE ISSUER NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE CONTENTS OF THIS SECTION.**

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF \$5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF \$150,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA (“EEA”)

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE “INSURANCE DISTRIBUTION DIRECTIVE”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE “PROSPECTUS REGULATION”). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE SECURITIES. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

THE OFFER OF ANY BONDS WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN THAT MEMBER STATE, OTHER THAN: (A) TO “QUALIFIED INVESTORS” AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN “QUALIFIED INVESTORS” AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION), SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER OR THE ISSUER FOR ANY SUCH OFFER; OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION; PROVIDED THAT NO SUCH OFFER OF THE BONDS SHALL REQUIRE THE ISSUER OR ANY UNDERWRITER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE

PROSPECTUS REGULATION OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN “OFFER OF SECURITIES TO THE PUBLIC” IN RELATION TO THE BONDS IN ANY MEMBER STATE MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE BONDS OR SUBSCRIBE FOR THE BONDS.

EACH SUBSCRIBER FOR OR PURCHASER OF THE SECURITIES IN THE OFFERING LOCATED WITHIN A MEMBER STATE WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A “QUALIFIED INVESTOR” AS DEFINED IN THE PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

PROHIBITION OF SALES TO UK RETAIL INVESTORS. THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM (“UK”). FOR THESE PURPOSES, A “RETAIL INVESTOR” MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A CLIENT, AS DEFINED IN POINT (7) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (“EUWA”) WHO IS NOT A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA; (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, THE “FSMA”) AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA (“UK PROSPECTUS REGULATION”). CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA (THE “UK PRIIPS REGULATION”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FSMA AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. IN THE UNITED KINGDOM, THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “FINANCIAL PROMOTION ORDER”), (II) ARE HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (III) ARE OTHER PERSONS TO WHOM THIS OFFICIAL STATEMENT MAY OTHERWISE BE LAWFULLY MADE TO OR DIRECTED AT, PROVIDED THAT SUCH PERSONS ARE ALSO QUALIFIED INVESTORS AS DEFINED IN ARTICLE 2 OF THE UK PROSPECTUS REGULATION (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS, INCLUDING IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA APPLIES TO THE ISSUER. THIS OFFICIAL STATEMENT AND ITS CONTENTS ARE CONFIDENTIAL AND SHOULD NOT BE DISTRIBUTED, PUBLISHED OR REPRODUCED (IN WHOLE OR IN PART) OR DISCLOSED BY RECIPIENTS TO ANY OTHER PERSONS IN THE UNITED KINGDOM. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND

WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

THE OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF THE BONDS REFERRED TO HEREIN IN THE UK WILL BE MADE PURSUANT TO AN EXEMPTION UNDER THE UK PROSPECTUS REGULATION FROM A REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF SECURITIES. THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS FOR THE PURPOSE OF THE UK PROSPECTUS REGULATION AND HAS NOT BEEN APPROVED BY THE UK FINANCIAL CONDUCT AUTHORITY.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR SOLICITATION TO PURCHASE OR INVEST IN THE BONDS. THE BONDS MAY NOT BE PUBLICLY OFFERED, SOLD OR ADVERTISED DIRECTLY OR INDIRECTLY, IN, INTO OR FROM SWITZERLAND WITHIN THE MEANING OF THE SWISS FINANCIAL SERVICES ACT (“FINSA”) AND NO APPLICATION HAS OR WILL BE MADE TO ADMIT THE BONDS TO TRADING ON ANY TRADING VENUE (EXCHANGE OR MULTILATERAL TRADING FACILITY) IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS CONSTITUTES A PROSPECTUS OR A KEY INFORMATION DOCUMENT PURSUANT TO THE FINSA, AND THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY ONLY BE USED BY THOSE PERSONS TO WHOM IT HAS BEEN HANDED OUT IN CONNECTION WITH THE BONDS AND MAY NEITHER BE COPIED NOR DIRECTLY OR INDIRECTLY DISTRIBUTED OR MADE AVAILABLE TO OTHER PERSONS.

ACCORDINGLY, THIS OFFICIAL STATEMENT IS COMMUNICATED IN OR FROM SWITZERLAND TO A LIMITED NUMBER OF SELECTED INVESTORS ONLY. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, NOR THE ISSUER, NOR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS SUPERVISORY AUTHORITY. THE BONDS ARE NOT SUBJECT TO SUPERVISION BY ANY SWISS SUPERVISORY AUTHORITY. AN INVESTOR IN THE BONDS WILL NOT BENEFIT FROM PROTECTION OR SUPERVISION BY SUCH AUTHORITY.

THE BONDS DO NOT CONSTITUTE COLLECTIVE INVESTMENTS WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES (“CISA”). ACCORDINGLY, HOLDERS OF THE BONDS DO NOT BENEFIT FROM PROTECTION UNDER THE CISA OR FROM THE SUPERVISION OF THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY. INVESTORS ARE EXPOSED TO THE DEFAULT RISK OF THE ISSUER.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS OFFICIAL STATEMENT HAS NOT BEEN, AND WILL NOT BE, REGISTERED AS A PROSPECTUS (AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CHAPTER 32 OF THE LAWS OF HONG KONG) (THE “C(WUMP)O”)) IN HONG KONG NOR HAS IT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) (THE “SFO”). ACCORDINGLY, THE BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENT OTHER THAN (A) TO ‘PROFESSIONAL INVESTORS’ AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO; OR (B) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENT BEING A “PROSPECTUS” AS DEFINED IN THE C(WUMP)O OR WHICH DO NOT

CONSTITUTE AN OFFER OR INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE C(WUMP)O. IN ADDITION, NO PERSON MAY ISSUE OR DISTRIBUTE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO THE BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY (A) TO PERSONS OUTSIDE HONG KONG, AND (B) TO ‘PROFESSIONAL INVESTORS’ AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO. 25 OF 1948, AS AMENDED, THE “FIEA”). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA (“QIIS”) IN RELIANCE ON THE QIIS-ONLY PRIVATE PLACEMENT EXEMPTION AS SET FORTH IN ITEM 2(I), PARAGRAPH 3, ARTICLE 2 OF THE FIEA. A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

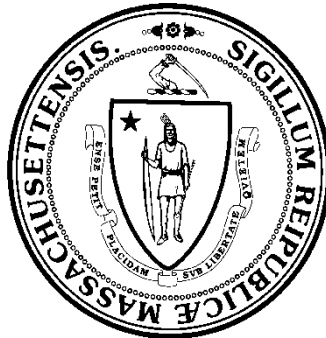
NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE BONDS WILL NOT BE LISTED ON THE TAIPEI EXCHANGE AND MAY BE MADE AVAILABLE ONLY (I) TO INVESTORS IN TAIWAN THROUGH LICENSED TAIWAN FINANCIAL INSTITUTIONS TO THE EXTENT PERMITTED UNDER RELEVANT TAIWAN LAWS AND REGULATIONS; (II) TO THE OFFSHORE BANKING UNITS OF TAIWAN BANKS PURCHASING THE BONDS FOR THEIR PROPRIETARY ACCOUNT, IN TRUST FOR THEIR NON-TAIWAN TRUST CLIENTS OR FOR PURPOSES OF ON-SALE TO QUALIFIED TAIWAN INVESTORS; (III) TO THE OFFSHORE SECURITIES UNITS OF TAIWAN SECURITIES FIRMS PURCHASING THE BONDS FOR THEIR PROPRIETARY ACCOUNT, IN TRUST FOR THEIR TRUST CLIENTS, AS AGENT FOR THEIR BROKERAGE CLIENTS OR FOR PURPOSES OF ON-SALE TO QUALIFIED TAIWAN INVESTORS; (IV) TO THE OFFSHORE INSURANCE UNITS OF TAIWAN INSURANCE COMPANIES PURCHASING THE BONDS FOR THEIR PROPRIETARY ACCOUNT OR IN CONNECTION WITH THE ISSUANCE OF INVESTMENT LINKED INSURANCE POLICIES TO NON-TAIWAN POLICY HOLDERS; OR (V) OUTSIDE OF TAIWAN TO TAIWAN RESIDENT INVESTORS FOR PURCHASE BY SUCH INVESTORS OUTSIDE OF TAIWAN, BUT ARE NOT PERMITTED TO OTHERWISE BE OFFERED OR SOLD IN TAIWAN.

TABLE OF CONTENTS

INTRODUCTION.....	1	The COVID-19 Pandemic and its Impact on Unemployment.....	33
General	1	Funding History of the UITF	37
Purpose and Content of Official Statement	1	UI IMPROVEMENT ACT.....	37
AUTHORITY FOR ISSUANCE	2	Potential Massachusetts UI Program Changes.....	39
COVID-19.....	2	LITIGATION	39
THE 2022 BONDS	2	BOOK-ENTRY ONLY SYSTEM	39
General	2	RATINGS.....	41
Redemption	3	UNDERWRITING	42
Application of Proceeds	5	TAX MATTERS	42
Designation of the 2022 Bonds as Social Bonds.....	5	Federal Tax Matters	42
SOURCES AND USES OF FUNDS	7	State Tax Matters	44
SELECTED DEFINITIONS.....	7	INVESTMENT CONSIDERATIONS	45
DEBT SERVICE AND COVERAGE SCHEDULES.....	10	Special Limited Obligations	45
Stated Debt Service to Maturity	10	Reliance on Current and Future Projections	45
Projected Debt Service and Debt Service Coverage.....	10	Material and Sustained Reductions in Total Wages and Employment Levels	45
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.....	15	Future Solvency of the UITF	45
Special Obligations.....	15	Cybersecurity	45
Pledged Funds	15	Future Changes in Law	46
Funds and Accounts	16	OPINIONS OF COUNSEL	46
Flow of Pledged Funds.....	16	CONTINUING DISCLOSURE.....	46
Financing Agreement	19	MUNICIPAL ADVISOR	47
Additional Bonds.....	21	MISCELLANEOUS	47
Subordinated and Other Indebtedness	21	AVAILABILITY OF OTHER INFORMATION.....	49
Qualified Hedge Agreements	22	APPENDIX A – CERTAIN INFORMATION CONCERNING THE COMMONWEALTH AND THE COMMONWEALTH’S UNEMPLOYMENT COMPENSATION PROGRAM	A-1
Commonwealth Covenants.....	22	APPENDIX B – PROPOSED FORM OF TRUST AGREEMENT.....	B-1
Remedies of Owners of Bonds	22	APPENDIX C – PROPOSED FORM OF FINANCING AGREEMENT.....	C-1
FEDERAL UNEMPLOYMENT INSURANCE PROGRAM.....	23	APPENDIX D – PROPOSED FORM OF OPINION OF BOND COUNSEL	D-1
Overview	23	APPENDIX E – PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING	E-1
Federal Unemployment Tax Structure.....	23	APPENDIX F – KESTREL VERIFIERS’ SECOND PARTY OPINION	F-1
Federal Loans to States.....	24		
COMMONWEALTH UNEMPLOYMENT INSURANCE PROGRAM	25		
Overview	25		
Massachusetts Department of Unemployment Assistance	26		
Employer SUTA Taxes	26		
COVID-19 Recovery Assessment.....	31		
Collection of Employer Contributions.....	31		
Benefit Payments.....	33		

THE COMMONWEALTH OF MASSACHUSETTS



CONSTITUTIONAL OFFICERS

Charles D. Baker Governor
Karyn E. Polito Lieutenant Governor
William F. Galvin Secretary of the Commonwealth
Maura T. Healey Attorney General
Deborah B. Goldberg Treasurer and Receiver-General
Suzanne M. Bump Auditor

LEGISLATIVE OFFICERS

Karen E. Spilka President of the Senate
Ronald Mariano Speaker of the House

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

THE COMMONWEALTH OF MASSACHUSETTS

\$1,996,515,000
Special Obligation Revenue Bonds
(Unemployment Insurance Trust Fund)
2022 Series A (Federally Taxable)
(Social Bonds)

\$684,465,000
Special Obligation Revenue Bonds
(Unemployment Insurance Trust Fund)
2022 Series B (Federally Taxable)
(Social Bonds)

INTRODUCTION

General

This Official Statement (which includes the cover page and the Appendices hereto) is furnished by The Commonwealth of Massachusetts (the “Commonwealth”) to provide information in connection with the issuance of its \$1,996,515,000 Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund), 2022 Series A (Federally Taxable) (Social Bonds) (the “Series A Bonds”) and its \$684,465,000 Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund), 2022 Series B (Federally Taxable) (Social Bonds) (the “Series B Bonds” or “Super Sinker Bonds” and together with the Series A Bonds, the “2022 Bonds”). Capitalized terms not otherwise defined in this Official Statement shall have the meanings set forth in *Appendix B – Proposed Form of Trust Agreement*.

The 2022 Bonds are being issued to (i) repay outstanding Federal Advances (hereinafter defined) received by the Commonwealth under the federal unemployment insurance program as well as accrued interest on such Federal Advances, (ii) fund a deposit to the Commonwealth’s account within the federal Unemployment Insurance Trust Fund (the “UITF”) to pay unemployment compensation benefits to qualifying persons in the Commonwealth and (iii) pay the costs of issuance of the 2022 Bonds. See *Sources and Uses of Funds*.

The 2022 Bonds will be issued under and secured by a Trust Agreement dated as of August 1, 2022 (as amended and supplemented from time to time, the “Trust Agreement”) between the Commonwealth and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as further supplemented by the First Supplemental Trust Agreement dated as of August 1, 2022 (the “First Supplemental Agreement”), between the Commonwealth and the Trustee. The 2022 Bonds are being issued pursuant to Chapter 9 of the Acts of 2021, as amended from time to time (hereinafter, the “UI Improvement Act”). The 2022 Bonds are special limited obligations of the Commonwealth payable solely as described in this Official Statement. The 2022 Bonds are not general obligations of the Commonwealth and are not secured by the full faith and credit of the Commonwealth. See *Security and Sources of Payment for the Bonds*.

The 2022 Bonds will be the first issue of bonds under the UI Improvement Act, which currently authorizes the issuance of up to \$7 billion of bonds subject to certain conditions. Additional bonds (“Additional Bonds”) may be issued on a parity basis with the 2022 Bonds under the conditions and in the manner provided in the Trust Agreement (the 2022 Bonds and any Additional Bonds are collectively referred to herein as the “Bonds”).

For information regarding the federal unemployment insurance or compensation program (the “UI Program”), the Massachusetts unemployment insurance or compensation program (the “Massachusetts UI Program”), and the Commonwealth’s Executive Office of Labor and Workforce Development (“EOLWD”) and Department of Unemployment Assistance (“DUA”), see *Federal Unemployment Insurance Program* and *Commonwealth Unemployment Insurance Program*.

The Commonwealth has designated the 2022 Bonds as “Social Bonds.” See *The 2022 Bonds - Designation of the 2022 Bonds as Social Bonds* below.

Purpose and Content of Official Statement

This Official Statement describes the terms and use of proceeds of, and security for, the 2022 Bonds. This introduction is subject in all respects to the additional information contained in this Official Statement, including Appendices A through F. All descriptions of documents contained herein are only summaries and are qualified in

their entirety by reference to each such document. All capitalized terms not otherwise defined herein shall have the meanings set forth in *Appendix B – Proposed Form of Trust Agreement*. *Appendix A* sets forth certain information concerning the Commonwealth and its unemployment compensation program. *Appendix B* contains the substantially final, proposed form of the Trust Agreement. *Appendix C* contains the substantially final, proposed form of the Financing and Pledge Agreement among the Commonwealth, acting by and through the Treasurer and Receiver General, the Commonwealth, acting by and through EOLWD and DUA, dated as of August 1, 2022 (the “Financing Agreement”). *Appendix D* contains the proposed form of legal opinion of Bond Counsel with respect to the 2022 Bonds. *Appendix E* contains the proposed form of the Commonwealth’s continuing disclosure undertaking to be included in the form of the 2022 Bonds to facilitate compliance by the Underwriters with the requirements of paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission. See *Continuing Disclosure*. *Appendix F* contains Kestrel Verifiers’ second party opinion regarding the designation of the 2022 Bonds as Social Bonds.

AUTHORITY FOR ISSUANCE

The 2022 Bonds are authorized by and issued pursuant to the UI Improvement Act and are issued pursuant to and secured by the Trust Agreement. The principal (including sinking fund payments) of, or redemption price of and interest on the 2022 Bonds are payable from and secured solely by a pledge of and lien on Pledged Funds (defined below), all rights to receive Pledged Funds, amounts, securities and any investment earnings with respect thereto in all Funds and Accounts, other than the Rebate Fund, and any amounts payable to the Commonwealth pursuant to a Qualified Hedge Agreement. See *Security and Sources of Payment for the Bonds*.

Additional Bonds may be issued under the Trust Agreement under certain conditions. See *Security and Sources of Payment for the Bonds – Additional Bonds*.

COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including throughout the United States and in Massachusetts, and on March 11, 2020, was declared a pandemic by the World Health Organization. The ultimate impact of the COVID-19 pandemic on the Commonwealth’s economy remains unknown. In response to the pandemic, international, federal, state and local governments, as well as private businesses and organizations, implemented numerous measures intended to mitigate the spread and effects of COVID-19. The continued spread of COVID-19, the mitigation measures implemented, and the responses of individuals, businesses and organizations to the disease and the mitigation measures implemented have caused and may continue to cause, severe disruptions in global, national and local economies, as well as to global financial markets and the U.S. stock and bond markets. See *Commonwealth Unemployment Insurance Program – The COVID-19 Pandemic and its Impact on Unemployment*.

THE 2022 BONDS

General

The 2022 Bonds will be dated the date of delivery and will bear interest therefrom payable on January 15 and July 15 of each year, commencing January 15, 2023, until the principal amount is paid in full. The 2022 Bonds shall mature on January 15 and July 15 in the years and principal amounts and bear interest at the rates per annum set forth on the inside cover page of this Official Statement. The 2022 Bonds are subject to redemption as described below. The Trustee will be the trustee and paying agent for the 2022 Bonds.

The 2022 Bonds will be issued in registered book-entry only form in denominations of \$5,000 or any integral multiple thereof. As long as the 2022 Bonds are registered in book-entry only form, principal and interest will be payable solely to Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as the sole registered owner of the 2022 Bonds. See *Book-Entry Only System*.

The record date for payments on account of the 2022 Bonds will be the last day of the month preceding each interest payment date, or, if such day is not a business day, the next preceding business day, provided that, with respect to overdue interest or interest payable on a redemption date that is not an interest payment date or interest on any overdue amount, the Trustee may establish a special record date not more than 20 days before the date set for payment.

Redemption

Special Mandatory Redemption of the Series B Bonds. The Series B Bonds are subject to special mandatory redemption prior to maturity on any Debt Service Payment Date, in whole or in part in Authorized Denominations, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest to the date of redemption, from Excess Pledged Funds (as defined in *Selected Definitions*), if any. As provided in the Trust Agreement, so long as any Super Sinker Bonds remain outstanding, Excess Pledged Funds shall first be applied to redeem such Super Sinker Bonds. See *Debt Service and Coverage Schedules* for additional information regarding the projected redemption of the Series B Bonds.

Catch-Up Optional Redemption of the Series B Bonds. The Series B Bonds are also subject to redemption prior to maturity, in whole or in part in Authorized Denominations, on any Debt Service Payment Date, from amounts on deposit in the Additional Revenues Subaccount of the Redemption Fund, at the option and direction of the Commonwealth, but only in a principal amount such that the Outstanding principal amount of the Series B Bonds as of such Debt Service Payment Date, after taking into account the principal amount to be redeemed, together with any special mandatory redemption to occur on such Debt Service Payment Date from Excess Pledged Funds, is not less than the projected Outstanding principal amount of the Series B Bonds as of such date, taking into account the projected special mandatory redemptions of the Series B Bonds as set forth herein in the table entitled *Projected Debt Service by Series*. Any such redemption will be at a redemption price equal to 100% of the principal amount of the Series B Bonds to be redeemed, plus accrued interest to the redemption date.

Optional Redemption with Make Whole Payment of the 2022 Bonds. The 2022 Bonds will be subject to redemption at any time, at the option of the Commonwealth, in whole or in part, at a redemption price equal to the greater of:

- (i) 100% of the principal amount of the 2022 Bonds to be redeemed; or
- (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2022 Bonds to be redeemed to the applicable stated maturity date (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus the Applicable Spread, plus accrued and unpaid interest on the 2022 Bonds being redeemed to the date fixed for redemption.

“Treasury Rate” means, with respect to any redemption date for a particular 2022 Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the stated maturity date of the 2022 Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

[Remainder of this page intentionally left blank]

“Applicable Spread” means the number of basis points set forth in the following table for each maturity of the 2022 Bonds.

Series	Maturity	Applicable Spread
A	July 15, 2023	+ 5 bps
A	January 15, 2024	+ 5 bps
A	July 15, 2024	+ 5 bps
A	January 15, 2025	+ 7.5 bps
A	July 15, 2025	+ 7.5 bps
A	January 15, 2026	+ 10 bps
A	July 15, 2026	+ 10 bps
A	January 15, 2027	+ 10 bps
A	July 15, 2027	+ 10 bps
A	July 15, 2029	+ 15 bps
A	January 15, 2031	+ 20 bps
B	July 15, 2031	+ 20 bps

Mandatory Sinking Fund Redemption. The Series A Bonds maturing on July 15, 2029 are also subject to mandatory sinking fund redemption on the dates and in the amounts set forth below, at a redemption price equal to 100% of the principal amount of such Series A Bonds or portion thereof redeemed, plus accrued interest to the redemption date:

<u>Date</u>	<u>Amount</u>
January 15, 2028	\$76,795,000
July 15, 2028	135,270,000
January 15, 2029	77,005,000
July 15, 2029 [†]	132,155,000

[†] Stated maturity.

The Series A Bonds maturing on January 15, 2031 are also subject to mandatory sinking fund redemption on the dates and in the amounts set forth below, at a redemption price equal to 100% of the principal amount of such Series A Bonds or portion thereof redeemed, plus accrued interest to the redemption date:

<u>Date</u>	<u>Amount</u>
January 15, 2030	\$77,375,000
July 15, 2030	57,475,000
January 15, 2031 [†]	33,930,000

[†] Stated maturity.

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

Selection of Bonds to be Redeemed. In the event that less than all of any maturity of any 2022 Bonds of a series is to be redeemed, and so long as the book-entry-only system remains in effect for such 2022 Bonds, partial redemptions with respect to the 2022 Bonds will be treated by DTC as a “pro rata pass-through distribution of principal” in accordance with DTC procedures. It is the Commonwealth’s intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Commonwealth and the beneficial owners be made on a pro rata pass-through distribution of principal basis. However, the Commonwealth can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among beneficial owners on such a proportional basis. If the DTC operational arrangements do not allow for the redemption of 2022 Bonds on a pro rata pass-through distribution of principal basis, then the 2022 Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

If the 2022 Bonds are not registered in book-entry-only form, any redemption of less than all the 2022 Bonds of any maturity and series will be allocated among the registered owners of such 2022 Bonds as nearly as practicable in proportion to the principal amounts of the 2022 Bonds of such maturity and series owned by each registered owner, subject to the Authorized Denominations applicable to the 2022 Bonds. This will be calculated based on the formula: (principal amount of applicable maturity to be redeemed) x (principal amount of applicable maturity owned by owner) / (principal amount of applicable maturity outstanding). The particular 2022 Bonds to be redeemed will be determined by the Commonwealth, using such method as it deems fair and appropriate.

Notice to Bondholders. Notice of redemption of any 2022 Bonds shall be mailed, not less than twenty (20) days prior to the date of redemption, to the registered owners of the 2022 Bonds, or portions thereof, so called, but failure so to mail any such notice to any one Bondholder shall not affect the validity of the proceedings for the redemption of Bonds owned by any other Bondholder to whom such notice has been mailed. A notice of optional redemption may state (i) that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption not later than the redemption date, or (ii) that the Commonwealth may rescind such notice at any time prior to the scheduled redemption date if the Commonwealth delivers a notice thereof to the Bondholders. The redemption notice shall be of no effect if such moneys are not so deposited or if the notice is rescinded, and the failure of the Commonwealth to make funds available in whole or in part on or before the redemption date shall not then constitute a default under the Trust Agreement. So long as the book-entry-only system remains in effect for such 2022 Bonds, notices of redemption will be sent by the Trustee only to DTC or its nominee. Any failure on the part of DTC, any DTC participant or any nominee of a beneficial owner of any such 2022 Bond (having received notice from a DTC participant or otherwise) to notify the beneficial owner so affected, shall not affect the validity of the redemption.

On the specified redemption date, all 2022 Bonds called for redemption shall cease to bear interest, provided the Commonwealth has money on hand to pay such redemption in full.

Application of Proceeds

The net proceeds of the sale of the 2022 Bonds will be applied to (i) repay outstanding Federal Advances received by the Commonwealth (including accrued interest), (ii) fund a deposit to the UITF and (iii) pay costs of issuance of the 2022 Bonds. See *Sources and Uses of Funds*.

Designation of the 2022 Bonds as Social Bonds

The Commonwealth is issuing the 2022 Bonds as “Social Bonds” based on the intended use of the proceeds to fund a deposit to the Massachusetts UI Program, an economic stabilization program designed to provide a safety net for individuals that lose their jobs due to no fault of their own. See *Commonwealth Unemployment Insurance Program* for further discussion. The purpose of labeling the 2022 Bonds as Social Bonds is to allow investors to invest directly in bonds that finance socially beneficial programs. Holders of Social Bonds do not assume a specific risk with respect to the Massachusetts UI Program. The term “Social Bonds” is neither defined in nor related to provisions in the Trust Agreement. The use of such term herein is for identification purposes only and is not intended to provide or imply that an owner of Social Bonds is entitled to any additional security beyond that provided therefor in the Trust Agreement. The Commonwealth has engaged Kestrel Verifiers, a division of Kestrel 360, Inc. (“Kestrel Verifiers”), to review the use of proceeds of the 2022 Bonds and to prepare an independent external review of the 2022 Bonds with the International Capital Market Association’s (“ICMA’s”) “Social Bond Principles.”

Per the ICMA, Social Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible “Social Projects” and which are aligned with the four core components of the ICMA “Social Bond Principles.” The four core components are: (a) Use of Proceeds; (b) Process for Project Evaluation and Selection; (c) Management of Proceeds; and (d) Reporting. The designation of the 2022 Bonds as “Social Bonds” is intended to generally comport with the “Social Bond Principles” promulgated by ICMA, updated as of June 2021. The Massachusetts UI Program, as defined and summarized herein, provides economic stabilization through the provision of unemployment insurance benefits in the Commonwealth and primarily serves the following target population: “recipients of unemployment insurance in the Commonwealth.”

The 17 United Nations Sustainable Development Goals (the “UN SDGs”) were adopted by the United Nations General Assembly in 2015 as part of its 2030 Agenda for Sustainable Development, a plan of action for all

countries to collaborate and achieve a better and more sustainable future for all. The Commonwealth intends that the proceeds of the 2022 Bonds will be used in a manner that is expected to be consistent with the UN SDGs detailed below. The Commonwealth does not guarantee that such criteria will ultimately be met, however, either in substance or with respect to any particular timelines set forth in the UN SDGs.

- **Goal 1** – No Poverty
- **Goal 8** – Decent Work and Economic Growth
- **Goal 10** – Reduced Inequities
- **Goal 17** – Partnerships for the Goals

Use of Proceeds. The 2022 Bonds will finance and refinance unemployment insurance benefits for eligible recipients in the Commonwealth and pay costs of issuance. Repaying Federal Advances and financing a deposit to the UITF will manage the tax rates for employers and finance unemployment insurance benefits to reduce economic hardship for those who have lost their jobs. The federal-state unemployment insurance system and the Massachusetts UI Program played a critical role in delivering economic relief to individuals and families experiencing financial hardship during the COVID-19 pandemic. Financing for unemployment benefits is an eligible social project as defined by the ICMA “Social Bond Principles” in the project category of “Programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises.” See *Sources and Uses of Funds* below.

Process for Project Evaluation and Selection. There are strict federal and state regulations and procedures in place that guide management of the UITF and eligibility requirements for unemployment benefits. DUA administers the Massachusetts UI Program and all unemployment benefit claims through the UITF. The UITF must solely be used to finance unemployment benefits. Eligibility requirements for unemployment benefits in the Commonwealth are determined through a combination of federal and state laws. See *Commonwealth Unemployment Insurance Program—Employer SUTA Taxes—Covered Employees*.

Management of Proceeds. A portion of the proceeds of the 2022 Bonds will be deposited directly into the UITF and used only to pay future unemployment insurance claims. The remaining proceeds of the 2022 Bonds (other than amounts used for payment of costs of issuance) will be used to repay the outstanding balance of the Federal Advances borrowed by the Commonwealth and accrued interest due thereon and will be transferred to the federal government on the date of delivery.

Reporting. As noted above, proceeds of the 2022 Bonds will be used on the date of delivery to repay Federal Advances or will be deposited on the date of delivery into the UITF. The Commonwealth does not intend to provide any additional information regarding the expenditure of proceeds deposited in the UITF. The Commonwealth has certain continuing disclosure requirements related to the 2022 Bonds as described in *Continuing Disclosure* and *Appendix E – Proposed Form of Continuing Disclosure Undertaking*. Certain unemployment insurance metrics are tracked at the federal and state level, with monthly reports on claimant data available on EOLWD’s website (<https://lmi.dua.eol.mass.gov/LMI/>) and daily information on the UITF balance on the federal government’s website (www.treasurydirect.gov).

Independent Second Party Opinion on Social Bond Designation and Disclaimer. Kestrel Verifiers has determined that the 2022 Bonds are in conformance with the four core components of the ICMA “Social Bond Principles,” as described in Kestrel Verifiers’ “Second Party Opinion,” which is included in *Appendix F*.

For over 20 years, Kestrel Verifiers has been consulting in sustainable finance. Kestrel Verifiers is an Approved Verifier accredited by the Climate Bonds Initiative and an Observer for the ICMA’s Green Bond Principles and Social Bond Principles. Kestrel Verifiers reviews transactions in all asset classes worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and criteria.

The Second Party Opinion issued by Kestrel Verifiers does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the 2022 Bonds. Designations by Kestrel Verifiers are not a recommendation to any person to purchase, hold, or sell the 2022 Bonds and such labeling

does not address the market price or suitability of the 2022 Bonds for a particular investor and does not and is not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel Verifiers has assumed and relied upon the accuracy and completeness of the information made publicly available by the Commonwealth or that was otherwise made available to Kestrel Verifiers.

Additional Disclaimers. No party, including the Commonwealth or the Underwriters, assume any obligation to ensure that the Massachusetts UI Program complies with any legal or other standards or principles that may related to “Social Projects” or that the 2022 Bonds comply with any legal or other standards or principles that may be related to “Social Bonds.” The designation of the 2022 Bonds as Social Bonds does not entitle the holders of such obligations to any benefit under the Internal Revenue Code of 1986, as amended.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the 2022 Bonds are as follows:

Sources of Funds	
Principal Amount	<u>\$2,680,980,000</u>
Total:	<u>\$2,680,980,000</u>
Uses of Funds	
Repayment of Federal Advances*	\$1,801,515,694
Deposit to UITF	867,605,000
Costs of Issuance	1,123,956
Underwriters' Discount	<u>10,735,350</u>
Total:	<u>\$2,680,980,000</u>

*Includes \$33,500,234 of accrued interest due upon repayment of the Federal Advances.

SELECTED DEFINITIONS

The following definitions from the Trust Agreement are used in the sections entitled *Debt Service and Coverage Schedules* and *Security and Sources of Payment for the Bonds* and are included here for ease of reference. See also *Appendix B – Proposed Form of Trust Agreement*.

Additional Intra-year Retained Revenues means an amount of COVID-19 Recovery Assessments designated in the Certified Projection that allows the Secretary of Labor, Secretary of Administration and Finance and the Treasurer to certify that Projected COVID-19 Recovery Assessments plus such designated amount equals or exceeds the Required Coverage Amount for a given Projection Date.

Adjusted Bond Debt Service Requirement shall mean, for any period of calculation, the Bond Debt Service Requirement, adjusted for any anticipated redemption of Bonds on the immediately succeeding January 15th Debt Service Payment Date from amounts deemed or to be deemed as Excess Pledged Funds.

Assessment Year shall mean the period beginning on January 1 of any calendar year and ending on December 31 of the same calendar year.

Authorized Denominations means \$5,000 or any whole multiple thereof.

Authorized Officer means the Treasurer or any designee thereof, the Secretary of Administration and Finance or the Secretary of Labor or any designee thereof and, when used in reference to an act or document, shall also mean any other person authorized by law to perform such act or sign such document.

Bond Administrative Expenses shall mean all costs, fees and expenses, other than costs of issuance, incurred or related to the administration of the Trust Agreement, including without limitation, costs, fees and expenses

incurred or related to any Liquidity Facility, Credit Enhancement, Reserve Credit Facility, any remarketing or other secondary market transactions, any fees of Bond Counsel, attorneys, financial advisors, the Trustee, remarketing agents, rebate consultants, accountants and other advisors retained by the Commonwealth in connection with the Trust Agreement or Bonds, and any other fees, charges and expenses that may be lawfully incurred by the Commonwealth to a provider of any Credit Enhancement, Liquidity Facility or Reserve Credit Facility, to repay or reimburse any amounts paid by such provider due to a payment under such Credit Enhancement, Liquidity Facility or Reserve Credit Facility and any interest on such repayment obligation unless any such amount constitutes a Bond Debt Service Requirement for such Series.

Bond Debt Service Requirement shall mean, for any period of calculation, the aggregate of the interest, Principal Installment, and Sinking Fund Payments due or to become due other than by reason of redemption at the option of the Commonwealth or the Bondholder of any Bonds on all Bonds Outstanding during such period, plus Reimbursement Obligations and Qualified Hedge Payments (other than termination payments, fees and expenses or amounts not due in the ordinary course under the Qualified Hedge Agreement) then due and payable; provided, however, for purposes of this definition,

- (i) interest for any Series of Bonds shall be calculated on the assumption that no Bonds Outstanding on the date of calculation will cease to be Outstanding except due to scheduled payment of Principal Installments or Sinking Fund Payment on the due date thereof;
- (ii) principal for any Series of Bonds shall be calculated on the assumption that no Bonds Outstanding on the date of calculation will cease to be Outstanding except due to scheduled payment of Principal Installments or Sinking Fund Payment on the due date thereof;
- (iii) the scheduled principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of Deferred Income Bonds becoming due at maturity or by virtue of Sinking Fund Payments shall be included in the calculations in such manner and during such period of time as is specified in the Applicable Supplemental Trust Agreement authorizing such Capital Appreciation Bonds or Deferred Income Bonds;
- (iv) any capitalized interest available in the Debt Service Fund to pay such interest shall reduce the Bond Debt Service Requirement; and
- (v) earnings derived from the investment of money in the Debt Service Fund, Debt Service Reserve Fund or Redemption Fund shall reduce the Bond Debt Service Requirement.

Bond Year means the period beginning on January 16th of any calendar year and ending on January 15th of the succeeding year.

Calculation Date means each June Calculation Date and December Calculation Date.

Certified Projection has the meaning set forth in Section 504(4) of the Trust Agreement.

COVID-19 Recovery Assessments means those fees, rates and charges assessed against employers within the Commonwealth pursuant to section 20 of the UI Improvement Act, as amended from time to time.

Debt Service Payment Date means each January 15th and July 15th commencing January 15, 2023.

December Calculation Date means December 1st of each year, commencing December 1, 2022.

December Retained Revenues means solely for the purpose of determining Excess Pledged Funds, Pledged Funds in the amount, if any, to be retained in the Revenue Fund at the discretion of the Treasurer upon determination of Excess Pledged Funds as described in Section 504(5) of the Trust Agreement.

Excess Pledged Funds means with respect to the June Calculation Date, the amount determined pursuant to Section 504(4) of the Trust Agreement and with respect to the December Calculation Date, the amount determined pursuant to Section 504(5) of the Trust Agreement.

Intra-year Retained Revenues means 10% of the Bond Debt Service Requirement for the next January 15th Debt Service Payment Date.

June Calculation Date means June 1st of each year, commencing June 1, 2023.

Minimum Annual Assessment means, with respect to any Assessment Year, an aggregate COVID-19 Recovery Assessment that, when taken with December Retained Revenues and any other amounts remaining in the Revenue Fund, is expected to generate Pledged Funds at least equal to one hundred twenty-five percent (125%) of the sum of (i) the annual Adjusted Bond Debt Service Requirement and (ii) the Bond Administrative Expenses, in each case, for the Bond Year commencing during such Assessment Year, as determined by the Treasurer and set forth in notification provided pursuant to Section 3.03 of the Financing Agreement.

Pledged Funds shall mean the COVID-19 Recovery Assessment.

Projected COVID-19 Recovery Assessments means COVID-19 Recovery Assessments that are, as of the Projection Date and as determined in the Certified Projection, projected to be collected between the June Calculation Date and the December Calculation Date relating to a determination of Excess Pledged Funds as set forth in the Trust Agreement.

Projection Date means the June Calculation Date, or such other date as determined by the Treasurer.

Required Coverage Amount means an amount equal to one hundred twenty-five percent (125%) of the sum of (i) the Bond Debt Service Requirement for the next January 15th Debt Service Payment Date and (ii) Bond Administrative Expenses due on or before the next January 15th Debt Service Payment Date.

Super Sinker Bonds shall mean any bonds designated as “Super Sinker Bonds” in an Applicable Supplemental Trust Agreement, which are subject to special mandatory redemption from Excess Pledged Funds. The Series B Bonds have been designated Super Sinker Bonds.

[Remainder of this page intentionally left blank]

DEBT SERVICE AND COVERAGE SCHEDULES

Stated Debt Service to Maturity

The following table sets forth the scheduled debt service on the 2022 Bonds to their stated maturity dates.

Date	Series A Bonds			Series B Bonds			Aggregate Debt Service
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	
1/15/2023	-	\$27,557,252	\$27,557,252	-	\$10,549,317	\$10,549,317	\$38,106,569
7/15/2023	\$394,480,000	36,743,003	431,223,003	-	14,065,756	14,065,756	445,288,759
1/15/2024	222,865,000	29,713,369	252,578,369	-	14,065,756	14,065,756	266,644,125
7/15/2024	143,565,000	25,686,199	169,251,199	-	14,065,756	14,065,756	183,316,954
1/15/2025	72,740,000	23,074,034	95,814,034	-	14,065,756	14,065,756	109,879,789
7/15/2025	142,955,000	21,742,892	164,697,892	-	14,065,756	14,065,756	178,763,647
1/15/2026	74,915,000	19,119,667	94,034,667	-	14,065,756	14,065,756	108,100,423
7/15/2026	140,680,000	17,744,977	158,424,977	-	14,065,756	14,065,756	172,490,733
1/15/2027	75,980,000	15,156,465	91,136,465	-	14,065,756	14,065,756	105,202,221
7/15/2027	138,330,000	13,758,433	152,088,433	-	14,065,756	14,065,756	166,154,189
1/15/2028	76,795,000	11,213,161	88,008,161	-	14,065,756	14,065,756	102,073,917
7/15/2028	135,270,000	9,765,959	145,035,959	-	14,065,756	14,065,756	159,101,715
1/15/2029	77,005,000	7,216,796	84,221,796	-	14,065,756	14,065,756	98,287,552
7/15/2029	132,155,000	5,765,637	137,920,637	-	14,065,756	14,065,756	151,986,393
1/15/2030	77,375,000	3,275,176	80,650,176	-	14,065,756	14,065,756	94,715,932
7/15/2030	57,475,000	1,773,714	59,248,714	-	14,065,756	14,065,756	73,314,470
1/15/2031	33,930,000	658,412	34,588,412	-	14,065,756	14,065,756	48,654,167
7/15/2031	-	-	-	\$684,465,000	14,065,756	698,530,756	698,530,756
Total	\$1,996,515,000	\$269,965,145	\$2,266,480,145	\$684,465,000	\$249,667,165	\$934,132,165	\$3,200,612,310

Projected Debt Service and Debt Service Coverage

The following tables entitled “Projected Debt Service Coverage (Semi-Annual),” “Projected Debt Service Coverage (Annual),” and “Projected Debt Service by Series” set forth projected Pledged Funds and projected debt service on the 2022 Bonds, incorporating the projected special mandatory redemption of the Series B Bonds from Excess Pledged Funds. The following tables have been prepared based on various assumptions, including those affecting the collection of COVID-19 Recovery Assessments. Future events may affect the receipt of COVID-19 Recovery Assessments and actual collections could produce slower or faster principal payments for the Series B Bonds than those shown in the tables below. No assurances can be given that any of the structuring assumptions, projections or the projected amounts of Excess Pledged Funds will be realized in accordance with the projections in the following tables. See *Investment Considerations*.

Key assumptions regarding the projected repayment of the 2022 Bonds are outlined below:

- Taxable Wages.** Taxable wages for private contributory employers totaled \$45.6 billion for calendar year 2021 per data provided to EOLWD’s Department of Economic Research (“DER”) through the Bureau of Labor Statistics’ (“BLS”) Quarterly Census of Employment and Wages (“QCEW”). See *Appendix A – Table 3*. Per information provided by DUA on August 5, 2022, filed Q1 and Q2 2022 taxable wages for private contributory employers totaled approximately \$37.0 billion. DUA estimates that approximately 77.5% of taxable wages were historically realized in Q1 and Q2 for the period from 2015 to 2019, which implies projected annualized total taxable wages for private contributory employers in 2022 of \$47.8 billion, representing 4.7% growth from actual 2021 taxable wages. For years after 2022, 1.0% annual growth in taxable wages is assumed from this annualized 2022 estimate.

- *Establishing the COVID-19 Recovery Assessment Annually.* Under the Trust Agreement, the Commonwealth has covenanted to assess experience-rated, private contributory employers a COVID-19 Recovery Assessment that generates Pledged Funds of not less than the Minimum Annual Assessment, which must be at least one hundred twenty-five percent (125%) of the annual Adjusted Bond Debt Service Requirement and Bond Administrative Expenses.
- *Bond Administrative Expenses.* While the Minimum Annual Assessment considers any Bond Administrative Expenses due in a Bond Year, no Bond Administrative Expenses are assumed to be paid from Pledged Funds through final maturity of the Bonds.
- *Monthly Receipts of the COVID-19 Recovery Assessment.* Monthly receipts of the COVID-19 Recovery Assessment are forecasted based on actual average historical collections of the Commonwealth's SUTA Tax (as defined herein) from 2015 to 2019.
- *Collection Rate of the COVID-19 Recovery Assessment.* A 98% collections rate is assumed for the COVID-19 Recovery Assessment both in establishing the COVID-19 Recovery Assessment in each year, and in estimating amounts to be collected.
- *Funds on Hand.* On the date of delivery of the 2022 Bonds, an estimated \$97.2 million is expected to be transferred from the Special Contribution Unemployment Compensation Trust Fund ("Special Contribution UCTF") to the Revenue Fund under the Trust Agreement. The amount represents the portion of collections of the 2022 COVID-19 Recovery Assessment that were on deposit in the Special Contribution UCTF as of August 11, 2022. A portion of the transferred amount will be used to pay interest on the 2022 Bonds on January 15, 2023 and the remainder is expected to remain in the Revenue Fund as December Retained Revenues on December 1, 2022, as more fully detailed below.
- *Intra-year Retained Revenues.* On each June Calculation Date, the Commonwealth shall retain 10% of the Bond Debt Service Requirement for the next January 15 Debt Service Payment Date in the Revenue Fund in lieu of transferring such amounts to the Redemption Fund as Excess Pledged Funds. As described more fully in *Security and Sources of Payment for the Bonds – Flow of Pledged Funds*, if on the Projection Date the Commonwealth does not expect that Projected COVID-19 Recovery Assessments will exceed the Required Coverage Amount, Additional Intra-year Retained Revenues shall also be retained in the Revenue Fund in lieu of being transferred to the Redemption Fund as Excess Pledged Funds. The projected debt service and debt service coverage schedules do not assume that Additional Intra-year Retained Revenues will be necessary.
- *December Retained Revenues.* As demonstrated in the following table, on the December Calculation Date in 2022, the Commonwealth anticipates deeming all remaining amounts in the Revenue Fund as December Retained Revenues (and thus retaining such amounts in the Revenue Fund instead of releasing them as Excess Pledged Funds). The projected debt service and debt service coverage schedules do not assume amounts are deemed as December Retained Revenues in subsequent years, although the Treasurer retains the discretion to deem any amounts as December Retained Revenues under the Trust Agreement.
- *Interest Earnings.* The projected debt service and debt service coverage schedules do not account for any interest earnings on amounts in the Revenue Fund, Debt Service Fund or Redemption Fund.
- *Debt Service Due.* The column entitled "Debt Service Due" in the projected debt service coverage tables below represents the principal of and interest to be paid on the Series A Bonds and the interest to be paid on the Series B Bonds on each Debt Service Payment Date and accounts for projected interest savings due to the special mandatory redemption of certain Series B Bonds as described herein. The projected early redemption of the principal of Series B Bonds from Excess Pledged Funds is shown separately in the column entitled "Special Mandatory Redemption of the Series B Bonds."

Projected Debt Service Coverage (Semi-Annual)

Date	Total Annual COVID-19 Recovery Assessment Assessed to Employers ¹	COVID-19 Recovery Assessment Collections ²	Amounts Remaining in Revenue Fund ³	Total Amounts in Revenue Fund Available for Debt Service ⁴	Debt Service Due ⁵	Semi-Annual Coverage	Balance in Revenue Fund after Transfer to Debt Service Fund ⁶	Intra-year Retained Revenues or December Retained Revenues	Amounts Transferred to Redemption Fund as Excess Pledged Funds	Special Mandatory Redemption of the Series B Bonds ⁷	Par Amount of 2022 Bonds Outstanding (End of Period)
Date of Delivery	-	\$97,181,372	-	\$97,181,372	-	-	\$97,181,372	-	-	-	\$2,680,980,000
1/15/2023	\$915,225,610	23,204,732	\$97,181,372	120,386,104	\$(38,106,569)	3.16x	82,279,535	\$(82,279,535)	-	-	2,680,980,000
7/15/2023	-	474,370,608	82,279,535	556,650,143	(445,288,759)	1.25x	111,361,385	(26,664,413)	\$84,696,972	\$(84,695,000)	2,201,805,000
1/15/2024	364,551,009	333,320,832	26,664,413	359,985,245	(264,903,643)	1.36x	95,081,602	-	95,081,602	(95,080,000)	1,883,860,000
7/15/2024	-	288,704,028	-	288,704,028	(179,622,578)	1.61x	109,081,450	(10,618,541)	98,462,909	(98,465,000)	1,641,830,000
1/15/2025	349,255,432	132,767,751	10,618,541	143,386,292	(104,161,957)	1.38x	39,224,335	-	39,224,335	(39,225,000)	1,529,865,000
7/15/2025	-	216,856,701	-	216,856,701	(172,239,742)	1.26x	44,616,959	(10,157,652)	34,459,307	(34,460,000)	1,352,450,000
1/15/2026	333,838,396	127,197,174	10,157,652	137,354,826	(100,868,364)	1.36x	36,486,462	-	36,486,462	(36,485,000)	1,241,050,000
7/15/2026	-	207,376,980	-	207,376,980	(164,508,907)	1.26x	42,868,072	(9,722,040)	33,146,033	(33,145,000)	1,067,225,000
1/15/2027	318,205,808	121,582,363	9,722,040	131,304,402	(96,539,266)	1.36x	34,765,137	-	34,765,137	(34,765,000)	956,480,000
7/15/2027	-	197,775,492	-	197,775,492	(156,776,813)	1.26x	40,998,680	(9,269,654)	31,729,026	(31,730,000)	786,420,000
1/15/2028	300,981,359	115,889,048	9,269,654	125,158,702	(92,044,489)	1.36x	33,114,213	-	33,114,213	(33,115,000)	676,510,000
7/15/2028	-	187,354,215	-	187,354,215	(148,391,774)	1.26x	38,962,441	(8,757,761)	30,204,680	(30,205,000)	511,035,000
1/15/2029	284,119,720	109,615,985	8,757,761	118,373,746	(86,956,898)	1.36x	31,416,848	-	31,416,848	(31,415,000)	402,615,000
7/15/2029	-	176,928,432	-	176,928,432	(140,010,161)	1.26x	36,918,272	(8,273,970)	28,644,302	(28,645,000)	241,815,000
1/15/2030	121,967,487	103,475,056	8,273,970	111,749,026	(82,151,045)	1.36x	29,597,981	-	29,597,981	(29,595,000)	134,845,000
7/15/2030	-	94,016,029	-	94,016,029	(60,141,406)	1.56x	33,874,623	(3,548,110)	30,326,512	(30,330,000)	47,040,000
1/15/2031	-	44,419,981	3,548,110	47,968,091	(34,857,822)	1.38x	13,110,269	-	13,110,269	(13,110,000)	-
7/15/2031	-	14,222,103	-	14,222,103	-	-	14,222,103	-	-	-	-
Total	\$2,988,144,822	\$3,066,258,882	\$266,473,047	\$3,332,731,930	\$(2,367,570,193)		\$965,161,737	\$(169,291,676)	\$684,466,587	\$(684,465,000)	

¹ Represents the COVID-19 Recovery Assessment assessed for the corresponding Assessment Year.

² Represents cash collections of the COVID-19 Recovery Assessment that are available to pay debt service on the corresponding Debt Service Payment Date. See *Commonwealth Unemployment Insurance Program – Employer SUTA Taxes – Timing of Employer Contributions*.

³ Includes amounts retained from the prior period as Intra-year Retained Revenues or December Retained Revenues, as applicable, as well as any other amounts in the Revenue Fund (e.g., interest earnings, though none assumed).

⁴ Includes COVID-19 Recovery Assessment collections for the related period, plus any remaining amounts in the Revenue Fund carried forward from the prior period.

⁵ Represents debt service to be paid on each Debt Service Payment Date and accounts for projected interest savings due to the projected special mandatory redemption of certain Series B Bonds.

⁶ Amounts remaining in the Revenue Fund (and other funds under the Trust Agreement) upon final payment of the Bonds will be transferred to the UITF.

⁷ No assurances can be given that projected amounts of Excess Pledged Funds will be generated in accordance with this projection and that this special mandatory redemption schedule will be realized.

Projected Debt Service Coverage (Annual)

Bond Year Ended	Total Annual COVID-19 Recovery Assessment Assessed to Employers ¹	COVID-19 Recovery Assessment Collections ²	Amounts Remaining in Revenue Fund ³	Total Amounts in Revenue Fund Available for Debt Service ⁴	Debt Service Due ⁵	Annual Coverage	Balance in Revenue Fund after Transfer to Debt Service Fund ⁶	Intra-year Retained Revenues or December Retained Revenues	Amounts Transferred to Redemption Fund as Excess Pledged Funds	Special Mandatory Redemption of the Series B Bonds ⁷	Par Amount of 2022 Bonds Outstanding (End of Period)
Date of Delivery	-	\$97,181,372	-	\$97,181,372	-	-	\$97,181,372	-	-	-	\$2,680,980,000
1/15/2023	\$915,225,610	23,204,732	\$97,181,372	120,386,104	\$(38,106,569)	3.16x	82,279,535	\$(82,279,535)	-	-	2,680,980,000
1/15/2024	364,551,009	807,691,441	108,943,947	916,635,388	(710,192,401)	1.25x	206,442,987	(26,664,413)	\$179,778,574	\$(179,775,000)	1,883,860,000
1/15/2025	349,255,432	421,471,779	10,618,541	432,090,320	(283,784,535)	1.49x	148,305,785	(10,618,541)	137,687,243	(137,690,000)	1,529,865,000
1/15/2026	333,838,396	344,053,875	10,157,652	354,211,526	(273,108,106)	1.26x	81,103,421	(10,157,652)	70,945,769	(70,945,000)	1,241,050,000
1/15/2027	318,205,808	328,959,342	9,722,040	338,681,382	(261,048,173)	1.26x	77,633,209	(9,722,040)	67,911,169	(67,910,000)	956,480,000
1/15/2028	300,981,359	313,664,541	9,269,654	322,934,195	(248,821,302)	1.26x	74,112,893	(9,269,654)	64,843,239	(64,845,000)	676,510,000
1/15/2029	284,119,720	296,970,200	8,757,761	305,727,962	(235,348,673)	1.26x	70,379,289	(8,757,761)	61,621,528	(61,620,000)	402,615,000
1/15/2030	121,967,487	280,403,489	8,273,970	288,677,459	(222,161,206)	1.26x	66,516,253	(8,273,970)	58,242,283	(58,240,000)	134,845,000
1/15/2031	-	138,436,010	3,548,110	141,984,120	(94,999,228)	1.46x	46,984,892	(3,548,110)	43,436,781	(43,440,000)	-
1/15/2032	-	14,222,103	-	14,222,103	-	-	14,222,103	-	-	-	-
Total	\$2,988,144,822	\$3,066,258,882	\$266,473,047	\$3,332,731,930	\$(2,367,570,193)		\$965,161,737	\$(169,291,676)	\$684,466,587	\$(684,465,000)	

¹ Represents the COVID-19 Recovery Assessment assessed for the corresponding Assessment Year.

² Represents cash collections of the COVID-19 Recovery Assessment that are available to pay debt service in the corresponding Bond Year. See *Commonwealth Unemployment Insurance Program – Employer SUTA Taxes – Timing of Employer Contributions*.

³ Includes amounts retained from the prior period as Intra-year Retained Revenues or December Retained Revenues, as applicable, as well as any other amounts in the Revenue Fund (e.g., interest earnings, though none assumed).

⁴ Includes COVID-19 Recovery Assessment collections for the related period, plus any remaining amounts in the Revenue Fund carried forward from the prior period.

⁵ Represents debt service to be paid on each Debt Service Payment Date in each Bond Year and accounts for projected interest savings due to the projected special mandatory redemption of certain Series B Bonds.

⁶ Amounts remaining in the Revenue Fund (and other funds under the Trust Agreement) upon final payment of the Bonds will be transferred to the UITF.

⁷ No assurances can be given that projected amounts of Excess Pledged Funds will be generated in accordance with this projection and that this special mandatory redemption schedule will be realized.

[Remainder of this page intentionally left blank]

Projected Debt Service by Series

The following table sets forth the projected debt service on the 2022 Bonds by series based on the assumptions outlined above under *Projected Debt Service and Debt Service Coverage*. Taking into consideration the aforementioned assumptions, the projected final repayment of the Series B Bonds is January 15, 2031 and the projected average life of the Series B Bonds is 3.593 years. To the extent actual results differ from the assumptions presented herein, the Series B Bonds may be redeemed at a faster or slower pace.

Date	Series A Bonds			Series B Bonds			Aggregate Debt Service	Projected Par Amount of Series B Bonds Outstanding (End of Period)
	Principal	Interest	Debt Service	Principal	Interest	Debt Service		
1/15/2023	-	\$27,557,252	\$27,557,252	-	\$10,549,317	\$10,549,317	\$38,106,569	\$684,465,000
7/15/2023	\$394,480,000	36,743,003	431,223,003	\$84,695,000	14,065,756	98,760,756	529,983,759	599,770,000
1/15/2024	222,865,000	29,713,369	252,578,369	95,080,000	12,325,274	107,405,274	359,983,643	504,690,000
7/15/2024	143,565,000	25,686,199	169,251,199	98,465,000	10,371,380	108,836,380	278,087,578	406,225,000
1/15/2025	72,740,000	23,074,034	95,814,034	39,225,000	8,347,924	47,572,924	143,386,957	367,000,000
7/15/2025	142,955,000	21,742,892	164,697,892	34,460,000	7,541,850	42,001,850	206,699,742	332,540,000
1/15/2026	74,915,000	19,119,667	94,034,667	36,485,000	6,833,697	43,318,697	137,353,364	296,055,000
7/15/2026	140,680,000	17,744,977	158,424,977	33,145,000	6,083,930	39,228,930	197,653,907	262,910,000
1/15/2027	75,980,000	15,156,465	91,136,465	34,765,000	5,402,801	40,167,801	131,304,266	228,145,000
7/15/2027	138,330,000	13,758,433	152,088,433	31,730,000	4,688,380	36,418,380	188,506,813	196,415,000
1/15/2028	76,795,000	11,213,161	88,008,161	33,115,000	4,036,328	37,151,328	125,159,489	163,300,000
7/15/2028	135,270,000	9,765,959	145,035,959	30,205,000	3,355,815	33,560,815	178,596,774	133,095,000
1/15/2029	77,005,000	7,216,796	84,221,796	31,415,000	2,735,102	34,150,102	118,371,898	101,680,000
7/15/2029	132,155,000	5,765,637	137,920,637	28,645,000	2,089,524	30,734,524	168,655,161	73,035,000
1/15/2030	77,375,000	3,275,176	80,650,176	29,595,000	1,500,869	31,095,869	111,746,045	43,440,000
7/15/2030	57,475,000	1,773,714	59,248,714	30,330,000	892,692	31,222,692	90,471,406	13,110,000
1/15/2031	33,930,000	658,412	34,588,412	13,110,000	269,411	13,379,411	47,967,822	-
7/15/2031	-	-	-	-	-	-	-	-
Total	\$1,996,515,000	\$269,965,145	\$2,266,480,145	\$684,465,000	\$101,090,048	\$785,555,048	\$3,052,035,193	

[Remainder of this page intentionally left blank]

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Special Obligations

The 2022 Bonds are special limited obligations of the Commonwealth and are payable solely from the sources specified in the Trust Agreement. The 2022 Bonds are not general obligations of the Commonwealth and are not secured by the full faith and credit of the Commonwealth. The 2022 Bonds are not payable out of any funds of the Commonwealth other than the Pledged Funds and moneys otherwise available for the benefit of the owners of the 2022 Bonds pursuant to the Trust Agreement.

The Secretary of Labor has agreed in the Trust Agreement to hold and disburse COVID-19 Recovery Assessments in the Special Contribution UCTF in compliance with the Trust Agreement and the Financing Agreement. Further, the Secretary of Labor has agreed to disburse all amounts in the Special Contribution UCTF constituting Pledged Funds to the Trustee for deposit in the Revenue Fund on a daily basis. Payments of debt service on the 2022 Bonds are to be made from Pledged Funds held by the Trustee in the Revenue Fund established under the Trust Agreement.

The Commonwealth has covenanted in the Trust Agreement that, so long as any Bonds are Outstanding, or other amounts due under the Trust Agreement remain unpaid or payment not provided for, the COVID-19 Recovery Assessment shall not be diverted from the Special Contribution UCTF, except to be transferred to the Revenue Fund, as provided in the Trust Agreement. See *Flow of Pledged Funds*. The transfer of amounts from the Special Contribution UCTF to the Revenue Fund under the Trust Agreement is not subject to appropriation by the Massachusetts Legislature (the “Legislature”).

The Legislature may amend the UI Improvement Act and any other statute that governs Pledged Funds and/or the Massachusetts UI Program. There is currently a bill pending in the Legislature that includes a provision that would authorize \$300 million of either funds from the American Rescue Plan Act of 2021 (“ARPA”) or Commonwealth surplus funds to be transferred to the UITF, to repay Federal Advances or to reduce employer payments to the UITF or the Special Contribution UCTF; however it is uncertain whether this provision in the bill will ultimately be passed by the Legislature. Any future amendments of the UI Improvement Act and any other such statutes are subject to the covenant of the Commonwealth that it shall not limit or alter the rights vested in the Commonwealth to collect the Pledged Funds and to deposit such amounts as provided in the Trust Agreement and shall not impair the rights and remedies of the Trustee and Bondholders thereunder, under the Financing Agreement and under the Act with respect to the Pledged Funds. Under the Trust Agreement, the Commonwealth has further covenanted that it shall assess experience-rated, private contributory employers annually at least the Minimum Annual Assessment. See *Commonwealth Covenants*.

The UI Improvement Act provides that the lien of the Trust Agreement on the Pledged Funds will be perfected by filing the Trust Agreement in the records of the Treasurer. The Trust Agreement shall be so filed upon the issuance of the 2022 Bonds. The Commonwealth has waived its sovereign immunity and consented to be sued on contractual obligations, including the 2022 Bonds and all claims with respect thereto. Although the property of the Commonwealth is generally not subject to attachment or levy to pay a judgment, and the satisfaction of any judgment generally requires legislative appropriation, in accordance with the Act, the Commonwealth has granted a lien on Pledged Funds for the benefit of the owners of the 2022 Bonds. Enforcement of a claim for payment of debt service may also be subject to the provisions of federal or Commonwealth statutes, if any, hereafter enacted extending the time for payment or imposing other constraints upon enforcement, insofar as the same may be constitutionally applied. The United States Bankruptcy Code is not applicable to states. Under Massachusetts law, the 2022 Bonds have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code. The Bonds are not subject to acceleration.

Pledged Funds

Pledged Funds consist of COVID-19 Recovery Assessments, meaning those fees, rates and charges assessed against certain employers within the Commonwealth pursuant to Section 20(b)(2) of the UI Improvement Act, as may be amended from time to time, as described in greater detail below.

The UI Improvement Act provides that employers shall pay “unemployment obligation assessments” to the Commonwealth in any year that Bonds are outstanding or other amounts due under the Trust Agreement remain unpaid (the “COVID-19 Recovery Assessment”). The Financing Agreement sets forth the procedure by which the COVID-19 Recovery Assessment will be assessed each year. See *Financing Agreement* below.

Employers must pay the COVID-19 Recovery Assessments to the Commonwealth no less than quarterly and in the same manner as such employers must pay their unemployment contributions to the Commonwealth under Chapter 151A of the Massachusetts General Laws, as amended (“Chapter 151A” or the “Massachusetts UI Law”). The Financing Agreement provides that if DUA receives from an employer an amount representing COVID-19 Recovery Assessments or other assessments levied pursuant to Chapter 151A that is less than the full amount due from such employer, then the amount received from such employer shall be applied first to the COVID-19 Recovery Assessment due from such employer, before any such amount is applied to other assessments levied pursuant to Chapter 151A. The Financing Agreement further provides that any credits shall be applied first to assessments levied pursuant to Chapter 151A and then to the COVID-19 Recovery Assessments. There is no limit on the rate that DUA may charge applicable employers in order to collect COVID-19 Recovery Assessments that amount to the Minimum Annual Assessment.

Funds and Accounts

In order to administer the deposit of Pledged Funds related to the Bonds, the Funds and Accounts described below are established and held under the Trust Agreement.

The Trustee shall establish and hold the following funds and accounts:

- Revenue Fund;
- Redemption Fund, and an Additional Revenues Subaccount;
- Debt Service Fund;
- Bond Administrative Expenses Fund; and
- Rebate Fund.

Such funds, except the Rebate Fund, are subject to the pledge of the Trust Agreement. The Trustee may create such additional Funds, including a Debt Service Reserve Fund, as set forth in the Applicable Supplemental Trust Agreement.

Collectively, the above-referenced funds and accounts are sometimes referred to herein as the “Funds and Accounts.” The Trust Agreement requires that moneys deposited in the Funds and Accounts be accounted for separately from all other moneys received by the Trustee and shall be held by the Trustee in trust for the owners of the Bonds. The moneys on deposit in the Funds and Accounts may be invested in Permitted Investments as provided for in the Trust Agreement. See *Appendix B – Proposed Form of Trust Agreement* under the heading *Article I Definitions - Permitted Investments* and *Section 509*. Under the Trust Agreement, the Commonwealth has pledged all of the moneys, securities and any investment earnings with respect thereto in all Funds and Accounts to the Trustee for the benefit of the owners of the Bonds.

Flow of Pledged Funds

The Pledged Funds must be accounted for and deposited in accordance with the terms of the UI Improvement Act and the Trust Agreement. Set forth below is a description of the flow of the Pledged Funds under the UI Improvement Act and the Trust Agreement. For the complete description of the flow of Pledged Funds, see *Appendix B – Proposed Form of Trust Agreement – Article V*.

The Trust Agreement sets forth the following provisions regarding the use of moneys in the Revenue Fund.

- (1) The Secretary of Labor agrees to hold and disburse COVID-19 Recovery Assessments in the

Special Contribution UCTF in compliance with all covenants and provisions relating thereto in the Trust Agreement and the Financing Agreement. Without limiting the generality of the foregoing, the Secretary of Labor agrees to disburse all amounts in the Special Contribution UCTF constituting Pledged Funds to the Trustee for deposit in the Revenue Fund on a daily basis.

(2) The Secretary of Labor shall deliver to the Trustee within two Business Days after the end of each month, commencing with the end of the month immediately following the month in which the Initial Bonds are issued, a certificate stating the amount of COVID-19 Recovery Assessments collected by the Commonwealth during such month.

(3) On each Calculation Date, there shall be deposited from amounts in the Revenue Fund the following amounts in the following priority:

- (i) To the Debt Service Fund, an amount, together with the amount on deposit therein, sufficient to pay the Bond Debt Service Requirement on the next Debt Service Payment Date;
- (ii) To the Debt Service Reserve Fund, if any, an amount sufficient to restore the balance of the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement as set forth in the Applicable Supplemental Trust Agreement;
- (iii) To the Rebate Fund, an amount required to be deposited therein pursuant to Section 605 of the Trust Agreement;
- (iv) To the Bond Administrative Expenses Fund, an amount equal to the Bond Administrative Expenses as set forth in a certificate of the Treasurer; and
- (v) Amounts remaining in the Revenue Fund shall be applied as set forth in Sections 504(4) or 504(5) of the Trust Agreement.

To the extent that Pledged Funds in the Revenue Fund are not sufficient on any Calculation Date to make the deposit required by paragraph (3)(i) above for the immediately succeeding Debt Service Payment Date, the Trustee shall upon receipt of Pledged Funds in the Revenue Fund, immediately transfer any such amounts into the Debt Service Fund until amounts in the Debt Service Fund equal the Bond Debt Service Requirement for such Debt Service Payment Date.

(4) Annually, no later than each Projection Date, pursuant to the Financing Agreement, the Secretary of Administration and Finance and Treasurer shall jointly provide a certified projection (hereinafter, the "Certified Projection") to the Trustee in the form attached to the Trust Agreement that determines and declares how the balance in the Revenue Fund on such date shall be used. The Certified Projection shall contain calculations of (i) the Projected COVID-19 Recovery Assessments, (ii) the Required Coverage Amount, (iii) the Intra-year Retained Revenues, (iv) any Additional Intra-year Retained Revenues and (v) the Excess Pledged Funds to be transferred to the Redemption Fund.

- a. If the Projected COVID-19 Recovery Assessments equal or exceed the Required Coverage Amount, the Certified Projection shall (or, if no Super Sinker Bonds are Outstanding, may at its option) provide that all money remaining on deposit in the Revenue Fund, after all required transfers through the Projection Date pursuant to Section 504(3)(i)-(iv) of the Trust Agreement have been made, in excess of Intra-year Retained Revenues constitutes Excess Pledged Funds and shall direct the Trustee to (i) transfer such Excess Pledged Funds to the Redemption Fund to be applied solely for the redemption of Bonds, as required or permitted under any Applicable Supplemental Trust Agreement, and (ii) retain the Intra-year Retained Revenues in the Revenue Fund.
- b. If the Projected COVID-19 Recovery Assessments is less than the Required Coverage Amount, the Certified Projection shall (or, if no Super Sinker Bonds are Outstanding, may at its option) (x) include Additional Intra-year Retained Revenues which is equal to the

difference between the Required Coverage Amount and the Projected COVID-19 Recovery Assessments and (y) provide that all money remaining on deposit in the Revenue Fund, after all required transfers through the Projection Date pursuant to Section 504(3)(i)-(iv) of the Trust Agreement have been made, in excess of Intra-year Retained Revenues and the Additional Intra-year Retained Revenues constitutes Excess Pledged Funds and shall direct the Trustee to (i) transfer such Excess Pledged Funds to the Redemption Fund to be applied solely for the redemption of Bonds, as required or permitted under any Applicable Supplemental Trust Agreement, and (ii) retain the Intra-year Retained Revenues and the Additional Intra-year Retained Revenues in the Revenue Fund.

(5) Annually, on each December Calculation Date, or such other date as determined by the Treasurer prior to December 15th, after all required transfers are made pursuant to Section 504(3) of the Trust Agreement on the December Calculation Date, the Treasurer, in an Authorized Officer's Certificate, may declare and determine an amount to be retained in the Revenue Fund until the next Calculation Date (the "December Retained Revenues") and shall (or, if no Super Sinker Bonds are Outstanding, may, at its option) declare and determine that all money remaining on deposit in the Revenue Fund in excess of December Retained Revenues constitutes Excess Pledged Funds and such Excess Pledged Funds shall be transferred to the Redemption Fund to be applied solely for the redemption of Bonds, as required or permitted under any Applicable Supplemental Trust Agreement.

Redemption Fund. Section 506 of the Trust Agreement provides as follows:

(1) Amounts in the Redemption Fund constituting Excess Pledged Funds and deposited pursuant to Sections 505(4) or 505(5) of the Trust Agreement shall be applied by the Trustee as follows:

- a. First, on each Debt Service Payment Date, for so long as any Super Sinker Bonds are Outstanding, to the redemption of Super Sinker Bonds in the inverse order of maturity of such Super Sinker Bonds, until no Super Sinker Bonds are then Outstanding; and
- b. Second, at any time, but only if no Super Sinker Bonds are then Outstanding, in accordance with the direction of an Authorized Officer to (1) defease Bonds, (2) pay the optional redemption price of Bonds to be redeemed in accordance with the Applicable Supplemental Trust Agreement, (3) purchase Bonds on any date at such price or prices as an Authorized Officer directs, or (4) pay debt service on the Bonds.

(2) The Commonwealth may from time to time, as permitted by law, deposit amounts other than Pledged Funds into a separate subaccount of the Redemption Fund entitled "Additional Revenues Subaccount".

- a. For so long as Super Sinker Bonds are Outstanding under the Trust Agreement, amounts deposited in such Additional Revenues Subaccount may be applied in accordance with the direction of an Authorized Officer as follows:
 - i. With respect to Bonds other than Super Sinker Bonds, at any time, to (a) defease Bonds in inverse order of maturity, (b) pay the optional redemption price of Bonds to be redeemed in accordance with the Applicable Supplemental Trust Agreement in inverse order of maturity, or (c) purchase Bonds on any date at such price or prices as an Authorized Officer directs, in inverse order of maturity; or
 - ii. With respect to Super Sinker Bonds, to redeem Super Sinker Bonds on any Debt Service Payment Date, at the option and direction of an Authorized Officer, but only in a principal amount such that the Outstanding principal amount of the Super Sinker Bonds as of such Debt Service Payment Date, after taking into account the principal amount to be redeemed, together with any special mandatory redemption to occur on such Debt Service Payment Date from Excess Pledged Funds, is not less than the projected Outstanding principal amount of the Super Sinker Bonds as of such date, taking into account the projected special mandatory redemptions of the Super Sinker Bonds through such Debt Service Payment Date as set forth the Applicable

Supplemental Trust Agreement pursuant to which such Super Sinker Bonds were issued, at a redemption price equal to 100% of the principal amount of such Super Sinker Bonds to be redeemed, plus accrued interest to but not including the redemption date, without premium.

- b. If no Super Sinker Bonds are then Outstanding under the Trust Agreement, amounts deposited in such Additional Revenues Subaccount may be applied in accordance with the direction of an Authorized Officer as follows, at any time to (1) defease Bonds, (2) pay the optional redemption price of Bonds to be redeemed in accordance with the Applicable Supplemental Trust Agreement, (3) purchase Bonds on any date at such price or prices as an Authorized Officer directs, or (4) pay debt service on the Bonds.

(3) If at any time the amount on deposit and available therefor in the Debt Service Fund is insufficient to pay the principal and Redemption Price of Sinking Fund Payments and interest on the Bonds then due, the Trustee shall withdraw from the Redemption Fund and deposit in the Debt Service Fund, the amount necessary to meet the deficiency (other than amounts held therein for the redemption of Bonds for which a notice of redemption shall have been given).

Debt Service Fund and Bond Administrative Expenses Fund. For information regarding the application of moneys in the Debt Service Fund and Bond Administrative Expenses Fund, see *Appendix B – Proposed Form of Trust Agreement – Sections 504, 505 and 508.*

Financing Agreement

The Financing Agreement governs, together with the Trust Agreement, the use of proceeds of the Bonds, the assessment, pledge, deposit and use of the COVID-19 Recovery Assessments collected by EOLWD and the Commonwealth and the responsibilities of DUA and the Commonwealth with respect to federal securities law compliance relating to the Bonds.

Pursuant to the Trust Agreement, the Commonwealth shall pledge, assign and transfer to the Trustee all of its right, title and interest in and to the Pledged Funds to the Trustee for the benefits of the owners of the Bonds as security for the payment of the Bonds and Bond Administrative Expenses. The parties to the Financing Agreement acknowledge that the covenants and agreements contained in the Financing Agreement are for the benefit of the Trustee and the owners of the Bonds and may be enforced by the Trustee and the owners of the Bonds, as provided in the Trust Agreement.

In order to assist EOLWD and DUA in complying with the Financing Agreement, the Treasurer shall deliver to the DUA, Secretary of Administration and Finance and Secretary of Labor no later than five (5) Business Days after December 1 of each year, commencing December 8, 2022, a written notice specifying (i) the final amount that the Treasurer estimates will be required to pay the Adjusted Bond Debt Service Requirements and Bond Administrative Expenses due during the next Bond Year and (ii) the Minimum Annual Assessment for the following Assessment Year.

In addition, the Secretary of Labor shall deliver to the Trustee within two (2) Business Days after the end of each month, commencing with the end of the month immediately following the month in which the Bonds are issued, a certificate stating the amount of COVID-19 Recovery Assessment collected by the Commonwealth during such month.

EOLWD, acting through DUA, shall quarterly, no later than 30 days after the quarterly due dates for the COVID-19 Recovery Assessment and SUTA Taxes, provide to the Treasurer and the Secretary of Administration and Finance, a report of (i) the actual COVID-19 Recovery Assessments collected in comparison to the amounts owed for such quarter and (ii) the actual SUTA Taxes collected in comparison to the amounts owed for such quarter.

No later than May 15th of each year, EOLWD (acting through DUA) shall provide to the Treasurer and the Secretary of Administration and Finance, a report containing the total taxable wages for the first quarter of the then current Assessment Year, as reported to DUA for all experience-rated, private contributory employers.

No later than November 15th of each year, EOLWD (acting through DUA) shall provide to the Treasurer and the Secretary of Administration and Finance, the total taxable wages utilized to derive the COVID-19 Recovery Assessment for each employer for the next Assessment Year and details regarding the timeframe such taxable wages cover. Such taxable wages shall be determined from a query of all active and revived experience-rated, private contributory employers with their average annual taxable wages of the last three (3) computation periods, taken from the most recent rate calculation.

Finally, the Secretary of Labor shall as soon as practicable provide notice to the Treasurer, the Secretary of Administration and Finance and the Trustee of any changes to the taxable wage base or the methodology for determining the SUTA Tax rate. If such changes include an increase to the taxable wage base, the Treasurer shall consider such changes in establishing the Minimum Annual Assessment for the next Assessment Year.

DUA covenants and agrees with the Commonwealth in the Financing Agreement that:

- (a) On or before each March 1, commencing March 1, 2023, DUA shall assess experience-rated, private contributory employers a COVID-19 Recovery Assessment for the Assessment Year, in accordance with the Act, that is no less than the Minimum Annual Assessment. The COVID-19 Recovery Assessment shall be payable by employers on a quarterly basis (due no later than April 30, July 31, October 31 and January 31 or, if not a Business Day, on the next Business Day after such dates) in the same manner and at the same time as other assessments and contributions required by Chapter 151A.
- (b) The annual COVID-19 Recovery Assessment rate assessed to each experience-rated, private contributory employer shall equal a fixed percentage of the SUTA Tax rate determined in accordance with Chapter 151A; provided if the SUTA Tax rate has not been determined for such Assessment Year in order to meet the requirement of Section 3.04(a) of the Financing Agreement, the annual COVID-19 Recovery Assessment rate assessed to each employer shall be set based on an alternative formulation (the "Alternative Formula") as determined by mutual consent of the Treasurer, Secretary of Administration and Finance and Secretary of Labor. In the aggregate, when the COVID-19 Recovery Assessment rates for each employer are multiplied by the projected taxable wages for the Assessment Year, the total amount shall at least equal the Minimum Annual Assessment. Once an Alternative Formula has been agreed upon, such Alternative Formula shall be used thereafter if necessary under the Financing Agreement.
- (c) EOLWD shall not limit or alter the rights vested in the Commonwealth to collect the Pledged Funds and to deposit such amounts as provided in the Financing Agreement and in the Trust Agreement and shall not impair the rights and remedies of the Trustee and Bondholders under the Trust Agreement, the Financing Agreement and under the Act with respect to the Pledged Funds.
- (d) EOLWD will collect and deposit all Pledged Funds into the Special Contribution UCTF no later than two Business Day after receipt and shall cause such Pledged Funds to be transferred from the Special Contribution UCTF to the Trustee for deposit in the Revenue Fund under the Trust Agreement on a daily basis. On the date of delivery of the 2022 Bonds, EOLWD shall transfer any amounts on deposit in the Special Contribution UCTF on such date to the Trustee for deposit in the Revenue Fund.
- (e) If DUA receives from an employer an amount representing COVID-19 Recovery Assessments or other assessments levied pursuant to Chapter 151A, that is less than the full amount due from such employer, then the amount received from such employer shall be applied first to the COVID-19 Recovery Assessment due from such employer, before any such amount is applied to other assessments levied pursuant to Chapter 151A. Additionally, any credits for an employer shall be applied first to all other assessments levied pursuant to Chapter 151A and then to the COVID-19 Recovery Assessment.

- (f) EOLWD and DUA shall assess, collect, enforce and administer COVID-19 Recovery Assessments in the same manner as other employer contributions required pursuant to Chapter 151A; provided that any penalties received with respect to such collection or enforcement actions shall be deposited as set forth in Chapter 151A and not into the Special Contribution UCTF.
- (g) Upon receipt of a certificate of the Treasurer that there are no Bonds Outstanding in accordance with the Trust Agreement and all Bond Administrative Expenses have been paid in full, the DUA shall transfer the balance of the Special Contribution UCTF to the UITF and close the Special Contribution UCTF. Any COVID-19 Recovery Assessments received thereafter shall be transferred to the UITF.

See *Appendix C – Proposed Form of Financing Agreement* for the form of the Financing Agreement.

Additional Bonds

One or more Series of Additional Bonds may be issued in accordance with the Trust Agreement for the purpose of (i) repaying Federal Advances, (ii) making deposits into the UITF, (iii) making deposits to the Debt Service Reserve Fund, (iv) paying the costs of issuance, (v) paying principal of and interest and premium, if any, on notes issued in anticipation of such Bonds in accordance with Section 207 of the Trust Agreement, (vi) refunding prior Bonds issued under the Trust Agreement, (vii) funding capitalized interest on the Additional Bonds, (viii) reimbursing the Commonwealth for interest paid on outstanding or prior Federal Advances, or (ix) any combination of the foregoing.

A Series of Additional Bonds shall be authenticated and delivered pursuant to the Trust Agreement, but only upon notification by the Trustee that it has received, among other documents:

- (i) The documents, moneys and opinions required by Section 204(3), which include, among others, an opinion of Bond Counsel as to the validity of the Additional Bonds and the executed Applicable Supplemental Trust Agreement;
- (ii) The documents and moneys, if any, required by the Applicable Supplemental Trust Agreement;
- (iii) A certificate of an Authorized Officer stating that, as of the delivery of such Additional Bonds and application of their proceeds, no Event of Default, as described in Section 701 of the Trust Agreement, will have happened and will then be continuing;
- (iv) A certificate of the Treasurer and Secretary of Administration and Finance that the amount of such Additional Bonds together with any Bond Outstanding (after taking into consideration any refunding to be effected by the Additional Bonds) is not in excess of the Bond Authorizations in effect as of the date of issuance of such Additional Bonds; and
- (v) If Super Sinker Bonds are then Outstanding, a certificate of the Treasurer that the expected average life of each Super Sinker Bond that will remain Outstanding after the date of issuance of the Additional Bonds, taking into account the issuance of such Additional Bonds, will not exceed the remaining expected average life of each such Super Sinker Bond as computed by the Treasurer on the date of issuance of the Additional Bonds assuming that no such Additional Bonds are issued.

For a complete description of the requirements under the Trust Agreement for the issuance of Additional Bonds, see *Appendix B – Proposed Form of Trust Agreement – Section 206*.

Subordinated and Other Indebtedness

The Commonwealth may issue bonds, notes or other evidences of indebtedness (other than Additional Bonds) which are payable out of, or secured by a pledge of Pledged Funds that is subordinate to the obligations of the Commonwealth under the Trust Agreement, including the Bonds. See *Appendix B – Proposed Form of Trust Agreement – Sections 207 and 208*.

Qualified Hedge Agreements

The Trust Agreement provides that the Commonwealth may from time to time enter into Qualified Hedge Agreements with a Hedge Provider with respect to all or a portion of the Bonds of any Series Outstanding under the Trust Agreement. The obligations of the Commonwealth thereunder (other than termination payments, fees and expenses or other amounts due other than in the ordinary course) may be secured by a pledge of the Pledged Funds. The Treasurer shall provide the Trustee and each Rating Agency then maintaining a rating on any Bonds Outstanding with at least thirty (30) days prior written notice of its intention to enter into a Qualified Hedge Agreement unless such Qualified Hedge Agreement is being entered into in conjunction with the issuance of Additional Bonds. See *Appendix B – Proposed Form of Trust Agreement – Section 210*.

Commonwealth Covenants

Under the Trust Agreement, so long as any Bonds are Outstanding, the Commonwealth has covenanted to assess experience-rated, private contributory employers in each Assessment Year at least the Minimum Annual Assessment. Further, the Commonwealth shall not limit or alter the rights vested in the Commonwealth to collect Pledged Funds and to deposit such amounts as provided in the Trust Agreement and in the Financing Agreement and that it shall not impair the rights and remedies of the Trustee and the owners of the Bonds under the Trust Agreement or under the Financing Agreement with respect to Pledged Funds.

The Trust Agreement also provides that, so long as any Bonds remain Outstanding, or any Reimbursement Obligations, Qualified Hedge Payments or Bond Administrative Expenses then due and payable remain unpaid or payment not provided for as set forth in Section 1101 of the Trust Agreement or otherwise, the COVID-19 Recovery Assessment shall continue to be assessed and shall not be diverted from the Special Contribution UCTF except to be transferred to the Revenue Fund as provided for in the Trust Agreement. See *Appendix B – Proposed Form of Trust Agreement – Section 603*.

Remedies of Owners of Bonds

The Trust Agreement sets forth the Events of Default relating to the Bonds, which include failure to pay debt service, including principal of, interest on or Redemption Price of any Bond when due, whether at maturity or by call for mandatory redemption, in the payment of any Sinking Fund Payment, or failure to perform the covenants, agreements and conditions contained in the Trust Agreement, the limitation or alteration of the rights of the Commonwealth to collect and deposit Pledged Funds and the impairment of the rights and remedies of the owners of the Bonds.

Under the Trust Agreement, the Commonwealth has covenanted that, upon the occurrence of any Event of Default (which Event of Default has not been remedied), and upon demand by the Trustee, it shall pay over to the Trustee, to the extent permitted by law, any Pledged Funds not otherwise held by the Trustee in a Fund or Account. The Trust Agreement provides that upon the occurrence of an Event of Default, the Trustee may proceed either at law or in equity to protect and enforce the rights of the owners of the Bonds under the terms of the Trust Agreement or the laws of the Commonwealth. The Trust Agreement also provides that the Holders of a majority in aggregate principal amount of the Bonds then outstanding may direct the time, method and place of any proceeding for any remedy available to the Trustee, unless the Trustee determines that such direction would subject it to personal liability or be unjustly prejudicial to the Holders not parties to such direction.

If an Event of Default has occurred, no owner of a Bond shall have any right to institute any suit, action or proceeding in equity or at law to exercise any remedy or otherwise take action to enforce the terms of the Trust Agreement unless the Holders of at least a majority in aggregate principal amount of the Bonds then outstanding have requested the Trustee to act, and have afforded the Trustee adequate security or indemnity against the Trustee's costs, expenses and liabilities and the Trustee shall not have complied with such request within a reasonable time.

The Trust Agreement provides that neither the Trustee nor the owners of the Bonds shall have any right to accelerate the principal of or interest on the Bonds.

The remedies available to the Bondowners upon the occurrence of an Event of Default are limited and are in many respects dependent upon judicial actions which are often subject to discretion and delay. The foregoing

description of the security for the Bonds is subject in all respects to the complete terms of the Trust Agreement, the proposed form of which is attached hereto as *Appendix B*.

FEDERAL UNEMPLOYMENT INSURANCE PROGRAM

Overview

The Commonwealth's unemployment insurance or unemployment compensation program is one of 54 mandated joint federal-state programs originally established under the Social Security Act of 1935, as amended (the "SSA"), Pub. L. 74-271. Each state's program (the "UI Program") is funded through a combination of federal payroll taxes levied under the Federal Unemployment Tax Act of 1939 ("FUTA") Pub. L. 76-379, and local or state payroll taxes levied under various state unemployment tax acts (collectively, "SUTA"). Both federal and state taxes are paid by non-exempt employers doing business in each state. The FUTA imposes the federal tax on employers (the "FUTA Tax"), establishes other requirements for state unemployment insurance laws and establishes a joint federal-state program providing extended benefits during periods of high unemployment. The SUTA broadly govern state taxes (the "SUTA Taxes"), and each state determines its own tax rates and benefits and administers its own programs, all within FUTA/SUTA guidelines. Federal laws and regulations provide the framework for state unemployment compensation programs, but each state is accorded the discretion to set benefit levels, establish eligibility rules and employer contribution rates and to determine other issues relevant to unemployment compensation as long as minimum federal requirements are met. Across all states, SUTA Taxes: (i) are paid quarterly; (ii) are banked in each state-specific account within the federal Unemployment Insurance Trust Fund upon receipt; (iii) earn interest at a defined federal rate that resets annually (the "Federal Advance Rate," as further defined below); and (iv) are drawn by each respective state and applied to pay unemployment benefits within that state.

Each state's account is intended to provide an employer-funded, counter-cyclical reserve against increases in unemployment benefit costs. Each state's account is not held by the state itself, but is held at the federal level, separate and apart from the state, the state's General Fund and other state accounts in the federal Unemployment Insurance Trust Fund. Amounts in each state's account are only to be expended for the payment of regular state unemployment benefits and that state's portion of extended unemployment benefits pursuant to federal and state law.

Certain reports and information on each state's account is available from the United States Treasury Department's websites (treasurydirect.gov and fiscaldata.treasury.gov).

Federal Unemployment Tax Structure

Employers subject to the FUTA must pay FUTA Taxes to the Internal Revenue Service. The FUTA Tax is currently payable on the first \$7,000 of wages paid to each employee in each calendar year. FUTA Tax collections are used to pay administrative costs of state unemployment programs, to pay half of extended unemployment benefits and to fund loans to states whose unemployment compensation revenues and unemployment trust funds are insufficient to meet the state's unemployment benefit obligations (hereinafter, as further described below and defined in the Trust Agreement, "Federal Advances").

The current FUTA Tax rate is 6.0%. The United States Department of Labor ("USDOL"), as the administrator of the federal program, reviews all state unemployment compensation laws annually to determine whether those laws meet all federal requirements. Generally, if the United States Secretary of Labor certifies that a state's UI Program meets the federal requirements, employers within that state are eligible to receive a tax credit of up to 5.4% against the FUTA Tax rate. This credit (the "FUTA Tax Credit") reduces the current 6.0% FUTA Tax rate to an effective rate of 0.6%, which, based on the current maximum \$7,000 wage base, equates to a maximum annual FUTA Tax payment of \$42 per employee. If a state's unemployment compensation law fails to conform to the federal requirements, then the state's program could be decertified, which would result in that state's employers losing the FUTA Tax Credit or having it reduced, and the state could lose federal grants that provide funds to cover the costs of administering the state's UI Program. In general, an employer is entitled to the maximum 5.4% credit if the employer pays its SUTA Taxes on time and in full and if the state is not determined to be a Credit Reduction State, as further described below. The Commonwealth and the Massachusetts UI Program have never been

decertified, Massachusetts is not a Credit Reduction State, and Massachusetts employers are currently entitled to receive the maximum available 5.4% FUTA Tax Credit.

Federal Loans to States

Title XII of the SSA permits the federal government to provide loans (for purposes of this Official Statement and the Trust Agreement, “Federal Advances”) to states whose accounts within the federal Unemployment Insurance Trust Fund become insolvent. Title XII of the SSA establishes eligibility criteria for transfers of funds, application requirements, and limitations, and establishes how and when Federal Advances (and interest on such loans) are to be repaid.

If a state’s account projects a shortfall, the Governor of such state may request authorization for an advance from the Federal government to ensure no gap in the timely payment of unemployment claims. Governors are required to submit requests for a Federal Advance to the United States Secretary of Labor covering a period of three consecutive months, and such funds are then available as needed in the event of an actual shortfall. Federal Advances have been used by many states during periods of economic recession and, in particular, following the onset of the COVID-19 pandemic. See *The COVID-19 Pandemic and its Impact on Unemployment* below.

Interest accrues on the actual outstanding daily balances of Federal Advances at a defined Federal borrowing rate (the “Federal Advance Rate”). The Federal Advance Rate is the same rate for each state and resets each calendar year based on the prior calendar year’s fourth quarter yield on the entirety of the federal UITF portfolio. The Federal Advance Rate is also capped at 10%. The 2022 Federal Advance Rate is 1.5909%.

Interest on outstanding Federal Advances is generally due and payable no later than September 30 each year. See *The COVID-19 Pandemic and its Impact on Unemployment* below for information on federal COVID-19 relief measures that provided for an interest-free period on Federal Advances through September 6, 2021. Interest accrued on outstanding Federal Advances from September 7, 2020 through September 30, 2021, and the Commonwealth made the required interest payment by the September 30, 2021 due date. Interest on remaining outstanding Federal Advances accrues from October 1, 2021 through the earlier of September 30, 2022, and the repayment date of such Federal Advances and, as discussed herein, is being repaid from a portion of proceeds of the 2022 Bonds. Interest cannot be paid directly or indirectly from funds in a state account. Paying interest is a requirement to be certified under the FUTA for the state’s employers to take advantage of the up to 5.4% FUTA Tax Credit and is a requirement to be certified under the SSA for the state to receive administrative grants from the Federal government. A state may voluntarily repay Federal Advances at any time and any such repayments are applied on a last made, first repaid basis.

Under certain circumstances, states can receive interest-free Federal Advances assuming they have no outstanding balance on January 1 of a particular year. Provided a state meets certain solvency and tax maintenance requirements specified in USDOL regulations, no interest will be assessed on the requested advances, or “cash flow loans,” received between January and September of that same calendar year so long as the loans are repaid by September 30 of that same calendar year and no other advances are received between October 1 and December 31. The Commonwealth does not currently meet these eligibility requirements and, therefore, is not eligible for such interest-free Federal Advances.

Federal law provides that, when a state has an outstanding Federal Advance balance on January 1 of two consecutive years, the full amount of the Federal Advance balance must be repaid before November 10 of the second year. If not repaid by that date, the state becomes a “Credit Reduction State” and the FUTA Tax Credit available to employers will be reduced by 0.3% annually. Such reductions in the FUTA Tax Credit, along with potentially other funds in a state account, will be utilized to repay Federal Advances. Subject to certain limits imposed by Federal law, the reduced credit will increase by 0.3% for each January 1 that passes without full repayment of outstanding Federal Advances by November 10 of that year. The FUTA Tax Credits will be reinstated in full in the calendar year after which no Federal Advance balance remains outstanding as of the prior November 10. The Commonwealth had no outstanding Federal Advance balance on January 1, 2020, had \$2.268 billion outstanding on January 1, 2021, and had \$2.268 billion outstanding on January 1, 2022. The Commonwealth has not been a Credit Reduction State and is using a portion of the proceeds of the 2022 Bonds to repay all currently outstanding Federal Advances by November 10, 2022, and accordingly will not become a Credit Reduction State in 2023.

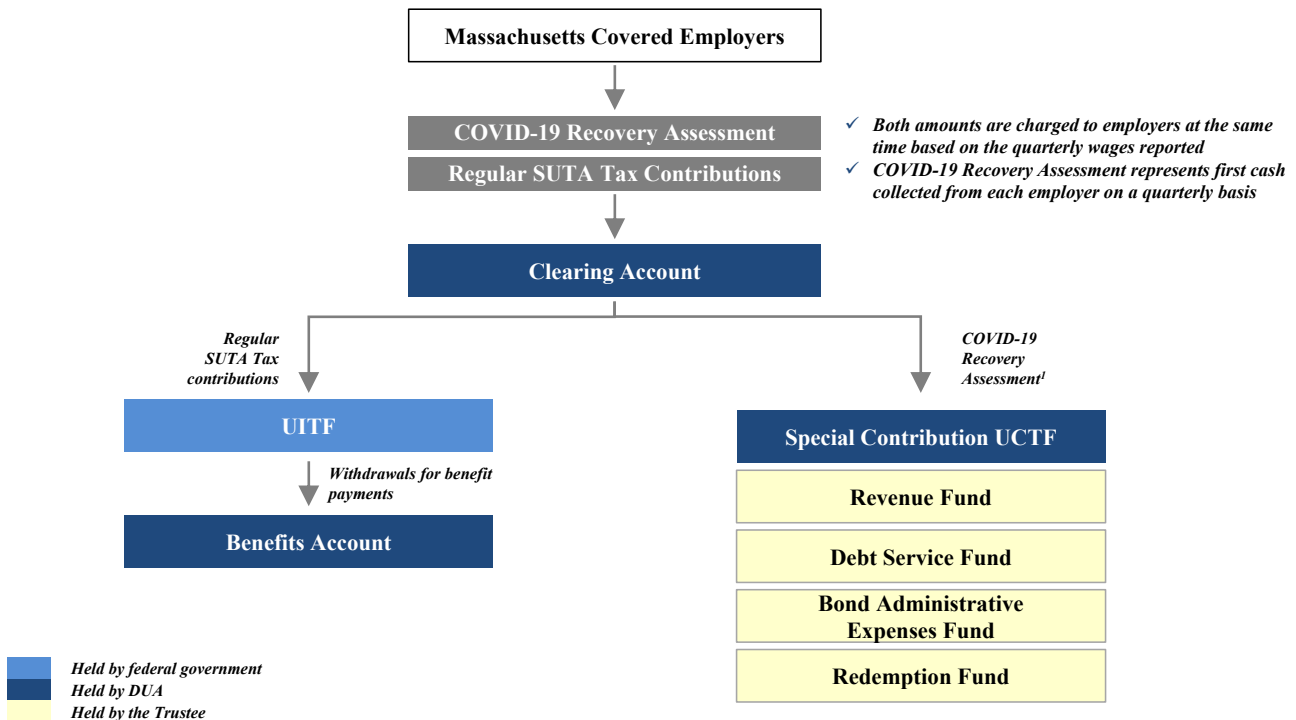
COMMONWEALTH UNEMPLOYMENT INSURANCE PROGRAM

Overview

The Massachusetts UI Program is an economic stabilization program designed to provide a safety net for individuals that lose their jobs due to no fault of their own. The program provides benefits to unemployed workers and funds these benefits with contributions based on the employers' quarterly taxable wages multiplied by the employers' contribution rate, which is based on the experience history of the employer. The experience history refers to the amount of unemployment insurance paid to claimants in prior years and the number of employees laid off since the employer started doing business in Massachusetts.

The Massachusetts UI Law establishes, separate and apart from all public moneys or funds of the Commonwealth, an Unemployment Compensation Fund. The State Treasurer serves as the treasurer of the Massachusetts Unemployment Compensation Fund and has established accounts within such fund, as required by the Massachusetts UI Law – (1) a clearing account ("Clearing Account"), which is held by DUA and initially receives all Massachusetts employer contributions pursuant to the Massachusetts UI Law and any other moneys payable to the Massachusetts UI Program and (2) an unemployment compensation fund account, which is Massachusetts's state-specific account within the federal Unemployment Insurance Trust Fund and referred to herein as the "UITF." The UITF is held at the federal level for the benefit of the Commonwealth and is not held directly by the Commonwealth. After clearance, all money designated as unemployment insurance money in the Clearing Account is deposited in the UITF to be applied to the purposes of the Massachusetts UI Program. With certain limited exceptions, amounts are transferred from the Clearing Account to the UITF on a daily basis. Pursuant to the Massachusetts UI Law, EOLWD also maintains a benefits account ("Benefits Account"), which is used exclusively for the payment of benefits, and which is not part of the UITF.

The following chart sets forth the funds and accounts established pursuant to the Massachusetts UI Law and the UI Improvement Act with respect to the Bonds, and the general flow of moneys to and from the UITF.



Note: Excludes amounts paid by employers for the FUTA Tax, as well as the Employer's Medical Assistance Contribution and the Workforce Training Fund Program, which do not flow to the UITF or Special Contribution UCTF; the COVID-19 Recovery Assessment is charged to experience-rated private contributory employers only, whereas all private contributory employers pay the SUTA Tax

¹ With the exception of certain amounts collected in 2021 and 2022, which flowed to the UITF (prior to the Special Contribution UCTF and Trust Agreement being in place)

Massachusetts Department of Unemployment Assistance

DUA, a department within EOLWD, administers the Massachusetts UI Program and related funds. EOLWD manages the Commonwealth's workforce development and labor departments to ensure that employers, workers, and the unemployed have the tools and training needed to succeed in the Massachusetts economy.

In its capacity as administrator of the Massachusetts UI Program, EOLWD, acting through DUA, is responsible for, among other things, (i) paying all unemployment compensation benefits and related claims, including extended benefit claims, on a timely basis, (ii) calculating unemployment compensation rates and deposit contributions, (iii) setting the maximum weekly benefit amount annually, (iv) protecting the integrity of the UITF, and (v) administering Federal Advances and ensuring adequate rates and charges are assessed to employers to ensure the timely repayment of such Federal Advances. DUA administers the Massachusetts UI Program for employers, claimants and third-party administrators through a web-based program known as "UI Online."

After an extensive procurement process, EOLWD has engaged a third party vendor to build a new system to replace and modernize the existing unemployment system and its related operational processes. The modernization project will be done in two phases: Phase 1, which is targeted for public release in June 2023, will include modernized employer wage reporting and unemployment tax administration. Phase 2 is targeted for public release in October 2024 and will modernize the entire benefits application and delivery process. The entire modernization project will be under warranty until October 2026, and the Commonwealth's UI system will at all times remain operational and stay current with federal and state law. Although not expected at this time, implementation of a new system could result in delays in collecting or transferring the COVID-19 Recovery Assessments.

Employer SUTA Taxes

Unemployment insurance benefits paid to eligible unemployed individuals in Massachusetts are funded from quarterly SUTA Taxes paid to DUA by Massachusetts employers who are required to do so. These funds are deposited into the Clearing Account and subsequently transferred to the UITF. Generally, private, for-profit employers are required under the Massachusetts UI Law to contribute to the UITF if their business meets the following conditions: (i) they have employees working one or more days in 13 weeks during the calendar year (the weeks of employment need not be consecutive nor must the employees remain the same); or (ii) they pay wages of \$1,500 or more in any calendar quarter. For certain types of employers, different thresholds must be met before they are required to make unemployment insurance contributions. These include agricultural employers, domestic workers, and out-of-state employers.

The amount an employer pays in SUTA Taxes is generally based on (i) the employer's taxable wages (based on the Commonwealth's taxable wage base, which is currently \$15,000), (ii) the employer's contribution rate, and (iii) the number of covered employees working for the employer. DUA calculates each employer's SUTA Tax for the quarter through UI Online, which multiplies the taxable wages paid to all covered employees during the quarter by its contribution rate.

Taxable Wages and Taxable Wage Base. An employer calculates its taxable wages by determining the amount of wages paid to each employee that, when combined with wages paid to the employee in prior quarters of that calendar year, does not exceed the taxable wage base for the year. The employer reports gross wages to DUA through UI Online and UI Online subsequently determines the quarterly taxable wage amount by tracking employees' social security numbers. The taxable wage base is the amount of wages paid by an employer to each employee during a calendar year that is subject to employer contributions. The current Massachusetts taxable wage base is \$15,000, as compared to the federal taxable wage base of \$7,000. The current taxable wage base has been in effect since 2015. Prior to that time, the taxable wage base was \$14,000, which had been in effect since 2004. See *Appendix A – Table 3*.

Contribution Rates. Prior to enactment of the UI Improvement Act, which is further defined herein and which authorizes the issuance of the Bonds and institutes the COVID-19 Recovery Assessment, each employer's overall contribution rate consisted of the components discussed below:

- **Experience and Reserve-Based Contribution Rate:** There are seven SUTA Tax schedules (e.g., Schedule A through Schedule G). The Massachusetts UI Law specifies which schedule will be in effect for the calendar year based on the ratio of the UITF balance to a historical average of employer payroll. Schedule A has the lowest contribution rates and Schedule G has the highest contribution rates. The actual contribution rate for each employer varies depending on the employer's individual experience rating (that is, historical contributions less historical benefits charged), as within each schedule there are 45 different rates depending on the employer's individual experience rating. Employers that contribute based on their experience rating are referred to herein as "experience-rated employers." See *Experience and Reserve-Based Contribution Rate Schedule* below and *Appendix A - Table 4* for additional information.
- **Employer's Medical Assistance Contribution ("EMAC"):** EMAC is used to support the provision of subsidized health care services funded by the Commonwealth Care Trust Fund. Employers must pay contributions on the first \$15,000 of each employee's wages paid during the calendar year. The amount of contribution is calculated by multiplying the taxable wages subject to contributions by the health insurance contribution flat rate. New employers subject to unemployment contributions for their first time are exempt for the first three years. For the fourth year the rate is 0.12%, then 0.24% for the fifth year and 0.34% for the sixth year and beyond. Whenever an average of fewer than six employees are employed during the quarter, wages paid in that quarter are exempt from EMAC.
- **Workforce Training Fund Program Contribution ("WTFP"):** Flat rate of 0.056% of taxable wages per employee. This amount is used to fund grants to companies to provide workforce training and education programs for workers.
- **Solvency Assessment:** DUA separately tracks a Solvency Account within the UITF that is used to finance benefits that are not chargeable to an individual employer account. These benefits include (1) dependency allowances, (2) benefits paid to individuals who leave employment for what are considered to be urgent or compelling personal reasons, (3) benefits paid and charged to accounts whose reserves have been depleted, (4) Commonwealth funded "extended benefits", and (5) additional benefits paid to claimants who are in approved DUA training programs. The Solvency Assessment distributes these costs proportionally among all employers. The Solvency Assessment changes from year to year and for the period from 1986 to 2022 has generally ranged from 0.05% to 2.71%. See *UI Improvement Act* for a discussion about the 2022 Solvency Assessment adjustments. The assigned annual Solvency Assessment rate is applied to the individual employer's taxable wages for the applicable computation period. This amount is then deducted from an employer's reserve balance annually, which impacts the reserve ratio calculation that drives the annual determination of the employer's applicable SUTA Tax schedule. The Solvency Assessment is not an incremental charge that is paid by employers each year, and is only an adjustment for purposes of the reserve ratio calculation.

In addition to authorizing the issuance of the Bonds, the enactment of the UI Improvement Act permits the collection of a COVID-19 Recovery Assessment (as defined herein and in the Trust Agreement, the "COVID-19 Recovery Assessment") beginning January 1, 2021, which will be a component of an employer's total annual cost as long as any Bonds remain Outstanding. See *COVID-19 Recovery Assessment* below.

Covered Employees. The Massachusetts UI Program generally covers most employees in the public, private and non-profit (meaning organizations holding Section 501(c)(3) status under the Internal Revenue Code) sectors, with certain exceptions. In 2021, approximately 94.1% of all employed workers in Massachusetts were covered employees under the Massachusetts UI Program. See *Appendix A – Table 1* for information regarding total Massachusetts employees and covered employees. Workers currently not covered include the following:

- Workers who provide services performed for churches and certain religious organizations;
- Workers under 18 who work for a parent; or by an individual for his or her daughter, son or spouse;

- Students participating in work-training programs administered by a non-profit or public educational institution;
- Workers who are notified at the time of employment that unemployment insurance is not provided because they are part of a student financial aid assistance program provided by a school, college, or university where the student/employee attends classes, or similar employment for the student's spouse;
- Real estate brokers or salespeople licensed by the state and paid solely by commission;
- Insurance agents or solicitors that are paid by commission (except industrial life insurance agents);
- Sole proprietors and members of partnerships, including single-member LLCs or LLPs;
- Self-employed individuals working independent of the direction and control of an employer; and
- Certain employees of state and local governments, such as elected officials, members of a legislative body or judiciary, emergency employees hired during a disaster, inmates in custodial or penal institutions, and members of the Massachusetts National Guard or Air National Guard.

Government and non-profit employers (organizations holding Section 501(c)(3) status under the Internal Revenue Code) are exempt from the FUTA Tax. However, these employers are subject to the Massachusetts SUTA Tax and either make quarterly contributions (the "contributory method") or may choose to reimburse DUA only when benefits are actually paid to their former employees (the "reimbursable method"). Private non-profit employers that elect to use the contributory method do so on the same basis as private employers. Rates for governmental contributory employers are calculated using a different method than private contributory employers, the benefit-wage ratio method, which uses total benefits paid divided by total payroll for a two-year computation period. Governmental employers are not subject to the Solvency Assessment, COVID-19 Recovery Assessment or the WTFP contribution.

Under the reimbursable method, the employer is liable and billed for all costs of any and all benefits paid to former employees, but it does not pay any Solvency Assessment or any COVID-19 Recovery Assessment. Employers choosing the reimbursable method are required, pursuant to Massachusetts UI Law, to reimburse DUA for benefits paid to former employees in circumstances under which contributory employers normally are not charged, including dependency allowances, state-financed extended benefits, approved voluntary separations, state-approved training programs, and remaining benefits. Benefit charges are billed monthly and are due within 30 days. Employers choosing the reimbursable method are not considered experience-rated employers.

Employers may change from the reimbursable method to the contributory method and vice versa by providing notice to DUA. Once selected, that method is in effect for at least two calendar years. For governmental employers, such notice is due by December 31 of the year preceding the changeover year; for non-profit employers, such notice is due by December 1 of the year preceding the changeover year. New governmental or non-profit employers are asked to choose a financing method when the organization becomes subject to the Massachusetts UI Law. If no financing method is selected, by law, the contributory method is assigned.

[Remainder of this page intentionally left blank]

The table below summarizes Commonwealth employers by type. As of May 24, 2022, approximately 73.3% of all Commonwealth employers are considered experience-rated, private contributory employers and are subject to the COVID-19 Recovery Assessment.

Massachusetts Employers by Type

Type	Subject to the COVID-19 Recovery Assessment?	# of Employers	% of Employers	% of Employees	% of Total Wages
Experience-Rated, Private Contributory	Yes	184,144	73.3%	71.4%	77.1%
Non-Experience-Rated, Private Contributory	No	63,767	25.4	4.6	3.4
Private Reimbursable	No	2,260	0.9	13.5	11.4
Government Contributory	No	501	0.2	3.5	2.8
Government Reimbursable	No	564	0.2	7.0	5.4
Total		251,236	100.0%	100.0%	100.0%

Source: EOLWD. Based on employer count and filed 2022 Q1 wage reports as of May 24, 2022. Totals may not add due to rounding.

Experience and Reserve-Based Contribution Rate Schedule. There are seven contribution rate schedules (e.g., Schedule A through Schedule G) and the applicable schedule in any year is determined based on the ratio of the UITF balance to a historical average of employer payroll, as specified by Massachusetts UI Law. Schedule A has the lowest rates and Schedule G has the highest rates. Fluctuations in the aggregate UITF balance affect the rate individual employers will pay. An increase in the aggregate fund balance may trigger a lower tax rate schedule (e.g., Schedule A) and, conversely, a decrease in the fund balance may trigger a higher tax rate schedule (e.g., Schedule G). Within each schedule, there are 45 different rates depending on the individual employer's reserve percentage. In many cases in recent years, state legislation has superseded the rate schedule set according to the UITF reserve percentage, and the rate schedule has been frozen at a level irrespective of the current UITF balance and reserve ratio. *Appendix A – Table 4* sets forth the current Massachusetts contribution rate schedules. Schedule E is in effect for calendar year 2022 as mandated by the UI Improvement Act. As a result of the issuance of the 2022 Bonds, Schedule A is expected to be in effect for 2023.

Under the contributory method, employer contributions are based on whether the employer is a new employer in Massachusetts or an established employer with several years of experience contributing to the Massachusetts UI Program. New and newly covered employers pay a “new employer rate” until they meet the requirements for experience rating, generally after three years. There are other scenarios where an employer would also receive an assigned rating by statute. Assigned rate employers are assigned a rate based on an assumed reserve percentage provided by Section 14 of the Massachusetts UI Law. Rates are also assigned to employers in cases where DUA cannot calculate a reserve percentage (e.g., for employers with zero wages or employers who have changed from the reimbursable method to the contributory methods).

After the first three years at the new employer rate, DUA calculates experience rates based on the reserve ratio method. The calculation of contributory employer rates is governed by Section 14 of the Massachusetts UI Law. An experience rate account is maintained for each private company or organization that is registered as a contributory employer. This account is a record of the contributions paid to DUA and the amount of benefits paid to an employer's workers or former workers and is maintained for the purpose of determining the annual tax rate for each employer. DUA calculates the cumulative ending balance of each employer's account as of September 30. This balance is divided by the three-year average of total taxable wages, and a reserve percentage is calculated for each employer. This reserve percentage is applied to the annual rate schedule that is in effect to arrive at the individual employer's contribution rate for the upcoming year.

Contributions are based on wages paid to employees. Once an experience rate is assigned, that rate is applied to the wage base in effect during that year (currently \$15,000 per employee).

Timing of Employer Contributions. The following table outlines the dates on which employer contribution payments are due (and the quarter in which such due date falls, to highlight the lag of contribution payments). If the due date falls on a holiday or weekend, the due date is the next business day.

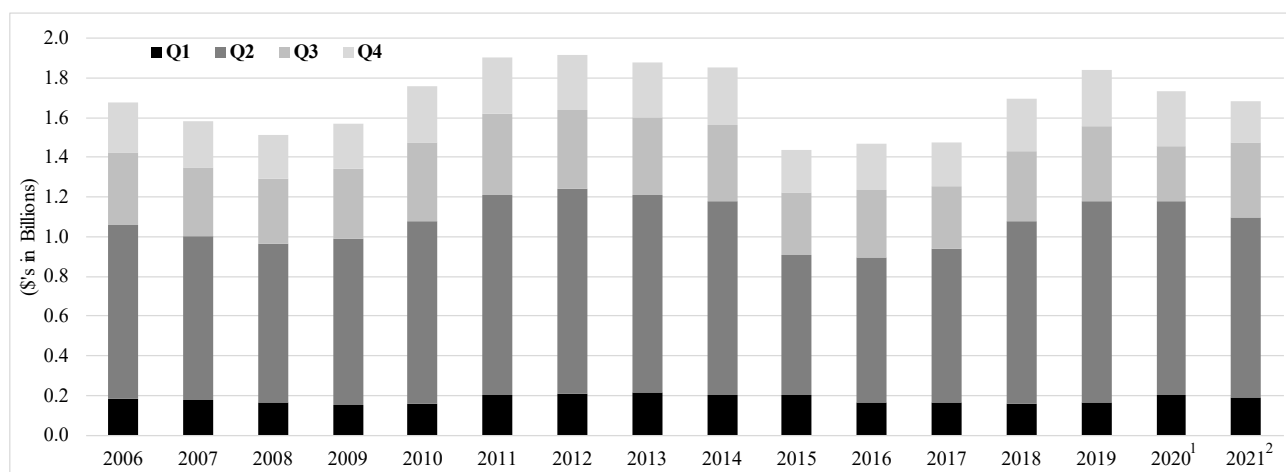
Timing of Employer Contributions

Employer Contribution Payment	Accrual Dates	Due Date	Quarter in Which Due Date Falls on a Cash Collection Basis	Average Contributions by Quarter (2015-2019) ¹
Q1	January 1 – March 31	April 30	Q2	52.1%
Q2	April 1 – June 30	July 31	Q3	21.5
Q3	July 1 – September 30	October 31	Q4	15.4
Q4	October 1 – December 31	January 31	Q1	11.0

¹ Represents the average contributions collected by quarter from 2015 to 2019 per the U.S. Department of Treasury, Bureau of Fiscal Service, TreasuryDirect (“TreasuryDirect”).

Historic SUTA Tax Revenues. The chart below illustrates annual SUTA Taxes collected for the period 2006-2021. The graph is shown on a cash collection basis, meaning collections are included in the quarter in which they are received in the UITF. As is demonstrated, the majority of collections occur in Q2 in each year. Collections received in Q2 generally reflect employer contributions for Q1, which amounts are due on April 30 (as noted above). As of May 31, 2022, \$656.5 million in contributions have been collected in calendar year 2022.

Historic SUTA Tax Revenues (2006-2021)



Source: TreasuryDirect.

All amounts are shown on a cash basis.

¹ 2020 SUTA Taxes exclude a \$406.6 million deposit made on December 10, 2020 (Q4), which represented amounts that were returned from the Benefits Account and incorrectly tagged as SUTA Taxes in TreasuryDirect.

² 2021 SUTA Taxes exclude \$622.5 million in overpayments received in Q2 2021 due to the recalculation of the Solvency Assessment, which were retained by employers as credits toward future payments as further detailed herein. 2021 SUTA Taxes include cash contributions received for the 2021 COVID-19 Recovery Assessment.

[Remainder of this page intentionally left blank]

COVID-19 Recovery Assessment

For calendar years 2021, 2022 and any calendar year in which Bonds are outstanding, the UI Improvement Act provides that a COVID-19 Recovery Assessment will be charged to experience-rated, private contributory employers based on a formula prescribed by rules set forth by the Director of DUA, using the employer's experience rating. Similar to SUTA Taxes, the COVID-19 Recovery Assessment rate applies to the employer's taxable wage base. The UI Improvement Act provides that the COVID-19 Recovery Assessment shall be collected in such a manner and at such times as the Director of DUA shall prescribe, provided that the collection shall be at least quarterly.

For 2021 and 2022, the COVID-19 Recovery Assessment was set at \$150 million (see *UI Improvement Act* below). For 2023 and until no Bonds remain outstanding, the Trust Agreement provides that the Commonwealth shall assess employers a COVID-19 Recovery Assessment that generates Pledged Funds of not less than the Minimum Annual Assessment, which must be at least one hundred twenty-five percent (125%) of the annual Adjusted Bond Debt Service Requirement and Bond Administrative Expenses. With the exception of certain amounts directed to the COVID-19 Relief Account within the UITF in 2021 and 2022 and prior to the creation of the Special Contribution UCTF, the COVID-19 Recovery Assessment will be credited to the Special Contribution UCTF established pursuant to the UI Improvement Act, which amounts are transferred to the Revenue Fund under the Trust Agreement on a daily basis.

Collection of Employer Contributions

For each calendar year, DUA issues an Annual Rate Notice to all employers (except for reimbursable employers). Pursuant to the Massachusetts UI Law, the Annual Rate Notice must be issued no later than April 20 of the calendar year in which such contributions are due; in practice, DUA targets issuing the Annual Rate Notice to employers in December of the prior calendar year. The Annual Rate Notice advises the employer of its aggregate unemployment contributions for the year, including the SUTA Tax, EMAC rate, WFTP rate and any adjustment for the Solvency Assessment. The 2021 notice included the COVID-19 Recovery Assessment, in the amount of \$150 million, that was directed by DUA to the COVID-19 Relief Account of the UITF. The 2022 notice included the COVID-19 Recovery Assessment in the amount of \$150 million, and directed amounts collected through April 24, 2022 to the UITF and amounts collected on and after April 25, 2022 to the Special Contribution UCTF. All future notices will include a COVID-19 Recovery Assessment in an amount that is expected to generate Pledged Funds of not less than the Minimum Annual Assessment.

For each calendar quarter, employers are required to file quarterly "Employment and Wage Detail" reports, which indicate the amount of gross and taxable wages paid by the employer during the quarter and the amount of contributions due for the quarter. The unemployment compensation reports and contribution payment for a calendar quarter are due by the last day of the month immediately following the quarter. Contributions are due by April 30 (representing amounts accrued from January 1 to March 31), July 31 (representing amounts accrued from April 1 to June 30), October 31 (representing amounts accrued from July 1 to September 30) and the subsequent January 31 (representing amounts accrued from October 1 to December 31). If the due date falls on a holiday or weekend, the due date is the next business day.

Interest will accrue on the principal portion of unpaid balances at the rate of 12% per year from the quarterly due date until fully paid. DUA sends billing notices on the 5th of every month for overdue amounts and overdue notices are sent one day after the due date. Demand notices are sent 15 days after the due date to employers who failed to file or pay. DUA has a variety of enforcement tools available, beginning with issuing certified assessments and court judgments, levies on bank accounts, tax intercept and liens on property and possible prosecution of individuals and principals in corporations for failure to file or pay contributions. DUA also issues late-filing penalties and performs random audits of employer accounts.

The following table indicates the percentage of SUTA Tax revenues for experience-rated, private contributory employers that were remitted to DUA since 2006. Since 2006, 95.1% of contributions have been collected by their due date (adjusting for any extensions or weekends). As of June 16, 2022, 99.6% of all amounts due since 2006 have been collected by DUA.

Employer Collection Rates by Quarter¹
(2006-2021)

Year	Collection Rate by Due Date (%)²				Collection Rate To-Date (%)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2006	94.1	89.4	92.7	93.3	99.8	99.6	99.5	99.6
2007	94.6	89.7	93.0	92.7	99.8	99.6	99.5	99.5
2008	94.1	89.1	91.8	88.1	99.8	99.5	99.5	99.4
2009	92.2	83.8	84.1	93.1	99.8	99.6	99.3	99.1
2010	90.6	93.0	95.8	95.5	99.7	99.4	99.1	99.2
2011	95.7	92.9	95.8	95.7	99.7	99.5	99.2	99.1
2012	94.9	93.0	96.5	96.4	99.6	99.5	99.2	99.2
2013	96.7	94.0	97.1	96.8	99.7	99.4	99.4	99.2
2014	95.5	95.2	96.6	96.5	99.7	99.4	99.3	99.1
2015	97.4	94.6	96.9	95.7	99.8	99.6	99.4	99.4
2016	97.3	95.4	97.5	97.3	99.7	99.5	99.4	99.4
2017	97.4	94.0	96.9	96.0	99.8	99.6	99.5	99.4
2018	97.4	95.6	97.2	97.3	99.8	99.6	99.5	99.6
2019	97.4	96.2	97.3	97.5	99.7	99.5	99.3	99.2
2020	97.5	96.1	96.5	96.5	99.7	99.1	99.2	99.0
2021	99.2	95.9	96.6	97.0	99.6	98.5	97.2	98.4
Quarterly Average:	94.8%				99.4%			
Total	95.1%				99.6%			

Source: DUA, as of June 16, 2022. Based on employer filings and contributions for private contributory employers only. Represents collections of the SUTA Tax only, and does not include collections of the COVID-19 Recovery Assessment (in 2021) or other amounts charged.

¹ Data for each period of time is a retroactive snapshot of activity as of June 16, 2022. Potential sources of variance are early system issues, data conversions, employer wage and payment adjustments and debt write-offs that occurred prior to June 16, 2022.

² Reflects any applicable extensions and/or weekends.

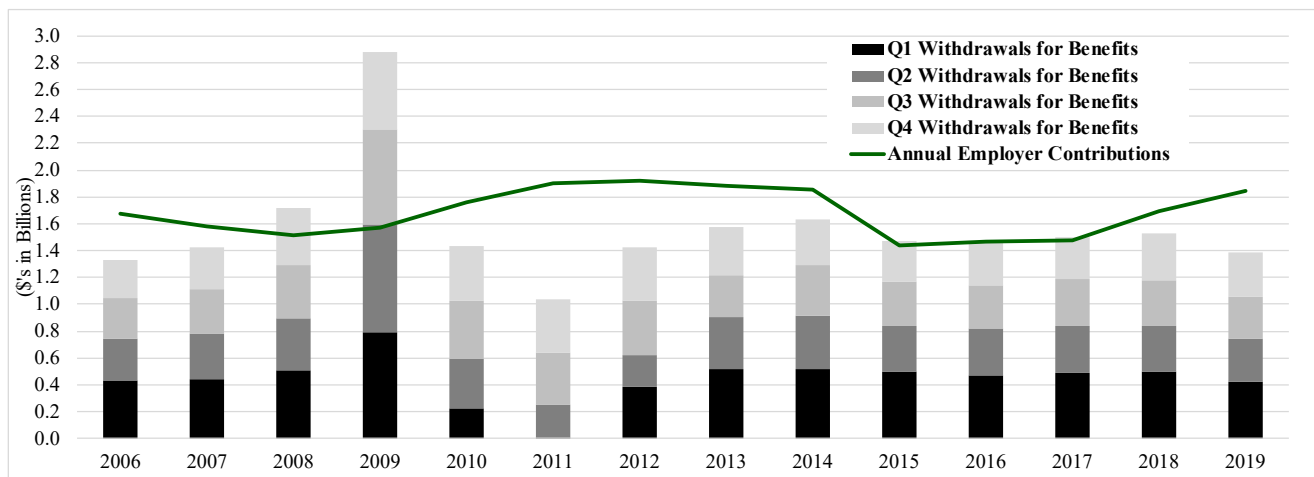
As noted herein, the COVID-19 Recovery Assessment was first assessed in 2021. As of June 16, 2022, 98.1% of all amounts owed were collected by the due date and 99.2% of all amounts owed have been collected.

[Remainder of this page intentionally left blank]

Benefit Payments

The Massachusetts UI Program has typically provided an average of \$1.5 billion in annual benefit payments to qualified unemployed workers. During the last recession from 2009 to 2010, annual benefit payments peaked at nearly \$3 billion. The chart below shows amounts withdrawn from the UITF for benefits from 2006 to 2019, prior to the COVID-19 pandemic.

Historic UITF Withdrawals for Benefit Payments¹
(2006-2019)



Source: TreasuryDirect.

All amounts are shown on a cash basis.

¹ Excludes benefit payments made from Federal Advances totaling \$387.3 million in 2010, \$371.5 million in 2011, \$197.5 million in 2012 and \$10.9 million in 2013.

As a result of the COVID-19 pandemic (see *The COVID-19 Pandemic and its Impact on Unemployment* below), DUA paid over \$33.5 billion in total state and federal benefits, comprising approximately \$21.3 billion in calendar year 2020 and \$12.2 billion in calendar year 2021. For the current calendar year through May 31, 2022, DUA has paid approximately \$718.8 million in total state and federal benefits.

The COVID-19 Pandemic and its Impact on Unemployment

In response to the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, and the declaration by the World Health Organization on March 11, 2020 of a COVID-19 pandemic, in March 2020 Governor Baker declared a state of emergency in the Commonwealth. Over the following eight weeks, Governor Baker's administration (the "Administration") undertook a number of mitigation measures in response to COVID-19, including emergency orders closing certain education programs and non-essential businesses, a number of social distancing mandates, travel advisories, and eviction moratoriums, as well as tax relief measures postponing the collection of certain taxes due in fiscal year 2020. All of these measures resulted in widespread economic disruption throughout the Commonwealth.

As the COVID-19 pandemic continued to evolve, the Administration curtailed certain measures while retaining the flexibility to address future waves of the pandemic. In May 2020, the Governor announced a four-phase approach to reopening the Commonwealth, indicating that decisions and timing on all phases would be influenced by public health metrics. Between May and October 2020, as public health metrics improved, the phased reopening plan was implemented in steps, and certain mitigation measures were curtailed. By October 2020, the Commonwealth had proceeded to step 2 of Phase III of the plan. In December 2020, the Commonwealth rolled back its reopening requirements and standards to step 1 of Phase III in response to an increase in new COVID-19 infections and hospitalizations following the 2020 Thanksgiving holiday. As a result, indoor capacity across a broad range of sectors was reduced, several workplace restrictions were tightened, and certain businesses were required to

close, including indoor performance venues and certain high-contact indoor recreational businesses. In December 2020, the Commonwealth also began phased vaccination efforts across Massachusetts.

As public health measures continued to trend in a positive direction, and the Commonwealth experienced significant declines in average daily COVID-19 cases and hospitalizations, and increasing rates of vaccination within the Commonwealth, the Administration continued to implement the reopening plan, and by the end of May 2021, nearly all COVID-19 restrictions were lifted and all industries were permitted to open. On June 15, 2021, the state of emergency in the Commonwealth related to COVID-19 was terminated. Based on information submitted to the Massachusetts Immunization Information System as of May 31, 2022, and using the University of Massachusetts Donahue Institute 2019 Population Estimates, more than 5.3 million people within the Commonwealth, or approximately 78.2% of the Commonwealth's population, are fully vaccinated.

The Administration is continuing to monitor public health data relating to COVID-19 and expects to take additional measures to control the spread of COVID-19 within the Commonwealth, if needed, as new variants of the virus emerge. At this time, the Commonwealth cannot predict whether additional measures will be needed to control the spread of COVID-19 or the nature or duration of any such measures.

The ultimate impact of the COVID-19 pandemic on the Commonwealth's economy remains unknown. In response to the pandemic, international, federal, state and local governments, as well as private businesses and organizations, implemented numerous measures intended to mitigate the spread and effects of COVID-19. The continued spread of COVID-19, the mitigation measures implemented, and the responses of individuals, businesses, and organizations to the disease and the mitigation measures implemented have caused and may continue to cause, severe disruptions in global, national, and local economies, as well as to global financial markets and the U.S. stock and bond markets. Many businesses have experienced and may continue to experience decreases in operations and revenues. The impacts of COVID-19 resulted in unprecedented rates of unemployment in the Commonwealth, causing, among other things, a depletion of the Commonwealth's UITF and the need for the Commonwealth to borrow federal funds to ensure a continuation of unemployment benefits, which Commonwealth employers will need to repay. The extent to which businesses that have completely or partially closed will reopen, travel and tourism activity will return to pre-pandemic levels, and businesses and organizations will allow employees to work from home is still unknown. The extent of these and other impacts on the Commonwealth's economy will depend on future developments and numerous factors, many of which are beyond the Commonwealth's control.

Federal Support for Unemployment Amidst COVID-19. In response to the COVID-19 pandemic, the United States Congress enacted multiple economic assistance and relief packages to-date related to the COVID-19 pandemic, including provisions relevant to unemployment assistance.

- On March 18, 2020, the Families First Coronavirus Response Act ("Families First Act") was enacted into law which provided paid leave, established free coronavirus testing, provided emergency grants for administrative funding to state unemployment agencies, expanded food assistance and protected health workers, among other provisions.
- On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (the "CARES Act"). Among other provisions, the CARES Act provided for the creation of three new federal unemployment compensation programs: Pandemic Unemployment Assistance ("PUA"), Federal Pandemic Unemployment Compensation ("FPUC") and Pandemic Emergency Unemployment Compensation ("PEUC") programs, all of which were implemented by DUA. Section 2105 of the CARES Act also provided full federal funding for the first week of regular unemployment compensation for states with no waiting week.
- The Continuing Assistance to Unemployed Workers Act (the "CAA"), effective December 27, 2020, extended benefits under the CARES Act to March 14, 2021 and added a new program, the Mixed Earner Unemployment Compensation ("MEUC") program.
- ARPA, signed into law on March 11, 2021, extended benefits under the CARES Act through September 4, 2021, and provided new qualification requirements.

PUA, effective February 2, 2020 through September 4, 2021, provided up to 79 weeks of benefits to individuals who were self-employed, seeking part-time employment, or otherwise would not qualify for regular unemployment compensation or extended benefits under state or federal law or PEUC. Coverage included individuals who had exhausted all rights to regular or extended benefits under state or federal law or PEUC and who were affected by COVID-19.

FPUC provided individuals who were collecting regular or extended benefits, PEUC, PUA and certain other forms of unemployment compensation with an additional \$600 per week from March 29, 2020 through July 25, 2020, as long as the claimant was entitled to at least one dollar of benefits in the relevant week. For the period December 27, 2020 through September 4, 2021, individuals who were collecting benefits as described above were provided with an additional \$300 per week.

PEUC provided up to thirteen weeks of benefits to individuals who exhausted regular unemployment compensation under state or federal law, had no rights to regular unemployment compensation under any other state or federal law, were not receiving compensation under the unemployment insurance laws of Canada, or were able to work, available for work, and actively seeking work. However, DUA waived the work search requirements, as allowed by the federal government during the COVID-19 emergency from March 29, 2020 through December 26, 2020. The CAA and ARPA extended the program from December 27, 2020 through September 4, 2021.

MEUC provided an additional \$100 per week, in addition to FPUC payments, for claimants with at least \$5,000 in self-employment income in the previous tax year. MEUC was effective December 27, 2020 through September 4, 2021.

In addition, DUA participated in the Lost Wages Assistance program (“LWA”), which was a program administered and funded by the Federal Emergency Management Agency (“FEMA”). LWA provided a \$300 weekly supplemental benefit to unemployment claimants. The application for these federal supplemental unemployment benefits was submitted by the Massachusetts Emergency Management Agency, in coordination with DUA. The limited additional weekly unemployment benefit to claimants under the federal LWA program went to all eligible claimants for the weeks ending August 1, 2020 through September 5, 2020.

The Families First Act enacted an interest-free period on Federal Advances that extended from March 18, 2020, to December 21, 2020. Subsequent legislative actions, including ARPA, extended the interest free period through September 6, 2021. Interest on outstanding Federal Advances began accruing at the applicable Federal Advance Rate on September 7, 2021. See *Federal Unemployment Insurance Program – Federal Loans to States*.

Impact of COVID-19 on Massachusetts Unemployment and UITF Solvency. As a result of the COVID-19 pandemic, the seasonally-adjusted unemployment rate in Massachusetts increased significantly to its peak of 17.1% in April 2020, compared to 2.9% in March 2020. In connection with the development and deployment of COVID-19 vaccines and the reopening of the Massachusetts economy, the unemployment rate has declined since 2020. As of June 22, 2022, the preliminary unemployment rate for May 2022 was 3.9%. A total of 2,351,704 initial claims for regular unemployment insurance were filed from March 2020 through May 31, 2022.

[Remainder of this page intentionally left blank]

The following table sets forth the Massachusetts monthly unemployment rates for the period from January, 2019 through May, 2022. See *Appendix A – Table 2* for the average annual unemployment rate since 2006.

Monthly Seasonally-Adjusted Massachusetts Unemployment Rate¹
(January 2019-May 2022)

Month	2019	2020	2021	2022
January	3.2%	3.0%	7.1%	4.8%
February	3.2	2.9	6.7	4.7
March	3.1	2.9	6.4	4.3
April	3.1	17.1	6.3	4.1
May	3.1	15.5	5.9	3.9 ^(P)
June	3.0	14.4	6.0	---
July	3.0	12.7	5.7	---
August	3.0	10.6	5.5	---
September	3.0	9.9	5.1	---
October	3.0	8.6	5.0	---
November	3.0	8.1	4.8	---
December	3.0	7.7	4.6	---

Source: U.S. Bureau of Labor Statistics (“BLS”).

¹ As of June 22, 2022, subject to revision.

^(P) Denotes preliminary estimate.

As a result of the rapid increase in the unemployment rate and in unemployment claims and after depleting its existing UITF balance, the Commonwealth applied to USDOL for Federal Advances in accordance with the provisions of Title XII of the SSA, in order to assure payment of all benefits due. The Commonwealth initially borrowed Federal Advances on June 29, 2020 and continued to borrow through April 2021, ultimately borrowing a total of \$2.268 billion in Federal Advances. On March 25, 2022, \$500 million of ARPA funds were applied to repay a portion of Federal Advances, and \$1.768 billion of Federal Advances remain outstanding as of the date of this Official Statement, which will be repaid in full with a portion of proceeds of the 2022 Bonds.

During the pandemic, the Administration adopted a number of measures intended to alleviate the impact of COVID-19 on employers within the Commonwealth, including the deferral of certain enforcement actions relating to unpaid SUTA Taxes through the end of calendar year 2022. During this period, DUA refrained from commencing the following enforcement actions: issuing certified assessments, obtaining court judgments, imposing levies on bank accounts and placing liens on property. However, DUA has continued to enforce unpaid SUTA Taxes through federal and state tax intercepts, licensure actions, filings in bankruptcy proceedings, issuing late-filing penalties, making referrals to the Office of the Attorney General and performing random audits of employer accounts. Despite these deferrals, SUTA tax collections during the COVID-19 pandemic remained consistent with pre-pandemic collections, see the table labeled *Employer Collection Rates by Quarter* under *Collection of Employer Contributions* above. DUA intends to resume all enforcement activities, including certified assessments, judgments, liens, and levies, before the end of calendar year 2022.

As a result of challenges faced by DUA administering the UI Program in the midst of remote operations, unprecedented benefit claims and several new federal unemployment benefit programs instituted in response to the pandemic, EOLWD engaged a third-party accounting firm to assess its process flows for unemployment-related financial transactions, make recommendations to address gaps in controls, and ensure reports were and are accurate and timely. Additionally, in connection with the Commonwealth’s fiscal 2021 audit, the auditors identified several material misstatements to various accounts and balances that are indicative of systemic accounting and financial reporting deficiencies in internal control. The third party firm is currently also engaged to assist in the implementation of business process changes that focus on quality control and compliance at all levels.

Funding History of the UITF

The following table sets forth information regarding the balance in the UITF, including annual receipts and withdrawals, the outstanding Federal Advance balance, if any, and the applicable contribution rate schedule. Total receipts primarily consist of SUTA Tax revenues and total withdrawals primarily consist of amounts withdrawn for benefit payments. Note that the flows below are shown on a cash basis, as received in or withdrawn from the UITF.

Historic UITF Receipts, Withdrawals and Balance Information (in thousands)

Year	Contribution Rate Schedule	Total Receipts ¹	Total Withdrawals ²	Net Annual Flows	UITF Balance	Federal Advances		Outstanding Balance	Net UITF Balance ³
						Amounts Borrowed	Repayment of Amounts Borrowed		
2006	D	\$1,780,241	\$(1,342,466)	\$437,775	\$994,345	\$---	\$---	\$---	\$994,345
2007	D	1,740,487	(1,444,534)	295,953	1,290,297	---	---	---	1,290,297
2008	D	1,682,142	(1,730,683)	(48,542)	1,241,756	---	---	---	1,241,756
2009	E	1,887,481	(2,895,074)	(1,007,594)	234,162	---	---	---	234,162
2010	E	1,833,776	(2,049,715)	(215,939)	18,223	387,313	(387,313)	---	18,223
2011	E	1,957,374	(1,781,752)	175,622	193,845	718,835	(718,835)	---	193,845
2012	E	1,976,357	(1,789,549)	186,808	380,653	337,769	(337,767)	---	380,653
2013	E	1,932,948	(1,606,299)	326,649	707,302	10,911	(10,911)	---	707,302
2014	E	1,895,621	(1,653,633)	241,988	949,290	---	---	---	949,290
2015	C	1,492,729	(1,516,232)	(23,503)	925,787	---	---	---	925,787
2016	C	1,523,704	(1,474,799)	48,905	974,691	---	---	---	974,691
2017	C	1,536,988	(1,512,884)	24,104	998,796	---	---	---	998,796
2018	D	1,751,999	(1,537,888)	214,111	1,212,906	---	---	---	1,212,906
2019	E	1,907,686	(1,395,384)	512,302	1,725,208	---	---	---	1,725,208
2020	E	2,399,947	(4,091,627)	(1,691,680)	33,528	2,201,222	---	2,201,222	(2,167,693)
2021	E	3,494,224	(674,251)	2,819,974	2,853,502	66,794	---	2,268,015	585,487
2022	E	1,221,757	(1,187,320)	34,437	2,887,940	---	(500,000)	1,768,015	1,119,924

Source: TreasuryDirect, reflects data as of December 31 of each calendar year; 2022 data as of May 31, 2022. Represents amounts in the UITF only, and excludes any amounts in the Benefits Account or Clearing Account.

¹ Primarily derived from SUTA Taxes, but also includes earnings on the balance in the UITF and other deposits into the UITF. Receipts for 2020 and 2021 include certain reimbursements from the federal government for state funds that were utilized to pay federal benefits. Receipts for 2021 and 2022 include the portion of the COVID-19 Recovery Assessment received in such years and deposited in the UITF.

² Primary derived from withdrawals for benefit payments, but also includes other outflows from the UITF.

³ Net of Federal Advances outstanding as of calendar year end.

UI IMPROVEMENT ACT

On April 1, 2021, Governor Baker signed into law H.B. No. 90, “an Act financing a program for improvements to the Unemployment Insurance Trust Fund” and providing relief to employers and workers in the Commonwealth” as Chapter 9 of the acts of 2021 (as amended by Chapter 16 of the acts of 2021, and as it may be further amended, the “UI Improvement Act”). The UI Improvement Act provided relief to Commonwealth employers in numerous ways: (i) by freezing contributions at Schedule E and not permitting rates to increase to the maximum Schedule G; (ii) by lowering the Solvency Assessment by reallocating COVID-19-related charges from the Solvency Account; (iii) by recalculating contribution rates so that employer reserve percentages are not negatively impacted by COVID-19-related charges; (iv) by focusing on repaying Federal Advances to avoid increases in federal taxes charged to Massachusetts employers; and (v) by ensuring additional Federal Advances are not necessary. Each of these benefits is further discussed below.

Rate Schedule Freeze. The UI Improvement Act froze SUTA Taxes for calendar years 2021 and 2022 at rate Schedule E. With an insolvent UITF at the end of calendar year 2020, the highest rate of employer

contributions (Schedule G, which represents a nearly 30% increase in rates versus Schedule E) would have otherwise been triggered for 2021. Thus, this rate schedule freeze slowed the annual SUTA Tax growth rate (assuming no change to the employer's individual reserve percentage) and was projected by DUA to reduce total employer contributions by over \$1 billion across calendar years 2021 and 2022.

Solvency Assessment Adjustment. The UI Improvement Act removed the COVID-19-related charges from the Solvency Account within the UITF and charged them to a newly created COVID-19 Employer Relief Account. The Solvency Account is a general account used to finance benefits that are not chargeable to an individual employer account; the resulting Solvency Assessment distributes such amounts proportionally among all employers. The initial 2021 employer taxes included a significant Solvency Assessment of 9.23% that was charged as a deduction to employers' reserve balances due to the balance in the Solvency Account at that time that had been negatively impacted by COVID-19 related charges (compared to a 0.58% Solvency Assessment charged in 2020). By reallocating the COVID-19 charges from the Solvency Account to the COVID-19 Employer Relief Account, the 2021 Solvency Assessment decreased from 9.23% to 1.12%. The UI Improvement Act allowed DUA to credit back to employers a portion of the Solvency Assessment that had been deducted from such employer's reserve balance and used as part of their reserve ratio calculation for the original determination of 2021 UI contribution rates. In total, this correction to the Solvency Assessment amounted to approximately \$622.5 million in credits provided to employers due to overpayments, and replenishment of employer account reserve balances in the aggregate amount of \$3.263 billion.

The UI Improvement Act provides for a maximum COVID-19 Recovery Assessment on employers in calendar year 2021 and 2022 of \$150 million and \$250 million, respectively, to be charged to experience-rated, private contributory employers in an attempt to manageably spread over time the cost of benefits paid by the UITF during the COVID-19 crisis. Ultimately, \$150 million was assessed in each 2021 and 2022, and the resulting COVID-19 Recovery Assessment equaled 10.5% and 12.5% of the applicable SUTA Tax rates for 2021 and 2022, respectively. On average, COVID-19 Recovery Assessments charged to employers equaled 0.359% and 0.357% of taxable wages for 2021 and 2022, respectively.

Contribution Rate Adjustment. Upon reallocating COVID-19-related charges to the COVID-19 Employer Relief Account, new UI contribution rates were issued to private contributory employers who received a Solvency Assessment adjustment. In July 2021, DUA recalculated the Q1 and Q2 2021 employer contributions using adjusted rates (which did not impair the employer account reserve percentages by capturing amounts charged to the COVID-19 Employer Relief Account in those calculations) and including the 2021 COVID-19 Recovery Assessment. The due date for both Q1 and Q2 payments was extended to August 2, 2021. If applicable, credits in an employer's account due to overpayments were applied to the amount owed in Q2. Any remaining credits are to be applied to future amounts due until extinguished. As of May 31, 2022, approximately \$125 million of such credits remain. In addition to the credits created due to the aforementioned rate recalculation, credits can be created in an employer's account for other reasons; EOLWD does not track credits separately based on how or when they were created. When combined with other credits, there are an estimated \$181.0 million of credits outstanding as of May 31, 2022. In the ordinary course, any credits due to an employer are applied first against future employer contributions under Chapter 151A and then to the COVID-19 Recovery Assessment due from such employer.

Repaying Federal Advances. If outstanding Commonwealth Federal Advances are not repaid by November 10, 2022, FUTA Tax Credits for Commonwealth employers will begin to be reduced. As noted herein, from June 2020 to April 2021, the Commonwealth borrowed \$2.268 billion of Federal Advances. \$500 million of such amount has already been repaid from ARPA funds, and the UI Improvement Act authorizes the bonding noted below to repay the remaining \$1.768 billion in outstanding Federal Advances. Following the issuance of the 2022 Bonds, all Federal Advances borrowed beginning in 2020 will no longer be outstanding, and no additional amounts are projected to be borrowed by November 10, 2022, thus the Commonwealth will not become a Credit Reduction State and experience a reduction in FUTA Tax Credits.

Bonding. The UI Improvement Act authorizes the issuance of up to \$7 billion in special obligation bonds to repay Federal Advances made to the UITF from the federal government for fiscal years 2020 through 2025 and finance certain other amounts, including interest on such Federal Advances. Under the UI Improvement Act, the Bonds shall be payable solely from money credited to the Special Contribution UCTF that is established for the benefit of bondholders pursuant to the UI Improvement Act, and as further described above in *Security and Sources*

of Payment for the Bonds. The UI Improvement Act expressly states that the Bonds are not general obligations of the Commonwealth.

Potential Massachusetts UI Program Changes

Section 25 of the UI Improvement Act established a special commission to study and develop recommendations on the solvency of the UITF. The commission had 21 members including legislators and other business and labor representatives, as specified in the UI Improvement Act. It was charged with studying the “long-term solvency” of the UITF, including, but not limited to (i) evaluating whether changes are necessary to the experience rating system in order to promote solvency and reduce the tax impact on small businesses; (ii) examining increasing or indexing the taxable wage base under the Massachusetts UI Law; (iii) examining the industry specific impacts of changes to the unemployment tax rate; (iv) reviewing solvency efforts in other state unemployment tax systems; and (v) determining what changes are necessary to benefit from federal tax credits and federal interest-free borrowing under FUTA. The UI Improvement Act directed the commission to file its report on its findings and recommendations not later than December 15, 2021.

The commission held a series of meetings and hearings that began in May 2021 and finished in May 2022. The hearings included testimony from various persons regarding various aspects of unemployment insurance programs in general and the Massachusetts program in particular. The commission was not able to agree on any specific legislative recommendations for changes to the Massachusetts UI Program. The commission’s final report is a summary of the information it received during the course of its meetings and hearings, all of which is available at Unemployment Insurance Trust Fund Study Commission (malegislature.gov).

It is not possible to predict what changes, if any, will be made to the Massachusetts UI Program as a result of the commission’s report or other legislative action that results in statutory changes. The Commonwealth has covenanted in the Trust Agreement to assess employers a COVID-19 Recovery Assessment in an amount that is expected to generate Pledged Funds of not less than the Minimum Annual Assessment in each year that Bonds are Outstanding. The Trust Agreement provides that so long as any Bonds are Outstanding or certain other amounts under the Trust Agreement remain unpaid or payment is not provided for, the COVID-19 Recovery Assessment shall not be diverted from the Special Contribution UCTF, except to be transferred to the Revenue Fund, as provided in the Trust Agreement. In the opinion of Bond Counsel, any legislative changes to the Massachusetts unemployment insurance program would be subject to the provisions of the United States Constitution and Massachusetts Constitution restricting any law impairing obligations under contracts and therefore could not unconstitutionally impair the obligations of the Commonwealth under the 2022 Bonds and the Trust Agreement.

LITIGATION

No litigation is pending or, to the knowledge of the Attorney General, threatened against or affecting the Commonwealth seeking to restrain or enjoin the issuance, sale or delivery of the 2022 Bonds, or in any way contesting or affecting the validity of the 2022 Bonds or the Trust Agreement, including the pledge of Pledged Funds.

BOOK-ENTRY ONLY SYSTEM

DTC, New York, New York will act as securities depository for the 2022 Bonds. The 2022 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 2022 Bond certificate will be issued for each maturity of each series of the 2022 Bonds as set forth on the inside cover page hereof, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issued of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct

Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2022 Bond (the "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 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2022 Bonds, except in the event that use of the book-entry system for the 2022 Bonds is discontinued.

To facilitate subsequent transfers, all 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2022 Bonds, such as redemptions, defaults, and proposed amendments to the 2022 Bond documents. For example, Beneficial Owners of 2022 Bonds may wish to ascertain that the nominee holding the 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds of a particular maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed, unless the option for pro rata pass-through distributions of principal is selected in accordance with DTC's procedures.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commonwealth 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 the 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NEITHER THE UNDERWRITERS NOR THE COMMONWEALTH WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR BY ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT OF OR THE PROVIDING OF NOTICE TO THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OR WITH RESPECT TO ANY OTHER ACTION TAKEN BY DTC AS BONDOWNER.

The principal of and interest and premium, if any, on the 2022 Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, as registered owner of the 2022 Bonds. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commonwealth or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Commonwealth, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of and interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commonwealth or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Commonwealth cannot give any assurances that Direct Participants or others will distribute payments of principal of and interest on the 2022 Bonds paid to DTC or its nominee, as the registered owner, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in a manner described in this document.

Beneficial Owners of the 2022 Bonds will not receive or have the right to receive physical delivery of such 2022 Bonds and will not be or be considered to be the registered owners thereof. So long as Cede & Co. is the registered owner of the 2022 Bonds, as nominee of DTC, references herein to the holders or registered owners of the 2022 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2022 Bonds, except as otherwise expressly provided herein.

DTC may discontinue providing its services as depository with respect to the 2022 Bonds at any time by giving reasonable notice to the Commonwealth or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2022 Bonds will be delivered and registered as designated by the Beneficial Owners. The Beneficial Owner, upon registration of 2022 Bonds held in the Beneficial Owner's name, will become the Bondowner. 2022 Bond certificates are required to be printed and delivered.

The Commonwealth may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In such event, 2022 Bond certificates will be printed, delivered and registered as designated by the Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been furnished by DTC. Such information is believed to be reliable, but the Commonwealth does not take any responsibility for the accuracy thereof. Neither the Commonwealth nor the Trustee will have any responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to the accuracy of any records maintained by DTC or by any Direct or Indirect Participant; the payment of, or the providing of notice to, the Direct or Indirect Participants or the Beneficial Owners; or with respect to any other action taken by DTC as registered owner of the 2022 Bonds.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY-ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COMMONWEALTH AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT NEITHER THE COMMONWEALTH NOR THE UNDERWRITERS TAKE RESPONSIBILITY FOR THE ACCURACY THEREOF.

RATINGS

The 2022 Bonds have been assigned ratings of "Aa1" (outlook: Stable) by Moody's Investors Service, Inc. ("Moody's"), "AAA" (outlook: Stable) by Fitch Ratings ("Fitch") and "AAA" (outlook: Stable) by Kroll Bond Rating Agency ("KBRA").

Such ratings reflect only the respective views of Fitch, KBRA and Moody's, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that a rating will continue for any given period of time or that a rating will not be revised or withdrawn entirely by any or all of such rating agencies, if, in its or their judgment, circumstances so warrant. Any downward revision or withdrawal of a rating could have an adverse effect on the market prices of the 2022 Bonds.

UNDERWRITING

The 2022 Bonds are being purchased by the Underwriters, for whom Jefferies LLC is acting as Representative. The Underwriters have agreed, subject to certain conditions, to purchase all of the 2022 Bonds from the Commonwealth at a discount from the initial offering prices of the 2022 Bonds equal to 0.400426% (\$10,735,350.57) of the aggregate principal amount of the 2022 Bonds. The Underwriters may offer and sell the 2022 Bonds to certain dealers and others (including dealers depositing 2022 Bonds into investment trusts) at prices lower than the public offering prices (or yields higher than the offering yields) stated on the inside cover pages hereof. The principal offering prices (or yields) set forth on the inside cover pages hereof may be changed from time to time after the initial offering by the Underwriters. The obligation of the Underwriters to accept delivery of the 2022 Bonds is subject to the terms and conditions set forth in the bond purchase agreement, the approval of legal matters by counsel and other conditions.

In addition, certain of the Underwriters may have entered into distribution agreements or other agreements with other broker-dealers (that have not been designated by the Commonwealth as Underwriters) for the distribution of the 2022 Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

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

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

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

TAX MATTERS

Federal Tax Matters

The following discussion briefly summarizes the principal U.S. federal tax consequences of the acquisition, ownership, and disposition of the 2022 Bonds for holders who acquire any 2022 Bonds in the initial offering and hold such 2022 Bonds as “capital assets.” It does not discuss all aspects of U.S. federal income taxation which may apply to a particular holder, nor does it discuss U.S. federal income tax provisions which may apply to particular categories of holders, such as partnerships, insurance companies, financial institutions, regulated investment companies, real estate investment trusts, employee benefit plans, tax-exempt organizations, dealers in securities or foreign currencies, persons holding 2022 Bonds as a position in a “hedge” or “straddle,” an integrated conversion transaction, or holders whose functional currency is not the U.S. dollar. It is based upon provisions of existing law which are subject to change at any time, possibly with retroactive effect. No rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

Except as otherwise explicitly noted below, this summary addresses only “U.S. Holders”, that is, individual citizens or residents of the United States, corporations or other business entities organized under the laws of the United States, any state, or the District of Columbia, estates with income subject to United States federal income tax, trusts subject to primary supervision by a United States court and for which United States persons control all

substantial decisions, and certain other trusts that elect to be treated as United States persons. This discussion relates only to U.S. federal income taxes and not to any state, local or foreign taxes or U.S. federal taxes other than income taxes.

Interest on the 2022 Bonds that is “qualified stated interest” generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder’s regular method of tax accounting). Generally, “qualified stated interest” means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate and includes the semi-annual interest payments as set forth on the inside cover hereof. Under the Tax Cuts and Jobs Act enacted in 2017, U.S. Holders that use an accrual method of accounting for U.S. federal income tax purposes generally are required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. This rule generally is effective for tax years beginning after December 31, 2017, (or, for debt securities issued with original issue discount, for tax years beginning after December 31, 2018). Accrual method U.S. Holders should consult their tax advisors regarding the potential applicability of this rule to their particular situation.

Interest on the 2022 Bonds includes any accrued original issue discount. Original issue discount with respect to a 2022 Bond is equal to the excess, if any, of the stated redemption price at maturity of a 2022 Bond over the initial offering price thereof, excluding underwriters and other intermediaries, at which price a substantial amount of all 2022 Bonds with the same maturity were sold, provided that such excess equals or exceeds a de minimis amount (generally $\frac{1}{4}\%$ of the stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity). The stated redemption price at maturity of a 2022 Bond is the sum of all scheduled amounts payable on the 2022 Bond (other than qualified stated interest). A U.S. Holder of a 2022 Bond with original issue discount must include the discount in income as ordinary interest for federal income tax purposes as it accrues in advance of receipt of the cash payments attributable to such income, regardless of the U.S. Holder’s regular method of tax accounting. Original issue discount accrues based on a constant yield method over the term of a 2022 Bond and results in a corresponding increase in the holder’s tax basis in such 2022 Bond. Holders should consult their own tax advisors with respect to the computation of original issue discount during the period in which any such 2022 Bond is held.

An amount equal to the excess, if any, of the purchase price of a 2022 Bond over the principal amount payable at maturity generally constitutes amortizable 2022 Bond premium. A holder of a 2022 Bond may elect to amortize such premium during the term of such 2022 Bond by claiming an offset to interest otherwise required to be included in income during any taxable year by the amortizable amount of such premium for the taxable year. Such amortization will result in a corresponding reduction of the holder’s tax basis in such 2022 Bond. Any election to amortize 2022 Bond premium applies to all taxable debt instruments held by the holder at the beginning of the first taxable year to which the election applies and to all taxable debt instruments acquired on or after such date and may be revoked only with the consent of the IRS. Holders of 2022 Bonds purchased at a premium should consult their own tax advisors with respect to the determination and treatment of amortizable 2022 Bond premium.

Unless a non-recognition provision of the Code applies, upon the sale, exchange, redemption, or other disposition (including a legal defeasance) of a 2022 Bond, a U.S. Holder will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts representing accrued but unpaid interest) and such holder’s adjusted tax basis in such 2022 Bond. Such gain or loss generally will be long-term capital gain or loss if the 2022 Bond was held for more than one year. If the U.S. Holder is an individual, long-term gains will be subject to reduced rates of taxation. The deductibility of losses is subject to limitations.

A non-U.S. Holder of 2022 Bonds whose income from such 2022 Bonds is effectively connected with the conduct of a U.S. trade or business generally will be taxed as if the holder were a U.S. Holder. Otherwise: (i) a non-U.S. Holder who is an individual or corporation (or an entity treated as a corporation for federal income tax purposes) holding 2022 Bonds on its own behalf (other than a bank which acquires the 2022 Bonds in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business) generally will not be subject to federal income taxes on payments of principal, premium, interest or original issue discount on a 2022 Bond, as long as the non-U.S. Holder makes an appropriate filing with a U.S. withholding agent; and (ii) a non-U.S. Holder will not be subject to federal income taxes on any amount which constitutes capital gain upon retirement or disposition of a 2022 Bond unless such non-U.S. Holder is an individual who is present in the

United States for 183 days or more in the taxable year of the disposition and such gain is derived from sources within the United States.

A 2022 Bond held by an individual Non-U.S. Holder who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that at the time of such individual's death, payments of interest with respect to the 2022 Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information as to interest on or proceeds from the sale or other disposition of 2022 Bonds is required to be reported by payors to the IRS and to recipients. In addition, backup withholding may apply unless the holder of a 2022 Bond provides to a withholding agent its taxpayer identification number and certain other information or certification of foreign or other exempt status. Any amount withheld under the backup withholding rules is allowable as a refund or credit against the holder's actual U.S. federal income tax liability.

Certain non-corporate U.S. Holders will be subject to a 3.8% tax, in addition to regular tax on income and gains, on some or all of their "net investment income," which generally will include interest on the 2022 Bonds and any net gain recognized upon a disposition of a 2022 Bond. U.S. Holders should consult their tax advisors regarding the applicability of this tax.

The Foreign Account Tax Compliance Act ("FATCA") generally imposes a 30% withholding tax on interest payments and gross proceeds from the sale of interest-bearing obligations for payments made after the relevant effective date to (i) certain foreign financial institutions that fail to certify their FATCA compliance and (ii) non-financial foreign entities if certain disclosure requirements related to direct and indirect United States shareholders and/or United States accountholders are not satisfied. Under FATCA, applicable Treasury Regulations and related administrative guidance, U.S. withholding at a rate of 30% will generally be required on interest payments in respect of the 2022 Bonds where such payments are made to persons described in the immediately preceding sentence. While FATCA withholding would also have applied to payments of gross proceeds from the sale or other disposition of 2022 Bonds on or after January 1, 2019, proposed Treasury Regulations from December 13, 2018 eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued.

With respect to payments made to a "foreign financial institution" either as a beneficial owner or as an intermediary, the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a "FATCA Agreement") or (ii) is required by and complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an "IGA"), in either case to, among other things, collect and provide to the United States or other relevant tax authorities certain information regarding U.S. account holders of such institution. With respect to payment made to a foreign entity that is not a financial institution (as a beneficial owner), the FATCA withholding tax generally will be imposed, subject to certain exceptions, unless such entity provides to the withholding agent a certification that such entity does not have any "substantial" U.S. owner (generally, any specified U.S. person that owns, directly or indirectly, more than a specified percentage of such entity) or identifies its "substantial" U.S. owners.

FATCA withholding will generally apply regardless of whether the payment would otherwise be exempt from U.S. nonresident withholding tax (e.g., under the portfolio interest exemption or as capital gain). A foreign entity may generally claim an exemption from FATCA withholding, if an exemption is available, by properly filling out and giving to the person making payments to it IRS Form W 8BEN E. 2022 Bondholders should consult their tax advisors regarding the application and impact of FATCA.

State Tax Matters

In the opinion of Bond Counsel, under existing law, interest on the 2022 Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the 2022 Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the 2022 Bonds. Prospective purchasers should be aware, however, that the 2022 Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the 2022 Bonds and the interest thereon are included in the measure of Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as

to the taxability of the 2022 Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, under the laws of any state other than Massachusetts.

INVESTMENT CONSIDERATIONS

An investment in the 2022 Bonds involves certain investment risks that are discussed throughout this Official Statement. Each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Below is a summary of certain factors that would affect the payment of principal and interest on the 2022 Bonds, but not is intended to be an exhaustive summary of such factors.

Special Limited Obligations

The 2022 Bonds are special limited obligations of the Commonwealth and are payable solely from the sources specified in the Trust Agreement. The 2022 Bonds are not general obligations of the Commonwealth and are not secured by the full faith and credit of the Commonwealth. The 2022 Bonds are not payable out of any funds of the Commonwealth other than the Pledged Funds and moneys otherwise available for the benefit of the owners of the 2022 Bonds pursuant to the Trust Agreement.

Reliance on Current and Future Projections

Under the UI Improvement Act and the Financing Agreement, the Commonwealth will be required from time to time to make projections that include, without limitation, projections of taxable wages and collection rates for the purpose of establishing the Minimum Annual Assessment. Projections are subject to uncertainty and no assurances can be made that actual conditions will not differ materially from the assumptions used in the projections. Historical experience and collections may not be predictive of future results.

Material and Sustained Reductions in Total Wages and Employment Levels

If the Commonwealth experiences significant and sustained declines in rates of employment and/or wages for its employed workers after the COVID-19 Recovery Assessment is set for a given year, there could be a material reduction in actual COVID-19 Recovery Assessments received as compared to projected amounts. COVID-19 Recovery Assessments are the only source of revenue currently pledged and available to pay debt service on the 2022 Bonds and a material reduction in such amounts could adversely affect the ability of the Commonwealth to receive sufficient revenues to pay debt service on the 2022 Bonds. There is no guarantee that the Commonwealth will not experience wage and employment levels that are materially less favorable than those used in the projections provided herein.

Future Solvency of the UITF

A recession or economic downturn that affects the Massachusetts economy and causes higher unemployment will also likely adversely affect the balance in the UITF. However, the Commonwealth's ability to repay the Bonds is not directly dependent on the solvency of the UITF as Bonds are secured by Pledged Funds, which do not flow through the UITF and instead will be held in the Special Contribution UCTF. Additionally, in the event an employer does not make payment in full of its COVID-19 Special Assessment and other amounts due under Chapter 151A, amounts are first applied to such employer's COVID-19 Special Assessment.

Cybersecurity

The Commonwealth, like many other large public and private entities, relies on a large and complex information technology ("IT") environment to conduct its operations. In August, 2017 Governor Baker established the Executive Office of Technology Services and Security ("EOTSS"). EOTSS maintains much of the Executive Branch's enterprise infrastructure in the form of two datacenters that host agency and statewide business applications, the Commonwealth-wide area network, and internet service. Since its formation, EOTSS has been working to standardize the Commonwealth's IT infrastructure by adopting and implementing a standard operating environment, and strengthening the Commonwealth's cybersecurity posture.

In 2017, EOLWD transitioned its enterprise infrastructure to EOTSS, which has since been responsible for all of EOLWD's enterprise infrastructure as well as security and support. UI Online is hosted through a cloud based system and its infrastructure is maintained by a third party vendor. EOLWD additionally has a dedicated IT department, led by a Chief Information Officer, which manages the third party vendor as well as provides application development and support to EOLWD. EOLWD works closely with EOTSS to make critical improvements in the areas of IT policies, procedures, infrastructure and services and adheres to EOTSS's Enterprise Information Security Policies and Standards, which have been published for all Executive Offices and their agencies. EOTSS provides annual cybersecurity awareness training for Commonwealth employees.

EOTSS also provides a set of enterprise-wide cybersecurity services, including operating a Security Incident Response Team ("SIRT") at the direction of the Commonwealth Chief Information Officer ("CCIO"), which is aligned within EOTSS' Security Operations Center ("SOC"). Incident reporting and responses are coordinated through the SOC. The SIRT monitors, alerts, responds to and mitigates security threats to all stakeholders and partners. Additional security services include vulnerability management and mitigation scanning services, threat analysis, threat management and information sharing programs. EOTSS maintains an integrated security technology framework that includes multi-factor authentication for applications and users, enhanced cloud and mail security tools, network monitoring and analytical tools, and a suite of specialized enterprise security technologies and services to protect the Commonwealth's assets.

To ensure that the Commonwealth's IT investments are guided by a strategic planning process, EOTSS created an IT Investment Advisory Board, comprising security, IT and business operation executives from across state government to review IT capital proposals and projections. Additionally, the CCIO maintains authority and oversight over all Executive Branch IT planning, procurement, and projects. Agencies are obligated to report on these matters to the CCIO on an annual basis.

In addition to EOTSS, the Office of the Comptroller's ("CTR") Statewide Risk Management Team maintains a Cyber Center which works to identify key cybersecurity internal control elements, to create best practices protocols and procedures for all Commonwealth agencies to include in their internal controls, and to promote cybersecurity awareness. CTR's Risk Management Team works closely with EOTSS to assist agencies with remediation and corrective measures in the event of reported security incidents.

As a recipient and provider of personal, private and sensitive information, the Commonwealth is subject to multiple cyber threats, including but not limited to hacking, viruses, malware and other attacks on IT networks and systems. While the Commonwealth continues to enhance its IT infrastructure and security systems to address these issues, no assurances can be given that the Commonwealth's efforts to mitigate cyber threats will be successful or that such attacks will not materially impact the Commonwealth.

Future Changes in Law

Various federal and state laws and regulations apply to EOLWD and the federal and state unemployment insurance programs. There is no assurance that any changes to, or interpretations of, such laws and regulations that would not have a material adverse effect directly, or indirectly, on the security for or repayment of the Bonds.

OPINIONS OF COUNSEL

The unqualified approving opinion as to the legality of the 2022 Bonds will be rendered by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel to the Commonwealth. The proposed form of the opinion of Bond Counsel relating to the 2022 Bonds is attached hereto as *Appendix D*. Certain legal matters will be passed upon for the Underwriters by their counsel, Locke Lord LLP, Boston, Massachusetts.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission, the Commonwealth will undertake in the 2022 Bonds to provide annual reports and notices of certain events. A description of this undertaking is set forth in *Appendix E* attached hereto. Except as noted below, the Commonwealth has not failed in the last five years to comply with its continuing disclosure undertakings with respect to any of its debt.

The Commonwealth failed to file event notices in June 2017 when the S&P Global Ratings rating on certain insured special obligation bonds payable from the Commonwealth's Convention Center Fund was lowered from AA- to A and in December 2017 when the insurer asked that the rating on such bonds be withdrawn. The Commonwealth has filed notices of all such rating changes with respect to the bonds that are currently outstanding.

Certain annual financial information and audited financial statements of the Commonwealth were not properly linked to certain Commonwealth contract assistance bonds and certain Commonwealth Transportation Fund Bonds. Corrective filings have since been posted to EMMA.

In the course of substituting liquidity facilities in connection with certain Commonwealth general obligation variable rate demand bonds, supplements to the respective official statements for such bonds were posted in a timely manner to EMMA setting forth detailed information regarding the substituted liquidity facilities; however, separate event notices were not posted at the time. Event notices of the liquidity substitutions have since been posted.

In the course of reviewing its event notice filings, the Commonwealth discovered that bond call notices were not posted in a timely manner to EMMA in connection with certain advance refunding transactions and that a notice of defeasance was not timely posted to EMMA until approximately three and a half months after the defeasance occurred. The Commonwealth has posted such notices with respect to all Commonwealth bonds that have been advance refunded, where the funds to redeem or pay the bonds remain held in escrow.

In addition, information of interest to investors may be posted on the Commonwealth's investor website at www.massbondholder.com and on twitter at twitter.com/BuyMassBonds.

MUNICIPAL ADVISOR

The Commonwealth has retained PFM Financial Advisors LLC ("PFM") to act as municipal advisor with respect to the issuance of the 2022 Bonds. PFM is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices hereto. PFM is an independent municipal advisory firm and is not engaged in the business of underwriting, trading or distributing securities.

MISCELLANEOUS

Any provisions of the constitution of the Commonwealth, of all general and special laws and of other documents set forth or referred to in this Official Statement are only summarized, and such summaries do not purport to be complete statements of any of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

This Official Statement contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the Commonwealth and various state agencies and authorities, receipt of federal grants, litigation, arbitration, force majeure events and various other factors that are beyond the control of the Commonwealth and its various agencies and authorities. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as "may," "will," "should," "intends," "expects," "believes," "anticipates," "estimates," "projects" and other similar expressions.

All estimates and assumptions in this Official Statement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in this Official Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. The various tables may not add due to rounding of figures.

The information, estimates and assumptions and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made pursuant to this

Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Commonwealth or its agencies, authorities or political subdivisions since the date of this Official Statement, except as expressly stated.

Neither the Commonwealth's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to any prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, any prospective financial information.

[Remainder of this page intentionally left blank.]

AVAILABILITY OF OTHER INFORMATION

Questions regarding this Official Statement or requests for additional financial information concerning the Commonwealth should be directed to Susan E. Perez, Deputy Treasurer, Office of the Treasurer and Receiver-General, 1 Center Plaza, Suite 430, Boston, Massachusetts 02108, telephone (617) 367-3900, x. 816, or Kaitlyn Connors, Assistant Secretary, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040. Questions regarding legal matters relating to this Official Statement and the 2022 Bonds should be directed to Poonam Patidar, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, telephone (617) 348-3038.

THE COMMONWEALTH OF MASSACHUSETTS

By: /s/ Deborah B. Goldberg
Deborah B. Goldberg
Treasurer and Receiver-General

By: /s/ Michael J. Heffernan
Michael J. Heffernan
Secretary of Administration and Finance

August 16, 2022

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

CERTAIN INFORMATION CONCERNING THE COMMONWEALTH AND THE MASSACHUSETTS UI PROGRAM

Labor Force and Unemployment Data

The following table presents information on the size of Massachusetts' labor force, the number of employed workers and the number of covered employees. The following table also presents data on the number of unemployed workers and the number of individuals receiving Commonwealth-funded unemployment benefits.

TABLE 1

LABOR FORCE AND UNEMPLOYMENT DATA 2006-2021

Year	Population	Civilian Non- institutional Working Age Population	Labor Force¹	Employed Workers	Unemployed Workers	Covered Employees	Claimants²
2006	6,410,084	5,092,894	3,411,688	3,251,029	160,659	3,107,429	377,864
2007	6,431,559	5,134,517	3,433,239	3,277,912	155,327	3,141,083	391,816
2008	6,468,967	5,184,502	3,465,906	3,282,299	183,607	3,179,504	460,371
2009	6,517,613	5,237,356	3,470,431	3,189,506	280,925	3,194,135	569,184
2010	6,566,440	5,252,272	3,479,304	3,198,617	280,687	3,106,068	441,018
2011	6,614,218	5,295,565	3,484,135	3,232,458	251,677	3,094,463	420,330
2012	6,664,269	5,351,700	3,506,457	3,271,256	235,201	3,136,615	414,726
2013	6,715,158	5,407,696	3,516,689	3,283,144	233,545	3,188,003	366,268
2014	6,764,864	5,461,991	3,569,557	3,364,853	204,704	3,239,693	352,642
2015	6,797,484	5,504,919	3,589,409	3,417,296	172,113	3,291,593	833,622
2016	6,827,280	5,543,887	3,617,498	3,472,327	145,171	3,384,998	785,480
2017	6,863,560	5,654,177	3,724,520	3,582,389	142,131	3,461,625	762,988
2018	6,885,720	5,694,039	3,809,873	3,678,445	131,428	3,486,453	705,508
2019	6,894,883	5,725,399	3,831,947	3,714,547	117,400	3,529,397	671,925
2020	7,022,220	5,741,418	3,741,684	3,390,249	351,435	3,573,426	3,569,458
2021	6,984,723	5,727,232	3,750,870	3,535,478	215,392	3,328,360	958,593

Source: DER; BLS; U.S. Census Bureau

¹ Labor force represents the combination of employed workers and unemployed workers who are actively seeking employment.

² Claimants refers to unemployed individuals who have submitted an initial benefit payment claim after separation from an employer.

Labor Force Participation Rate and Unemployment Rate

The average total unemployment rate for the Commonwealth for calendar year 2021 was 5.70%, down from 9.40% in 2020. As of June 22, 2022, the preliminary unemployment rate for May 2022 per BLS was 3.9%.

TABLE 2

LABOR FORCE PARTICIPATION AND UNEMPLOYMENT RATES 2006-2021

Year	Labor Force Participation Rate	Total Unemployment Rate	Insured Unemployment Rate
2006	67.0%	4.73%	2.58%
2007	66.9	4.53	2.68
2008	66.9	5.30	3.08
2009	66.3	8.10	4.65
2010	66.2	8.08	3.80
2011	65.8	7.23	3.18
2012	65.5	6.73	3.10
2013	65.0	6.65	2.73
2014	65.4	5.75	2.65
2015	65.2	4.78	2.28
2016	65.3	4.00	2.10
2017	65.9	3.83	2.00
2018	66.9	3.45	1.88
2019	66.9	3.10	1.65
2020	65.2	9.40	8.43
2021	65.5	5.70	2.79

Source: DER; BLS

Note: Represents the annual average rate.

Taxable Wage Base and Taxable Wages

The following table presents information on taxable and total wages for the calendar years specified. “Taxable Wage Base” represents, for each employee, the wage base (per employee) that is subject to taxation, as established under the Massachusetts UI Law. “Total Wages” represents the aggregate amount of wages paid in each year by all private contributory employers. “Taxable Wages” represents the portion of total private contributory wages paid in each year that is subject to taxation under the Massachusetts UI Law. “Total Wages” and “Taxable Wages” are as reported by QCEW.

TABLE 3
ANNUAL TAXABLE WAGES AND TOTAL WAGES
2006-2021

Year	Taxable Wage Base	Total Wages (in Billions)	Taxable Wages (in Billions)
2006	\$14,000	\$128.5	\$35.5
2007	14,000	136.9	35.8
2008	14,000	139.6	35.6
2009	14,000	130.7	33.4
2010	14,000	135.0	33.9
2011	14,000	142.5	34.9
2012	14,000	148.1	35.6
2013	14,000	152.5	36.5
2014	14,000	161.8	37.6
2015	15,000	172.5	41.2
2016	15,000	177.9	42.3
2017	15,000	187.9	43.5
2018	15,000	198.4	44.6
2019	15,000	209.6	45.7
2020	15,000	212.2	44.4
2021	15,000	234.5	45.6

Source: DER; BLS; QCEW (as of May 19, 2022).

Note: QCEW is a live database that is updated daily and therefore may not match data from other databases.

Contribution Rate Schedule

The following table sets forth the current Commonwealth contribution rates by employer reserve percentages. Schedule E is currently in effect and will remain in effect until at least December 31, 2022, as required by the UI Improvement Act.

TABLE 4

CONTRIBUTION RATE SCHEDULE

		A	B	C	D	E	F	G
		UITF Reserve Percentage						
		Minimum: Maximum:	1.65% 1.65	1.50% 1.50	1.20% 1.20	0.90% 1.20	0.60% 0.90	0.30% 0.60	0.29%
Employer Account Reserve Percentage	Positive Percentage							
	17.0 or more	0.56	0.64	0.73	0.83	0.94	1.07	1.21
	16.0 but less than 17.0	0.64	0.73	0.83	0.95	1.08	1.22	1.39
	15.0 but less than 16.0	0.73	0.83	0.94	1.07	1.21	1.38	1.57
	14.0 but less than 15.0	0.81	0.92	1.04	1.18	1.34	1.53	1.73
	13.5 but less than 14.0	0.97	1.10	1.25	1.42	1.61	1.83	2.08
	13.0 but less than 13.5	1.05	1.19	1.35	1.54	1.75	1.99	2.26
	12.5 but less than 13.0	1.13	1.28	1.46	1.66	1.89	2.14	2.43
	12.0 but less than 12.5	1.21	1.37	1.56	1.77	2.01	2.29	2.60
	11.5 but less than 12.0	1.29	1.46	1.67	1.89	2.15	2.45	2.78
	11.0 but less than 11.5	1.37	1.56	1.77	2.01	2.29	2.60	2.96
	10.5 but less than 11.0	1.45	1.65	1.87	2.13	2.42	2.75	3.12
	10.0 but less than 10.5	1.53	1.74	1.98	2.25	2.56	2.91	3.30
	9.5 but less than 10.0	1.61	1.83	2.08	2.36	2.69	3.05	3.47
	9.0 but less than 9.5	1.70	1.93	2.19	2.49	2.82	3.21	3.65
	8.5 but less than 9.0	1.78	2.02	2.29	2.61	2.96	3.37	3.82
	8.0 but less than 8.5	1.85	2.10	2.39	2.72	3.09	3.51	3.99
	7.5 but less than 8.0	1.94	2.20	2.50	2.84	3.23	3.67	4.17
	7.0 but less than 7.5	2.02	2.30	2.61	2.96	3.37	3.82	4.35
	6.5 but less than 7.0	2.09	2.38	2.71	3.08	3.50	3.97	4.51
	6.0 but less than 6.5	2.17	2.47	2.81	3.20	3.63	4.13	4.69
	5.5 but less than 6.0	2.25	2.56	2.91	3.31	3.76	4.28	4.86
	5.0 but less than 5.5	2.34	2.66	3.02	3.43	3.90	4.43	5.04
	4.5 but less than 5.0	2.42	2.75	3.13	3.55	4.04	4.59	5.21
	4.0 but less than 4.5	2.50	2.84	3.23	3.67	4.17	4.74	5.38
	3.5 but less than 4.0	2.58	2.93	3.33	3.79	4.30	4.89	5.56
	3.0 but less than 3.5	2.67	3.03	3.44	3.91	4.44	5.05	5.74
	2.5 but less than 3.0	2.75	3.12	3.54	4.02	4.57	5.20	5.90
	2.0 but less than 2.5	2.82	3.21	3.65	4.14	4.71	5.35	6.08
	1.5 but less than 2.0	2.90	3.30	3.75	4.26	4.84	5.50	6.25
	1.0 but less than 1.5	2.98	3.39	3.85	4.38	4.98	5.65	6.43
	0.5 but less than 1.0	3.06	3.48	3.96	4.50	5.11	5.81	6.60
	0.0 but less than 0.5	3.14	3.57	4.06	4.61	5.24	5.96	6.77
	Negative Percentage							
	0.0 but less than 1.0	4.22	4.79	5.45	6.19	7.03	7.99	9.08
	1.0 but less than 3.0	4.58	5.21	5.92	6.72	7.64	8.68	9.86
3.0 but less than 5.0	4.95	5.63	6.39	7.27	8.26	9.38	10.66	
5.0 but less than 7.0	5.32	6.04	6.86	7.80	8.86	10.07	11.44	
7.0 but less than 9.0	5.68	6.46	7.34	8.34	9.48	10.77	12.23	
9.0 but less than 11.0	6.05	6.87	7.81	8.88	10.09	11.46	13.02	
11.0 but less than 13.0	6.42	7.29	8.29	9.42	10.70	12.16	13.81	
13.0 but less than 15.0	6.78	7.71	8.76	9.95	11.31	12.85	14.60	
15.0 but less than 17.0	7.15	8.13	9.24	10.49	11.93	13.55	15.39	
17.0 but less than 19.0	7.52	8.54	9.71	11.03	12.53	14.24	16.18	
19.0 but less than 21.0	7.88	8.96	10.18	11.57	13.15	14.94	16.97	
21.0 but less than 23.0	8.25	9.37	10.65	12.11	13.76	15.63	17.79	
23.0 or more	8.62	9.79	11.13	12.65	14.37	16.33	18.55	

Source: Massachusetts UI Law.

Historic Employer Contribution Rates

The following table presents information on average unemployment contribution rates for employers in the Commonwealth for the calendar years specified. The tax rates included in this table are the SUTA Tax only, and exclude other charges to employers (e.g., COVID-19 Recovery Assessment, EMAC, WTFP).

TABLE 5
EMPLOYER CONTRIBUTION RATES
2006-2021

Year	Contribution Rate Schedule	Taxable Wage Base	Minimum Tax Rate (% of Taxable Wages)	Maximum Tax Rate (% of Taxable Wages)	Average Tax Rate (% of Taxable Wages)	Average Tax Rate (% of Total Wages)
2006	D	\$14,000	0.83%	12.65%	4.47%	1.23%
2007	E	14,000	0.94	14.37	4.17	1.09
2008	E	14,000	0.94	14.37	3.96	1.01
2009	E	14,000	0.94	14.37	4.24	1.08
2010	E	14,000	0.94	14.37	4.57	1.15
2011	E	14,000	0.94	14.37	4.57	1.15
2012	E	14,000	0.94	14.37	4.23	1.18
2013	E	14,000	0.94	14.37	4.96	1.19
2014	E	14,000	0.94	14.37	4.50	1.10
2015	C	15,000	0.73	11.13	3.14	0.74
2016	C	15,000	0.73	11.13	3.23	0.78
2017	C	15,000	0.73	11.13	3.18	0.76
2018	D	15,000	0.83	12.65	3.52	0.81
2019	E	15,000	0.94	14.37	3.88	0.85
2020	E	15,000	0.94	14.37	3.59	0.77
2021 ¹	E	15,000	0.94	14.37	3.41	0.69

Source: DUA; DER; QCEW

Note: QCEW is a live database that is updated daily and therefore may not match data from other databases.

¹ Does not account for the COVID-19 Recovery Assessment assessed in 2021.

Labor Force Data by Industry and Size

The following table presents selected information regarding the Commonwealth's labor force, employment and unemployment for 2006, 2020 and 2021. The data shown covers all private and government employment.

TABLE 6

EMPLOYMENT BY INDUSTRY¹ (PRIVATE SECTOR AND GOVERNMENT)

	2006	2020	2021
Employed	3,251,029	3,390,249	3,535,478
Unemployed	160,659	351,435	215,392
Total Civilian Labor Force	3,411,688	3,371,684	3,750,870
Unemployment Rate (%) ²	4.7	9.4	5.7
Total Nonfarm	3,267,114	3,390,339	3,516,305
Total Private	2,838,164	2,950,738	3,077,273
Goods-Producing	440,756	383,474	397,788
Private Service-Producing	2,826,358	2,567,263	2,679,485
Government	428,950	439,601	439,032

	NAICS Code:			
Employment by Industry:				
Agriculture, Forestry, Fishing and Hunting	11	6,655	10,438	12,689
Mining, Quarrying, and Oil and Gas Extraction	21	1,578	1,081	1,079
Utilities	22	13,130	14,634	14,954
Construction	23	138,367	153,007	167,158
Manufacturing	31-33	306,498	244,132	249,702
Wholesale Trade	42	150,990	119,799	125,339
Retail Trade	44-45	382,953	332,729	360,174
Transportation and Warehousing	48-49	100,348	95,313	110,996
Information	51	91,095	87,631	92,227
Finance and Insurance	52	191,380	173,575	172,509
Real Estate and Rental and Leasing	53	44,984	45,220	47,235
Professional and Technical Services	54	244,382	343,388	368,167
Management of Companies and Enterprises	55	9,642	31,139	30,717
Administrative and Waste Services	56	168,862	167,294	185,835
Educational Services	61	161,274	183,177	195,376
Health Care and Social Assistance	62	473,702	620,613	643,300
Arts, Entertainment, and Recreation	71	43,802	41,250	48,778
Accommodation and Food Services	72	249,370	223,338	269,705
Other Services, Except Public Administration	81	128,559	99,888	109,562
Public Administration	92	340,517	338,959	355,018

Source: DER; BLS; QCEW (as of May 19, 2022).

Note: Components may not add due to truncation. QCEW is a live database that is updated daily and therefore may not match data from other databases.

¹ As of calendar year end.

² Represents the annual average rate.

Total Wages

The following table compares total wages in the Commonwealth by NAICS category for 2006, 2020 and 2021. The data shown covers the private sector only.

TABLE 7
TOTAL WAGES BY NAICS CATEGORY
(PRIVATE SECTOR ONLY)

NAICS Code	Industry	Percent of Total Private Wages ¹		
		2006	2020	2021
11	Agriculture, Forestry, Fishing and Hunting	0.19%	0.26%	0.32%
21	Mining, Quarrying, and Oil and Gas Extraction	0.06	0.03	0.03
22	Utilities	0.58	0.65	0.62
23	Construction	5.32	5.22	5.29
31-33	Manufacturing	13.25	8.90	8.51
42	Wholesale Trade	6.75	5.18	5.38
44-45	Retail Trade	6.50	5.31	5.36
48-49	Transportation and Warehousing	1.87	1.84	1.87
51	Information	4.79	5.28	5.40
52	Finance and Insurance	12.72	11.95	11.33
53	Real Estate and Rental and Leasing	1.64	1.66	1.64
54	Professional and Technical Services	14.43	21.42	22.25
55	Management of Companies and Enterprises	3.77	4.10	3.78
56	Administrative and Waste Services	4.09	3.81	3.98
61	Educational Services	3.93	4.32	4.06
62	Health Care and Social Assistance	13.82	15.00	14.63
71	Arts, Entertainment, and Recreation	0.98	0.76	0.87
72	Accommodation and Food Services	3.08	2.46	2.80
81	Other Services, Except Public Administration	2.22	1.84	1.87
99	Unclassified	0.00	0.00	0.00

Source: DER; BLS; QCEW (as of April 28, 2022).

Note: QCEW is a live database that is updated daily and therefore may not match data from other databases.

¹ As of the calendar year end.

Total Business Establishments and Quarterly Employment

The following table sets forth the percentage of total business establishments and quarterly employment by business size as of quarter ended December 31, 2021.

TABLE 8
PERCENTAGE OF TOTAL BUSINESS ESTABLISHMENTS AND
QUARTERLY EMPLOYMENT BY BUSINESS SIZE
As of Q4 2021

Number of Employees	Establishments	% of Establishments	Employment¹	% of Employment
0 ²	39,797	14.5%	-	0.0%
1-4	149,695	54.4	257,959	8.3
5-9	34,803	12.7	230,002	7.4
10-19	23,649	8.6	320,365	10.3
20-49	16,923	6.2	512,486	16.4
50-99	5,627	2.0	387,383	12.4
100-249	3,357	1.2	498,819	15.9
250-499	809	0.3	278,412	8.9
500-999	285	0.1	198,148	6.3
1,000	<u>176</u>	<u>0.1</u>	<u>439,931</u>	<u>14.1</u>
	275,121	100.0%	3,123,505	100.0%

Source: DER; BLS; QCEW (as of April 28, 2022).

Note: QCEW is a live database that is updated daily and therefore may not match data from other databases. Includes private contributory reimbursable employers and governmental employers, including new employers.

¹ Represents the number of covered workers who worked during, or received pay for, the pay period during 2021.

² Constitutes any open, active, singles or subs that have not filed or have filed zero taxable wages. Accounts are kept open for eight quarters before closing.

APPENDIX B

PROPOSED FORM OF TRUST AGREEMENT

This Appendix B contains the substantially final, proposed form of the Trust Agreement that will be executed and delivered at the time of delivery of the 2022 Bonds.

[THIS PAGE INTENTIONALLY LEFT BLANK]

TRUST AGREEMENT

By and Between

THE COMMONWEALTH OF MASSACHUSETTS

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

Dated as of August 1, 2022

Relating to
Special Obligation Revenue Bonds
Issued Pursuant to the Provisions
of Section 19 of chapter 9 of the acts of 2021

TABLE OF CONTENTS

	PAGE
ARTICLE I	5
ARTICLE II	5
SECTION 201. Authority for Trust Agreement	5
SECTION 202. Trust Agreement to Constitute Contract.	5
SECTION 203. Authorization of Bonds	5
SECTION 204. General Provisions for Issuance of Bonds	7
SECTION 205. Authorization and Conditions Precedent to Delivery of the Initial Bonds	9
SECTION 206. Limitations on Issuance of Additional Bonds; Conditions Precedent to the Delivery of Additional Bonds.	9
SECTION 207. Bond Anticipation Notes.	10
SECTION 208. Creation of Liens; Other Indebtedness	10
SECTION 209. Credit Enhancement/Liquidity Facilities.	11
SECTION 210. Qualified Hedge Agreements.	11
ARTICLE III	12
SECTION 301. Place and Medium of Payment; Form and Date	12
SECTION 302. Legends	13
SECTION 303. Execution and Authentication.	13
SECTION 304. Interchangeability of Bonds	13
SECTION 305. Negotiability, Transfer, and Registry.	13
SECTION 306. Transfer of Bonds	13
SECTION 307. Regulations With Respect to Exchanges and Transfers.	14
SECTION 308. Bonds Mutilated, Destroyed, Stolen or Lost	14
SECTION 309. Preparation of Definitive Bonds; Interim Receipts and Temporary Bonds.	14
SECTION 310. Cancellation of Bonds	15
ARTICLE IV	15
SECTION 401. Privilege of Redemption and Redemption Price.	15
SECTION 402. Redemption at the Election of the Commonwealth	15
SECTION 403. Redemption Otherwise Than at Commonwealth's Election.	15
SECTION 404. Selection of Bonds to be Redeemed by Lot	15
SECTION 405. Notice of Redemption.	16
SECTION 406. Payment of Redeemed Bonds	16
SECTION 407. Redemption of Super Sinker Bonds.	16
ARTICLE V	17
SECTION 501. The Pledge Effected by this Trust Agreement.	17
SECTION 502. Establishment of Funds and Accounts.	17
SECTION 503. Bond Proceeds	17
SECTION 504. Revenue Fund	17
SECTION 505. Debt Service Fund	19
SECTION 506. Redemption Fund	20
SECTION 507. Debt Service Reserve Fund.	21
SECTION 508. Bond Administrative Expenses Fund	22
SECTION 509. Investments	22
ARTICLE VI	23
SECTION 601. Powers as to Bonds and Pledge.	23
SECTION 602. Extension of Payment of Bonds.	23
SECTION 603. Covenant as to COVID-19 Recovery Assessment and Special Contribution UCTF.	23
SECTION 604. Reserved.	24
SECTION 605. Tax Covenants; Rebate Fund	24
SECTION 606. Further Assurances	24
ARTICLE VII	24

APPENDIX B

SECTION 701.	Events of Default.....	24
SECTION 702.	Application of Revenues and Other Moneys after Default.	25
SECTION 703.	Proceedings Brought by Trustee.	26
SECTION 704.	Restriction on Bondholders' Action.	27
SECTION 705.	Remedies not Exclusive.....	27
SECTION 706.	Effect of Waiver and Other Circumstances.	27
SECTION 707.	No Right of Acceleration.	27
ARTICLE VIII	.....	27
SECTION 801.	Trustee.	27
SECTION 802.	Paying Agents.	28
SECTION 803.	Responsibility of Fiduciaries.	29
SECTION 804.	Evidence on Which Fiduciary May Act.....	29
SECTION 805.	Compensation.....	29
SECTION 806.	Permitted Acts.	30
SECTION 807.	Resignation of Trustee.	30
SECTION 808.	Removal of Trustee.	30
SECTION 809.	Appointment of Successor Trustee.....	30
SECTION 810.	Transfer of Rights and Property to Successor Trustee.	31
SECTION 811.	Merger or Consolidation.	31
SECTION 812.	Electronic Communications.	31
ARTICLE IX	.....	32
SECTION 901.	Supplemental Trust Agreement Effective upon Filing.....	32
SECTION 902.	Supplemental Trust Agreements Amending Trust Agreement or Bonds.....	32
SECTION 903.	Adoption and Filing of Supplemental Trust Agreement.	33
SECTION 904.	Amendment of Financing Agreement.....	33
ARTICLE X	.....	33
SECTION 1001.	Mailing.....	33
SECTION 1002.	Powers of Amendment.	33
SECTION 1003.	Consent of Bondholders.....	33
SECTION 1004.	Modification by Unanimous Action.....	34
SECTION 1005.	Exclusion of Bonds.	34
SECTION 1006.	Notation on Bonds.	34
ARTICLE XI	.....	35
SECTION 1101.	Defeasance.....	35
ARTICLE XII	.....	37
SECTION 1201.	General Form of Bond.	37
ARTICLE XIII	.....	37
SECTION 1301.	Evidence of Signatures of Bondholders and Ownership of Bonds.....	37
SECTION 1302.	Preservation and Inspection of Documents.....	37
SECTION 1303.	No Recourse on the Bonds.	37
SECTION 1304.	Notices and Directions.	37
SECTION 1305.	Partial Invalidity.....	38
SECTION 1306.	Law and Place of Enforcement of this Trust Agreement.	38
SECTION 1307.	Counterparts.	38

Exhibit A - Defined Terms

Exhibit B - Form of Projection Date Certificate

Exhibit C - Form of December Calculation Date Certificate

APPENDIX B

TRUST AGREEMENT

This TRUST AGREEMENT dated as of the first day of August 1, 2022, is by and between THE COMMONWEALTH OF MASSACHUSETTS (the “Commonwealth”) and The Bank of New York Mellon Trust Company, N.A., as trustee (together with any successors or assigns, the “Trustee”), a national banking association duly organized and existing under the laws of the United States of America and duly authorized to accept and execute trusts of the kind hereby established. All capitalized words and terms herein shall have the meaning given such terms in Article I hereof.

WITNESSES THAT:

In consideration of the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Bondholders thereof, and in order to secure the payment of the principal of, premium, if any, and interest on the Bonds and the payment, performance and observance by the Commonwealth of all agreements, covenants and conditions expressed or implied herein and in the Bonds to be paid, performed and observed by any one or more of them, the Commonwealth has executed and delivered this Trust Agreement.

PLEDGE

The Commonwealth hereby grants, pledges and assigns unto the Trustee, and to its successors in said trusts, and to its assigns, all its right, title and interest in and to, and grants a security interest in (a) the Pledged Funds and all rights to receive the same, whether now existing or coming into existence and whether now held or hereafter acquired and including any proceeds thereof, (b) amounts, securities and any investment earnings with respect thereto in all Funds and Accounts held hereunder other than the Rebate Fund, (c) any amounts payable to the Commonwealth by a Hedge Provider pursuant to a Qualified Hedge Agreement and (d) rights to enforce the performance of obligations under the Financing Agreement;

TO HAVE AND TO HOLD all property, interests, rights and remedies described in the foregoing Pledge unto the Trustee and its successors in said trust and its assigns forever IN TRUST upon the terms and trusts herein set forth for the equal and ratable benefit, security and protection of all present and future Holders of all Bonds from time to time issued under and secured by this Trust Agreement; PROVIDED, NEVERTHELESS, that the pledge hereby made is upon the further condition that if the Commonwealth shall pay, or cause to be paid, as provided in Article XI hereof the principal of the Bonds and the premium, if any, and interest due or to become due thereon, at the times and in the manner set forth herein and in the Bonds and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, and if the Commonwealth shall perform and observe all of the agreements, covenants and conditions to be performed and observed by it hereunder and under the Bonds, upon such final payments, performance and observance, this Trust Agreement shall cease;

THIS TRUST AGREEMENT FURTHER WITNESSES THAT THE BONDS AND OBLIGATIONS OF THE COMMONWEALTH HEREUNDER SHALL CONSTITUTE SPECIAL OBLIGATIONS OF THE COMMONWEALTH FOR WHICH THE FULL FAITH AND CREDIT OF THE COMMONWEALTH HAVE NOT BEEN PLEDGED BUT SHALL BE PAYABLE SOLELY

FROM THE PLEDGED FUNDS AND AMOUNTS ON DEPOSIT IN THE VARIOUS FUNDS AND ACCOUNTS PROVIDED HEREUNDER OTHER THAN THE REBATE FUND.

THIS TRUST AGREEMENT FURTHER WITNESSES that the Commonwealth and the Trustee have further agreed as follows:

ARTICLE I.

Definitions

In this Trust Agreement, unless a different meaning clearly appears from the context, capitalized terms shall have the meanings set forth in Exhibit A hereto.

The terms “herein,” “hereunder,” “hereby,” “hereof” and any similar terms refer to this Trust Agreement as a whole, the term “heretofore” shall mean before the effective date of this Trust Agreement, and the term “hereafter” shall mean after the effective date of this Trust Agreement. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, words importing persons shall include firms, associations and corporations, and words of the masculine gender shall include correlative words of the feminine and neuter genders.

ARTICLE II.

Authorization and Issuance of Bonds

SECTION 201. Authority for Trust Agreement. This Trust Agreement has been executed and delivered pursuant to the Act.

SECTION 202. Trust Agreement to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall own the same from time to time, this Trust Agreement shall constitute a contract between the Commonwealth and the Bondholders from time to time of the Bonds, and the pledge made in this Trust Agreement and the covenants and agreements therein set forth to be performed by or on behalf of the Commonwealth shall be for the equal benefit, protection and security of the Bondholders of any and all of the Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as otherwise expressly provided in or permitted by this Trust Agreement.

SECTION 203. Authorization of Bonds.

(1) The Commonwealth is hereby authorized to issue one or more series of Bonds hereunder to be designated “Special Obligation Revenue Bonds” and shall bear such further designation as required by law, which Bonds may be issued as hereinafter provided from time to time, without limitation as to amount except as provided in this Trust Agreement or as limited by law. The Bonds may, if and when authorized by the Commonwealth pursuant to one or more Bond Authorizations and one or more Supplemental Trust Agreements, be issued in one or more Series, and the designation thereof, may include such further appropriate designations added to or incorporated in such title for the Bonds of any particular Series as the Commonwealth may determine. The Bonds may be issued as Fixed Rate Bonds, Variable Rate Bonds, Tender Bonds, Capital Appreciation Bonds, Deferred Income Bonds or Discount Bonds or any combination thereof in accordance with applicable provisions set forth below and the Applicable Supplemental Trust Agreement.

(2) The Commonwealth may issue Bonds (“Fixed Rate Bonds”) hereunder which bear a fixed rate or rates of interest during the term thereof. The Applicable Supplemental Trust Agreement shall specify the rate or rates of interest borne by such Bonds and the interest payment dates thereof.

(3) The Commonwealth may issue Bonds (“Variable Rate Bonds”) hereunder which provide for a variable, adjustable, convertible or other similar rates of interest, not fixed as to percentage at the date of issue for the term thereof. The Applicable Supplemental Trust Agreement shall specify:

- (i) the method or methods for determining the interest rate borne by such Bonds and the frequency of change thereof;
- (ii) the maximum interest rate (the “Variable Rate Ceiling”) payable on such Bonds during the term thereof; and
- (iii) if deemed desirable by the Commonwealth provisions with respect to the conversion of such Bonds to Fixed Rate Bonds and the further conversion of such Fixed Rate Bonds to Variable Rate Bonds.

The method or methods for determining the interest rate on Variable Rate Bonds pursuant to (i) above may include the selection of such rate by an indexing agent as provided in an agreement between the Commonwealth and such agent, the utilization of an index or indices as described in the Applicable Supplemental Trust Agreement, or such other standard or standards set forth by the Commonwealth in the Applicable Supplemental Trust Agreement or any combination of the foregoing.

(4) The Commonwealth may provide that any Series of Bonds may include an option exercisable by the Bondholders thereof to have such Bonds (“Tender Bonds”) either repurchased or redeemed prior to the maturity thereof. The Treasurer shall provide the Trustee with at least thirty (30) days' prior written notice of the Commonwealth's intention to issue any Tender Bonds hereunder. The Applicable Supplemental Trust Agreement shall specify:

- (i) the period or periods during which and the circumstances under which such option may be exercised, including provisions for the variation of such periods;
- (ii) provisions, as the Commonwealth shall deem desirable, with respect to the repurchase of such Bonds and the remarketing thereof, including provisions with respect to the appointment of the remarketing agent therefor; and
- (iii) provisions, as the Commonwealth shall deem desirable, for the adjustment of the interest rate or maturity of such Bonds upon the exercise of any such option.

Any Tender Bonds which shall have been repurchased pursuant to any remarketing agreement and not otherwise redeemed by the Commonwealth shall continue to be Outstanding Bonds hereunder.

Any Tender Bonds issued hereunder shall be secured by a Liquidity Facility providing for the repurchase or payment of any tender price of Tender Bonds which have not been remarketed upon tender of such Bonds and any accrued and unpaid interest due on such Bonds upon the tender date thereof. The provider of any such Liquidity Facility shall have a rating on its short term obligations within the highest Rating Category from each Rating Agency then maintaining a rating on the Bonds Outstanding.

(5) Any Variable Rate Bonds which contain an option to convert such Bonds to Fixed Rate Bonds shall be deemed Variable Rate Bonds hereunder until the date of such conversion and on and after such date, such Bonds shall be deemed Fixed Rate Bonds.

(6) The Commonwealth may issue Bonds (“Capital Appreciation Bonds”) which provide for the addition of accrued and unpaid interest to the principal due thereon upon such terms with respect thereto determined by an Applicable Supplemental Trust Agreement. The Applicable Supplemental Trust Agreement shall specify interest rate or rates for such Bonds and the Accreted Values of any such Bonds.

(7) The Commonwealth may issue Bonds (“Discount Bonds”) which either bear a zero stated rate of interest or bear a stated rate of interest such that such Bonds are sold at a price less than the aggregate principal amount thereof in order to provide such yield thereon as deemed appropriate and desirable thereon by the Commonwealth. In the Applicable Supplemental Trust Agreement for any Discount Bonds, the Commonwealth may provide for the determination of the “principal amount” and “interest” payable on such Bonds and, if so provided in the Applicable Supplemental Trust Agreement, for the purposes hereof such terms with respect to such Bonds shall have the meaning given in such Applicable Supplemental Trust Agreement.

(8) The Commonwealth may issue Bonds (“Deferred Income Bonds”) which provide for the deferral of interest on such Bonds until the Interest Commencement Date. The Applicable Supplemental Trust Agreement shall specify the interest rate or rates for such Bonds and the Interest Commencement Date for such Bonds.

SECTION 204. General Provisions for Issuance of Bonds:

(1) Bonds of any Series shall be authorized by a Supplemental Trust Agreement which shall specify:

- (i) The authorized principal amount, designation, manner of numbering and lettering and Series of such Bonds;
- (ii) the provisions of Section 203(2), (3), (4), (6), (7) and/or (8) applicable to such Series of Bonds;
- (iii) the purpose for which such Bonds are being issued, which shall be one or more of the purposes specified in Sections 205 or 206;
- (iv) the date of such Bonds and the date or dates of maturity thereof;
- (v) the Redemption Price or Prices and the time or times and other terms of redemption, if any, of any of such Bonds;
- (vi) the amount and date of each Sinking Fund Payment, if any, required to be paid for the retirement of any of such Bonds of like maturity, expressed as an amount payable on an interest payment date of such Bonds sufficient to redeem or pay at the applicable Redemption Price thereof on said date a specified principal amount of the Bonds of said maturity;
- (vii) the manner in which the proceeds of such Bonds are to be applied;

- (viii) the Bond Authorizations under which proceeds may be allocated by the Treasurer;
- (ix) if so determined by the Treasurer, provisions for sale of such Bonds;
- (x) the additions and variations, if any, to the form of the Bonds as set forth in Article XII applicable to the amortization and redemption provisions of such Bonds;
- (xi) any provisions required or, if so determined by the Treasurer, permitted by Section 203;
- (xii) specification of record dates or provisions with respect thereto for purposes of determining the Holders to whom interest shall be paid; and
- (xiii) any other provisions deemed advisable by the Treasurer not in conflict with this Trust Agreement.

(2) Each Applicable Supplemental Trust Agreement shall provide for Principal Installments sufficient to retire all Bonds of the Series authorized not later than the last maturity date of such Series and shall otherwise mature in amounts and at such dates consistent with the related Bond Authorizations and other provisions of law establishing the term for bonds issued under the related Bond Authorizations.

(3) The Bonds of each Series shall be executed by the Treasurer and the Governor and delivered to the Paying Agent for such Series of Bonds and by it authenticated and delivered to or upon the order of the Commonwealth, but only upon notification by the Trustee that it has received:

- (i) A Bond Counsel's opinion to the effect that (a) the Commonwealth has the right and power under the Act to enter into this Trust Agreement and the Applicable Supplemental Trust Agreement and each has been duly and lawfully executed on behalf of the Commonwealth, this Trust Agreement and the Applicable Supplemental Trust Agreement are in full force and effect and are valid and binding upon the Commonwealth and enforceable in accordance with their terms, and no other authorization for this Trust Agreement and the Applicable Supplemental Trust Agreement is required, (b) this Trust Agreement creates the valid pledge which it purports to create of the Pledged Funds, rights, moneys, securities and funds held under this Trust Agreement in the manner and to the extent provided herein and the Applicable Supplemental Trust Agreement, and (c) the Bonds of such Series are valid and binding special obligations of the Commonwealth, enforceable in accordance with their terms and the terms of this Trust Agreement and entitled to the benefits of the Act, as provided under this Trust Agreement, and the Applicable Supplemental Trust Agreement;
- (ii) A written order of an Authorized Officer as to the authentication and delivery of such Bonds;
- (iii) This Trust Agreement and the Applicable Supplemental Trust Agreement executed by the Treasurer, with the concurrence of the Secretary of Administration and Finance and the Secretary of Labor, and the Trustee;

- (iv) The instruments or agreements evidencing or representing any Credit Enhancement or Liquidity Facility required by the Applicable Supplemental Trust Agreement; and
- (v) Such further documents and moneys as are required by Sections 205, 206 or Article IX or by the Applicable Supplemental Trust Agreement.

SECTION 205. Authorization and Conditions Precedent to Delivery of the Initial Bonds.

(1) Bonds of a Series (the “Initial Bonds”) are hereby authorized and for such purposes, consistent with this Trust Agreement, as are specified in the Applicable Supplemental Trust Agreement. The Initial Bonds shall be in all respects as described in said Supplemental Trust Agreement.

(2) The Initial Bonds shall be executed by the Treasurer and Governor and delivered to the Paying Agent for such Series of Bonds and by it authenticated and delivered to or upon the order of an Authorized Officer, but only upon notification by the Trustee that it has received:

- (i) The documents, moneys and opinions required by Section 204(3);
- (ii) The documents and moneys, if any, required by the Applicable Supplemental Trust Agreement; and
- (iii) A certificate of the Treasurer stating that a fully executed copy of this Trust Agreement shall have been filed with the Treasurer as required by the Act.

SECTION 206. Limitations on Issuance of Additional Bonds; Conditions Precedent to the Delivery of Additional Bonds.

(1) One or more Series of Additional Bonds may be issued in accordance with this Section for the purpose of (i) repaying Federal Advances, (ii) making deposits into the Unemployment Compensation Fund, (iii) making deposits in the Debt Service Reserve Fund, (iv) paying the Costs of Issuance, (v) paying principal of and interest and premium, if any, on notes issued in anticipation of such Bonds in accordance with Section 207, (vi) refunding prior Bonds issued hereunder, (vii) funding capitalized interest on Bonds, (viii) reimbursing the Commonwealth for interest paid on outstanding or prior Federal Advances, or (ix) any combination of the foregoing.

(2) A Series of Additional Bonds shall be executed by the Treasurer and Governor and delivered to the Paying Agent for such Series of Bonds and by it authenticated and delivered to or upon the order of an Authorized Officer, but only upon notification by the Trustee that it has received:

- (i) The documents, moneys and opinions required by Section 204(3);
- (ii) The documents and moneys, if any, required by the Applicable Supplemental Trust Agreement;
- (iii) A certificate of an Authorized Officer stating that, as of the delivery of such Additional Bonds and application of their proceeds, no Event of Default, as described in Section 701, will have happened and will then be continuing;
- (iv) If any such Additional Bonds are to be issued as Tender Bonds, a fully executed copy of the Liquidity Facility for such Bonds;

- (v) A certificate of the Treasurer and Secretary of Administration and Finance that the amount of such Additional Bonds together with any Bond Outstanding (after taking into consideration any refunding to be effected by the Additional Bonds) is not in excess of the Bond Authorizations in effect as of the date of issuance of such Additional Bonds;
- (vi) If applicable, the certificate of an Authorized Officer required by Section 210(3); and
- (vii) If Super Sinker Bonds are then Outstanding, a certificate of the Treasurer that the expected average life of each Super Sinker Bond that will remain Outstanding after the date of issuance of any Additional Bonds, taking into account the issuance of the Additional Bonds, will not exceed the remaining expected average life of each such Super Sinker Bond, as computed by the Treasurer on the date of issuance of the Additional Bonds, assuming that no such Additional Bonds are issued.

SECTION 207. Bond Anticipation Notes. Whenever the Commonwealth shall authorize the issuance of a Series of Bonds, the Commonwealth may by this Trust Agreement, to the extent authorized by law, issue notes (and renewals thereof) in anticipation of such Series. The principal of and interest on such notes and renewals thereof shall be payable from any moneys of the Commonwealth lawfully available therefor, from the proceeds of such notes or from the proceeds of the sale of the Series of Bonds in anticipation of which such notes are issued. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such notes. Subject to Section 208 and to the extent permitted by law, the Commonwealth may also pledge the Pledged Funds to the payment of such notes. Prior to the issuance of any such notes, the Treasurer shall certify to the Trustee that he/she reasonably expects that all applicable requirements of this Article II pertaining to the issuance of the Series of Bonds in anticipation of which such notes are to be issued can be satisfied.

SECTION 208. Creation of Liens; Other Indebtedness.

(1) Except as otherwise expressly provided herein, the Commonwealth shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, secured by a pledge of or other lien on the Pledged Funds or any other moneys, securities and funds held or set aside by the Commonwealth or by the Fiduciaries under this Trust Agreement, and shall not otherwise create or cause to be created any lien or charge on such Pledged Funds, moneys, securities and funds.

(2) Notwithstanding anything herein to the contrary the Commonwealth may at any time or from time to time issue notes or other evidences of indebtedness (and renewals thereof) in anticipation of Bonds to the extent and in the manner provided in Section 207, which notes, if so determined by the Commonwealth and to the extent permitted by law, may be secured by a pledge of Pledged Funds, provided that such pledge shall in all respects be subordinate to the provisions of this Trust Agreement and the pledge created by this Trust Agreement.

(3) The Commonwealth may issue bonds (other than Additional Bonds or Refunding Bonds), notes or other evidences of indebtedness which are payable out of, or secured by a pledge of, the Pledged Funds so long as such bonds, notes or evidences of indebtedness are expressly subordinate to the obligations created hereunder and the security granted hereby.

(4) Nothing in this Section or this Trust Agreement shall prevent the Commonwealth from issuing bonds, notes or other evidences of indebtedness which are payable out of, or secured by a pledge of, Pledged Funds to be derived on and after such date as the pledge of the Pledged Funds created by this Trust Agreement has been discharged as provided in Section 1101.

SECTION 209. Credit Enhancement/Liquidity Facilities.

(1) In connection with any Series of Bonds issued or to be issued hereunder, the Commonwealth may obtain or cause to be obtained Credit Enhancement or a Liquidity Facility providing for payment of all or a portion of the principal, premium, or interest due or to become due on such Bonds or providing for the purchase of such Bonds or a portion thereof by the issuer of any such Credit Enhancement or Liquidity Facility. In connection therewith the Commonwealth may enter into such agreements with the issuer of such Credit Enhancement or Liquidity Facility providing for, inter alia:

- (i) the payment of fees and expenses to such issuer for the issuance of such Credit Enhancement or Liquidity Facility; and
- (ii) the terms and conditions of such Credit Enhancement or Liquidity Facility and the Series of Bonds affected thereby.

The Commonwealth may secure such Credit Enhancement or Liquidity Facility by an agreement providing for the purchase of the Series of Bonds secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified in a Supplemental Trust Agreement. The Commonwealth may also agree with the issuer of such Credit Enhancement or Liquidity Facility to reimburse such issuer directly for amounts paid under the terms of such Credit Enhancement or Liquidity Facility, together with interest thereon ("Reimbursement Obligation"). Such Reimbursement Obligation may be secured by a lien on Pledged Funds on a parity with the lien created hereby for the related Series of Bonds, provided, however, that the Reimbursement Obligation relating to any Liquidity Facility relating to Variable Rate Bonds may be secured only by a lien on Pledged Funds expressly subordinate to the lien created hereby. Upon the payment of amounts under the Credit Enhancement which results in the Reimbursement Obligations becoming due and payable, such Reimbursement Obligation shall be deemed a Bond Outstanding hereunder.

(2) Any such Credit Enhancement or Liquidity Facility shall be for the benefit of and secure such Series of Bonds as specified in a Supplemental Trust Agreement.

(3) The Commonwealth shall at all times while any Tender Bonds remain Outstanding maintain a Liquidity Facility for such Tender Bonds, notwithstanding anything in the foregoing to the contrary.

SECTION 210. Qualified Hedge Agreements.

(1) The Commonwealth may from time to time enter into Qualified Hedge Agreements with a Hedge Provider with respect to all or a portion of the Bonds of any Series Outstanding hereunder. The obligations of the Commonwealth thereunder (other than termination payments, fees and expenses or other amounts due other than in the ordinary course) may be secured by a pledge of the Pledged Funds. The Treasurer shall provide the Trustee and each Rating Agency then maintaining a rating on any Bonds Outstanding with at least thirty (30) days prior written notice of its intention to enter into a Qualified Hedge Agreement unless such Qualified Hedge Agreement is being entered into in conjunction with the issuance of Additional Bonds. Prior to the effective date of any Qualified Hedge Agreement, the Commonwealth shall deliver to the Trustee the following:

- (i) A fully executed copy of the Qualified Hedge Agreement, together with a certificate of an Authorized Officer stating that such Qualified Hedge Agreement and the Hedge Provider meet the requirements of a Qualified Hedge Agreement and Hedge Provider hereunder; and
- (ii) A certificate of an Authorized Officer designating the Series of Bonds or portions thereof subject to the Qualified Hedge Agreement.

(2) Any amounts paid to the Commonwealth pursuant to a Qualified Hedge Agreement shall be deposited by the Treasurer in the Revenue Fund.

(3) Upon the issuance of any Additional Bonds or Refunding Bonds, an Authorized Officer shall deliver to the Trustee a certificate setting forth the interest rate (the “Assumed Hedge Rate”) which such Authorized Officer reasonably determines will be the average interest rate which will be payable for the next succeeding twelve consecutive months on the notional amount under any Qualified Hedge Agreement relating to any Fixed Rate Bonds which will remain Outstanding under which the Commonwealth is required to pay a variable interest rate on such notional amount.

ARTICLE III

General Terms and Provisions of Bonds

SECTION 301. Place and Medium of Payment; Form and Date.

(1) The Bonds of each Series shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts at the office of such Paying Agent as is specified in the Applicable Supplemental Trust Agreement. The interest on any Bonds may be paid by check, draft or wire transfer as specified in the Applicable Supplemental Trust Agreement. The Commonwealth may make provisions in the Applicable Supplemental Trust Agreement with respect to record dates for purposes of determining Bondholders for purposes of paying interest on any Bond.

(2) The Bonds of each Series shall be issued in the form of fully registered bonds without coupons payable to a named person or registered assigns; all registered Bonds shall each be in the Authorized Denominations and shall be in substantially the form set forth in Article XII. The Commonwealth may provide in an Applicable Supplemental Trust Agreement for the issuance of the Bonds so authorized in book-entry form or in denominations less than \$5,000 upon the terms and conditions as set forth therein together with such modifications to this Trust Agreement as are necessary and appropriate for such Series of Bonds.

(3) Bonds of each Series shall be dated as of the interest payment date for the Bonds of such Series next preceding the date of authentication thereof by the Paying Agent, unless such date of authentication shall be an interest payment date, in which case they shall be dated as of such date of authentication; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds of any Series shall be in default, the Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered; provided, further, that if the date of authentication shall be prior to the first interest payment date for the Bonds of such Series, Bonds shall be dated as provided in the Applicable Supplemental Trust Agreement.

Bonds of each Series shall bear interest from the date specified in the Applicable Supplemental Trust Agreement.

SECTION 302. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Trust Agreement as may be necessary or desirable to comply with custom, the rules of any securities exchange, commission or board or brokerage board, or otherwise, as may be determined by the Commonwealth prior to the authentication and delivery thereof.

SECTION 303. Execution and Authentication.

(1) The Bonds shall be executed in the name of the Commonwealth by the manual or facsimile signatures of the Treasurer and Governor and its official seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced. In case any one or more of the officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been actually authenticated and delivered by the Paying Agent, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the Commonwealth by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in the Commonwealth, although at the date of the Bonds of such Series such persons may not have been so authorized or have held such office.

(2) The Bonds of each Series shall bear thereon a certificate of authentication, in substantially the form set forth in Section 1201, executed manually by the Paying Agent for such Series. Only such Bonds that bear such certificate of authentication shall be entitled to any right or benefit under this Trust Agreement and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Paying Agent. Such certificate of the Paying Agent upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Trust Agreement and the Holder thereof is entitled to the benefits of this Trust Agreement.

SECTION 304. Interchangeability of Bonds. Bonds, upon surrender thereof at the office of the Paying Agent with a written instrument of transfer satisfactory to the Paying Agent, duly executed by the Holder or its duly authorized attorney, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and tenor of any other authorized denomination.

SECTION 305. Negotiability, Transfer, and Registry. All the Bonds issued under this Trust Agreement shall be negotiable, subject to the provisions for registration and transfer contained in this Trust Agreement and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Commonwealth shall maintain and keep, at the office of the Paying Agent for each Series of Bonds, who shall be registrar for the related Series of Bonds, books for the registration and transfer of each Series of Bonds; and upon presentation thereof for such purpose at said office, the Commonwealth shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Paying Agent may prescribe, any Bond entitled to registration or transfer.

SECTION 306. Transfer of Bonds.

(1) Each Bond shall be transferable only upon the register for the Series of which such Bond is a part, by the Bondholder thereof in person or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Paying Agent duly executed by

the Bondholder or its duly authorized attorney. Upon the transfer of any such Bond the Commonwealth shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity and tenor as the surrendered Bond.

(2) The Commonwealth and each Fiduciary may deem and treat the person in whose name any Outstanding Bond shall be registered upon the register for Bonds of such Series as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for all other purposes, and neither the Commonwealth nor any Fiduciary shall be affected by any notice to the contrary. To the extent permitted by law, the Commonwealth agrees to indemnify and save each Fiduciary harmless from and against any and all loss, expense, judgment or liability incurred by it, provided such Fiduciary acts in good faith and without negligence hereunder in so treating such Bondholder.

SECTION 307. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Commonwealth shall execute and the Paying Agent for such Series of Bonds shall authenticate and deliver Bonds in accordance with the provisions of this Trust Agreement. All Bonds surrendered in any such exchange or transfer shall forthwith be cancelled by the Paying Agent. For every such exchange or transfer of Bonds, whether temporary or definitive, the Commonwealth or the Paying Agent may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Commonwealth nor the Paying Agent shall be obligated to make any such exchange or transfer (a) of Bonds of any Series during the twenty (20) days next preceding an interest or principal payment date of the Bonds of such Series or (b) in the case of any proposed redemption of Bonds under this Trust Agreement, of Bonds of any Series selected, called or being called for redemption under this Trust Agreement in whole or in part.

SECTION 308. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Commonwealth shall execute, and thereupon the Paying Agent shall authenticate and deliver, a new Bond of like Series, maturity, principal amount and tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of a substitution for the Bond destroyed, stolen or lost, upon filing with the Paying Agent evidence satisfactory to the Commonwealth and the Paying Agent that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Commonwealth and the Paying Agent with indemnity satisfactory to them and complying with such other reasonable regulations as the Commonwealth and the Paying Agent may prescribe and paying such expenses as the Commonwealth and Paying Agent may incur including the expenses, if any, of printing and delivering such new Bond. All Bonds so surrendered to the Paying Agent shall be cancelled by it.

SECTION 309. Preparation of Definitive Bonds; Interim Receipts and Temporary Bonds. Until the definitive Bonds of any Series are prepared, the Commonwealth may execute and, upon the request of the Commonwealth, the Paying Agent shall authenticate and deliver, in lieu of definitive Bonds, one or more interim receipts, or one or more temporary Bonds, substantially of the tenor of such definitive Bonds (but with such registration provisions as the Commonwealth may provide) and with such omissions, insertions and variations as may be appropriate for temporary Bonds. The Commonwealth at its own expense shall prepare and execute and, upon the surrender at the office of the Paying Agent of such interim receipts and of such temporary Bonds, for exchange and cancellation, the Paying Agent shall authenticate and, without charge to the Bondholder thereof, deliver in exchange therefor, definitive Bonds, of the same aggregate principal amount and Series, maturity and tenor as the interim receipts or temporary Bonds surrendered. Until so exchanged, the interim receipts and temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued

pursuant to this Trust Agreement. All interim receipts and all temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Paying Agent.

SECTION 310. Cancellation of Bonds. All Bonds redeemed or paid by the Commonwealth or any Fiduciary shall be cancelled by it and delivered to the Paying Agent for such Series of Bonds. All Bonds purchased, redeemed or paid by the Paying Agent shall be cancelled by it. No such Bonds shall be deemed Outstanding under this Trust Agreement and no Bonds shall be issued in lieu thereof. All such Bonds and all other Bonds cancelled by the Paying Agent pursuant to this Trust Agreement shall upon order of the Commonwealth be destroyed by the Paying Agent and a certificate thereof delivered to the Commonwealth.

ARTICLE IV

Redemption of Bonds

SECTION 401. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to a Supplemental Trust Agreement shall be redeemable, upon notice as provided in this Article IV, at such time, at such Redemption Prices and upon such terms (in addition to and consistent with the terms contained in this Article IV) as may be specified in the Applicable Supplemental Trust Agreement.

SECTION 402. Redemption at the Election of the Commonwealth. In the case of any redemption of Bonds otherwise than as provided in Section 403, an Authorized Officer shall give written notice to the Trustee and the Paying Agent for the Series of Bonds to be redeemed of the Commonwealth's election so to redeem, of the redemption date, of the Series and of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts shall be determined by the Treasurer in his or her sole discretion, subject to any limitations with respect thereto contained in any Supplemental Trust Agreement). Such notice shall be given as provided in this Article IV or as provided in any Applicable Supplemental Trust Agreement. In the event notice of redemption shall have been given as in Section 405 provided, the Trustee shall, on or before the redemption date pay out of the moneys available therefor to the appropriate Paying Agent or Agents an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agent or Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, all of the Bonds to be redeemed.

SECTION 403. Redemption Otherwise Than at Commonwealth's Election. Whenever by the terms of this Trust Agreement and the Applicable Supplemental Trust Agreement Bonds of a Series are required to be redeemed otherwise than at the election of the Commonwealth, the Trustee shall, unless otherwise directed by the Commonwealth or provided in an Applicable Supplemental Trust Agreement, select the Bonds to be redeemed, give the notice of redemption and pay out of the moneys available therefor the Redemption Price to the appropriate Paying Agents in accordance with the terms of this Article IV and, to the extent applicable, subsection (2) of Section 506.

SECTION 404. Selection of Bonds to be Redeemed by Lot. In the event of redemption of less than all the Outstanding Bonds of like Series and maturity, the Trustee shall, unless otherwise provided in an Applicable Supplemental Trust Agreement, select by lot, in such manner as in its discretion it shall deem appropriate and fair, the numbers of the Bonds to be redeemed and the portions of any thereof to be redeemed in part. Bonds may be redeemed either as a whole or in part in Authorized Denominations. For the purposes of this Section 404, Bonds, or portions thereof, which have theretofore been selected for redemption shall not be deemed Outstanding.

SECTION 405. Notice of Redemption. When the Trustee shall receive notice from the Commonwealth of its election to redeem Bonds pursuant to Section 402, and when redemption of Bonds is required by this Trust Agreement and the Applicable Supplemental Trust Agreement pursuant to Section 403, the Trustee shall give notice, in the name of the Commonwealth, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of registered Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. The Trustee shall mail a copy of such notice, postage prepaid not less than twenty (20) days before the redemption date, to the Bondholders of any Bonds or portions of Bonds which are to be redeemed at their last address, if any, appearing upon the register for such Series of Bonds as of the record date for such Series as provided in the Applicable Supplemental Trust Agreement, but failure so to mail any such notice to any one Bondholder shall not affect the validity of the proceedings for the redemption of Bonds owned by any other Bondholder to whom such notice has been mailed. A notice for optional redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption in a separate account established by the Commonwealth for such purpose no later than the redemption date, or that the Commonwealth may rescind such notice at any time prior to the scheduled redemption date if the Treasurer delivers a notice thereof to the Holders of the Bonds. The redemption notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded, and the failure of the Commonwealth to make funds available in whole or in part on or before the redemption date shall not constitute a default.

SECTION 406. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 405 and the amount necessary to effect the redemption having been so deposited, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of a Bond, the Commonwealth shall execute and the Paying Agent shall authenticate and deliver, upon the surrender of such Bond, without charge to the Bondholder thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, at the option of the Bondholder thereof, Bonds of like Series, maturity and tenor in any of the Authorized Denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable. If said moneys shall not be available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

SECTION 407. Redemption of Super Sinker Bonds. In the event of any redemption of Super Sinker Bonds of a particular maturity and rate pursuant to the Applicable Supplemental Trust Agreement, the Commonwealth shall credit the principal amount of such Super Sinker Bonds redeemed pro rata to the remaining Sinking Fund Payments for such Series of Bonds of like maturity and rate, as nearly as practicable given Authorized Denominations.

ARTICLE V

Establishment of Funds and Application Thereof

SECTION 501. The Pledge Effected by this Trust Agreement.

(1) There are hereby pledged for the payment of principal and Redemption Price of and interest on the Bonds, subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in this Trust Agreement, (i) the Pledged Funds and all rights to receive the same, whether existing or coming into existence and whether held or thereafter acquired and including any proceeds thereof, (ii) all moneys, securities and Reserve Credit Facilities, and any investment earnings with respect thereto, in all Funds and Accounts established by or pursuant to this Trust Agreement, other than the Rebate Fund, (iii) any amounts payable to the Commonwealth by a Hedge Provider pursuant to a Qualified Hedge Agreement and (iv) rights to enforce the performance of obligations under the Financing Agreement. The Bonds shall be special obligations of the Commonwealth payable solely from the sources described above and the full faith and credit of the Commonwealth have not been pledged hereunder.

SECTION 502. Establishment of Funds and Accounts.

(1) On or prior to the date of delivery of the Initial Bonds, the following Funds and Accounts shall be established and shall be held by the Trustee:

- (i) Revenue Fund;
- (ii) Redemption Fund, with an Additional Revenues Subaccount;
- (iii) Debt Service Fund;
- (iv) Bond Administrative Expenses Fund; and
- (v) Rebate Fund.

Such Funds, except the Rebate Fund, are subject to the pledge created hereby. The Trustee may create such Accounts and subaccounts therein as set forth in the Applicable Supplemental Trust Agreement and such Accounts shall be deposited with the Trustee and shall be subject to the pledge created hereby. The Trustee may create such additional Funds, including a Debt Service Reserve Fund, as set forth in the Applicable Supplemental Trust Agreement.

SECTION 503. Bond Proceeds.

(1) Proceeds of any Bonds issued hereunder shall be applied as set forth in the Applicable Supplemental Trust Agreement and otherwise authorized by law.

SECTION 504. Revenue Fund.

(1) The Secretary of Labor agrees to hold and disburse COVID-19 Recovery Assessments in the Special Contribution UCTF in compliance with all covenants and provisions relating thereto in this Trust Agreement and the Financing Agreement. Without limiting the generality of the foregoing, the Secretary of Labor agrees to disburse all amounts in the Special Contribution UCTF constituting Pledged Funds to the Trustee for deposit in the Revenue Fund on a daily basis.

(2) The Secretary of Labor shall deliver to the Trustee within two Business Days after the end of each month, commencing with the end of the month immediately following the month in which the Initial Bonds are issued, a certificate stating the amount of COVID-19 Recovery Assessments collected by the Commonwealth during such month.

(3) On each Calculation Date, there shall be deposited from amounts in the Revenue Fund the following amounts in the following priority:

- (i) To the Debt Service Fund, an amount, together with the amount on deposit therein, sufficient to pay the Bond Debt Service Requirement on the next Debt Service Payment Date;
- (ii) To the Debt Service Reserve Fund, if any, an amount sufficient to restore the balance of the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement as set forth in the Applicable Supplemental Trust Agreement;
- (iii) To the Rebate Fund, if any, an amount required to be deposited therein pursuant to Section 605 hereof;
- (iv) To the Bond Administrative Expenses Fund, an amount equal to the Bond Administrative Expenses as set forth in a certificate of the Treasurer; and
- (v) Amounts remaining in the Revenue Fund shall be applied as set forth in Sections 504(4) or 504(5) hereof.

To the extent that Pledged Funds in the Revenue Fund are not sufficient on any Calculation Date to make the deposit required by Section 504(3)(i) hereof for the immediately succeeding Debt Service Payment Date, the Trustee shall upon receipt of Pledged Funds in the Revenue Fund, immediately transfer any such amounts into the Debt Service Fund until amounts in the Debt Service Fund equal the Bond Debt Service Requirement for such Debt Service Payment Date.

(4) Annually, no later than each Projection Date, pursuant to the Financing Agreement, the Secretary of Administration and Finance and Treasurer shall jointly provide a certified projection (hereinafter, the “Certified Projection”) to the Trustee in the form attached hereto as Exhibit B. The Certified Projection shall contain calculations of (i) the Projected COVID-19 Recovery Assessments, (ii) the Required Coverage Amount, (iii) the Intra-year Retained Revenues, (iv) any Additional Intra-year Retained Revenues and (v) the Excess Pledged Funds to be transferred to the Redemption Fund.

a. If the Projected COVID-19 Recovery Assessments equal or exceed the Required Coverage Amount, the Certified Projection shall (or, if no Super Sinker Bonds are Outstanding, may at its option) provide that all money remaining on deposit in the Revenue Fund, after all required transfers through the Projection Date pursuant to Section 504(3)(i)-(iv) hereof have been made, in excess of Intra-year Retained Revenues constitutes Excess Pledged Funds and shall direct the Trustee to (i) transfer such Excess Pledged Funds to the Redemption Fund to be applied solely for the redemption of Bonds, as required or permitted under any Applicable Supplemental Trust Agreement, and (ii) retain the Intra-year Retained Revenues in the Revenue Fund.

b. If the Projected COVID-19 Recovery Assessments are less than the Required Coverage Amount, the Certified Projection shall (or, if no Super Sinker Bonds are Outstanding, may at its option) (x) include Additional Intra-year Retained Revenues which is equal to the difference between the Required Coverage Amount and the Projected COVID-19 Recovery Assessments and (y) provide that all money remaining on deposit in the Revenue Fund, after all required transfers through the Projection Date pursuant to Section 504(3)(i)-(iv) hereof have been made, in excess of Intra-year Retained Revenues and the Additional Intra-year Retained Revenues constitutes Excess Pledged Funds and shall direct the Trustee to (i) transfer such Excess Pledged Funds to the Redemption Fund to be applied solely for the redemption of Bonds, as required or permitted under any Applicable Supplemental Trust Agreement, and (ii) retain the Intra-year Retained Revenues and the Additional Intra-year Retained Revenues in the Revenue Fund.

(5) Annually, on each December Calculation Date, or such other date as determined by the Treasurer prior to December 15th, after all required transfers are made pursuant to Section 504(3) above on the December Calculation Date, the Treasurer, in an Authorized Officer's Certificate, may declare and determine an amount to be retained in the Revenue Fund until the next Calculation Date (the "December Retained Revenues") and shall (or, if no Super Sinker Bonds are Outstanding, may at its option) determine and declare that all money remaining on deposit in the Revenue Fund in excess of December Retained Revenues constitutes Excess Pledged Funds and such Excess Pledged Funds shall be transferred to the Redemption Fund to be applied solely for the redemption of Bonds, as required or permitted under any Applicable Supplemental Trust Agreement.

SECTION 505. Debt Service Fund.

(1) The Trustee shall pay out of the Debt Service Fund to the respective Paying Agents for any Bonds (i) on or before each interest payment date of Bonds the amount required for the interest payable on such date and (ii) on or before each principal payment date of Bonds the amount required for the Principal Installments or Sinking Fund Payment payable on such date; provided that in each case the Treasurer may direct the Trustee to make such payments to the Paying Agents on such date prior to the due date as the Treasurer determines to the extent amounts are available therefor in such Fund.

(2) Amounts accumulated in the Debt Service Fund with respect to any Sinking Fund Payment for Bonds may, and if so directed by an Authorized Officer shall, be applied by the Trustee prior to the forty-fifth (45th) day preceding the due date of such Sinking Fund Payment, to (i) the purchase of Bonds of the Series and maturity for which such Sinking Fund Payment was established, at prices not exceeding the applicable sinking fund Redemption Price plus interest on such Bonds to the first date on which such Bonds could be redeemed (or in the case of a Sinking Fund Payment due on the maturity date, the principal amount thereof plus interest to such date), such purchases to be made in such manner as the Treasurer shall arrange, or (ii) the redemption, pursuant to Section 402, of such Bonds then redeemable by their terms. The applicable Redemption Price or principal amount (in the case of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Fund until such Sinking Fund Payment date for the purpose of calculating the amount of such Fund. As soon as practicable after the forty-fifth (45th) day preceding the due date of any such Sinking Fund Payment, the Trustee shall, without further direction, proceed (by giving notice as provided in Section 405) to call for redemption on such due date Bonds of the Series and maturity for which such Sinking Fund Payment was established (except in the case of Bonds maturing on a Sinking Fund Payment date) in such amount as shall be necessary to complete the retirement of the principal amount of the Bonds of such Series and maturity as specified for such Sinking Fund Payment in the Applicable Supplemental Trust Agreement and whether or not the balance in the Debt Service Fund is sufficient to pay all such Bonds. The Trustee shall pay out of the Debt Service Fund to the appropriate Paying Agents, on or before such redemption

date or maturity date, the amount required for the redemption of the Bonds so called for redemption or for the payment of such Bonds then maturing, and such amount shall be applied by such Paying Agents to such redemption or payment.

(3) In satisfaction, in whole or in part, of any amount required to be paid into the Debt Service Fund pursuant to Section 504(1)(ii) which is attributable to a Sinking Fund Payment for Bonds, there may be delivered on behalf of the Commonwealth to the Trustee Bonds of the Series and maturity entitled to such Sinking Fund Payment. All Bonds so delivered to the Trustee in satisfaction of a Sinking Fund Payment shall reduce the amount thereof by the amount of the aggregate of the Redemption Prices of such Bonds.

(4) Notwithstanding anything to the contrary contained in this Section, the Trustee shall not purchase or accept Bonds in lieu of any Sinking Fund Payment during the period of forty-five (45) days prior to the due date of any Sinking Fund Payment.

SECTION 506. Redemption Fund.

(1) Amounts in the Redemption Fund constituting Excess Pledged Funds and deposited pursuant to Sections 505(4) or 505(5) hereof shall be applied by the Trustee as follows:

- a. First, on each Debt Service Payment Date, for so long as any Super Sinker Bonds are Outstanding, to the redemption of Super Sinker Bonds in the inverse order of maturity of such Super Sinker Bonds, until no Super Sinker Bonds are then Outstanding; and
- b. Second, at any time, but only if no Super Sinker Bonds are then Outstanding, in accordance with the direction of an Authorized Officer to (1) defease Bonds, (2) pay the optional redemption price of Bonds to be redeemed in accordance with the Applicable Supplemental Trust Agreement, (3) purchase Bonds on any date at such price or prices as an Authorized Officer directs, or (4) pay debt service on the Bonds.

(2) The Commonwealth may from time to time, as permitted by law, deposit amounts other than Pledged Funds into a separate subaccount of the Redemption Fund entitled "Additional Revenues Subaccount".

- a. For so long as Super Sinker Bonds are Outstanding under the Trust Agreement, amounts deposited in such Additional Revenues Subaccount may be applied in accordance with the direction of an Authorized Officer as follows:
 - i. with respect to Bonds other than Super Sinker Bonds, at any time, to (a) defease Bonds in inverse order of maturity, (b) pay the optional redemption price of Bonds to be redeemed in accordance with the Applicable Supplemental Trust Agreement in inverse order of maturity, or (c) purchase Bonds on any date at such price or prices as an Authorized Officer directs, in inverse order of maturity; or
 - ii. With respect to Super Sinker Bonds, to redeem Super Sinker Bonds on any Debt Service Payment Date, at the option and direction of an Authorized Officer, but only in a principal amount such that the Outstanding principal amount of the Super Sinker Bonds as of such Debt Service Payment Date, after taking into account the principal amount to be redeemed, together with any special mandatory redemption to occur on such Debt Service Payment

Date from Excess Pledged Funds, is not less than the projected Outstanding principal amount of the Super Sinker Bonds as of such date, taking into account the projected special mandatory redemptions of the Super Sinker Bonds through such Debt Service Payment Date as set forth the Applicable Supplemental Trust Agreement pursuant to which such Super Sinker Bonds were issued, at a redemption price equal to 100% of the principal amount of such Super Sinker Bonds to be redeemed, plus accrued interest to but not including the redemption date, without premium.

- b. If no Super Sinker Bonds are then Outstanding under the Trust Agreement, amounts deposited in such Additional Revenues Subaccount may be applied in accordance with the direction of an Authorized Officer as follows, at any time to (1) defease Bonds, (2) pay the optional redemption price of Bonds to be redeemed in accordance with the Applicable Supplemental Trust Agreement, (3) purchase Bonds on any date at such price or prices as an Authorized Officer directs, or (4) pay debt service on the Bonds.

(3) If at any time the amount on deposit and available therefor in the Debt Service Fund is insufficient to pay the principal and Redemption Price of Sinking Fund Payments and interest on the Bonds then due, the Trustee shall withdraw from the Redemption Fund and deposit in the Debt Service Fund, the amount necessary to meet the deficiency (other than amounts held therein for the redemption of Bonds for which a notice of redemption shall have been given).

SECTION 507. Debt Service Reserve Fund.

(1) The Trustee shall establish a Debt Service Reserve Fund if required pursuant to an Applicable Supplemental Trust Agreement. If at any time the amounts on deposit and available therefor in the Debt Service Fund are insufficient to pay the principal, the Redemption Price (with respect to Sinking Fund Payments) of, and interest on the applicable Series of Bonds then due, after withdrawal of funds under Sections 506 and 508, the Trustee shall withdraw from the Debt Service Reserve Fund and deposit in the Debt Service Fund the amount necessary to meet the deficiency, with respect to such applicable Series of Bonds. Amounts so withdrawn from the Debt Service Reserve Fund shall be derived, first, from cash or Permitted Investments on deposit therein and, second, from draws or demands on Reserve Credit Facilities held as a part thereof upon the terms and conditions set forth in any such Reserve Credit Facility or as set forth in the Applicable Supplemental Trust Agreement setting forth such Reserve Credit Facility. If the Trustee shall draw on any cash or Permitted Investments and Reserve Credit Facilities in the Debt Service Reserve Fund, any amounts paid to the Trustee to replenish the amounts drawn shall be paid first pro rata to the providers of the Reserve Credit Facilities as authorized under an Applicable Supplemental Trust Agreement and, second, shall be deposited therein as a cash deposit.

(2) If on any Debt Service Payment Date, the amount on deposit in the Debt Service Reserve Fund is in excess of the Debt Service Reserve Fund Requirement (calculated as of such Debt Service Payment Date after the payment of the amount due on such date for the interest and Principal Installments on all Bonds Outstanding), the Trustee, at the direction of an Authorized Officer, shall transfer such excess from the Debt Service Reserve Fund, to the Debt Service Fund.

(3) Whenever the Treasurer shall determine that the amount of cash and Permitted Investments on deposit in the Debt Service Reserve Fund, together with all other funds available for the purpose, is equal to or in excess of the Redemption Price of all Bonds Outstanding, the Trustee, at the direction of an Authorized Officer, shall transfer the balance of such cash and Permitted Investments from

the Debt Service Reserve Fund to the Redemption Fund in connection with the redemption of all Bonds Outstanding.

SECTION 508. Bond Administrative Expenses Fund.

(1) The amount on deposit and available in the Bond Administrative Expenses Fund shall be applied by the Trustee to the payment of Bond Administrative Expenses at the times and in the amounts as directed from time to time by an Authorized Officer.

(2) If at any time the amount on deposit and available therefor in the Debt Service Fund is insufficient to pay the principal and Redemption Price of and interest on the Bonds then due, the Trustee shall withdraw from the Bond Administrative Expenses Fund, after withdrawal of amounts pursuant to Section 506(2) above, and deposit in the Debt Service Fund, the amount necessary to meet such deficiency.

SECTION 509. Investments. Except as otherwise provided in Section 1101 or subsection 2 of this Section, money held for the credit of any Fund or Account under this Trust Agreement shall, to the fullest extent practicable, be invested, either alone or jointly with moneys in any other Fund or Account, by or at the written direction of an Authorized Officer in Permitted Investments which shall mature or be redeemable at the option of the holder thereof, on such dates and in such amounts as may be necessary to provide moneys to meet the payments required to be made from such Funds and Accounts; provided that if moneys in two or more funds or accounts are commingled for purposes of investments, the Trustee shall maintain appropriate records of the Permitted Investments or portions thereof which it makes and which are held for the credit of such Fund or Account. Except as otherwise provided in a Supplemental Trust Agreement, amounts on deposit in the Debt Service Fund, the Debt Service Reserve Fund, or the Redemption Fund may be invested only in Permitted Investments of the type described in subparagraphs (i), (ii), (iii), (iv), (vi), (vii), (ix) or (xi) of the definition of Permitted Investments. Except as otherwise provided in a Supplemental Trust Agreement, Permitted Investments purchased as an investment of moneys in any Fund or Account shall be deemed at all times to be a part of such Fund or Account and all income thereon shall accrue to and be deposited in such Fund or Account and all losses from investment shall be charged against such Fund or Account. Any income from Permitted Investments may be transferred to the Rebate Fund to the extent required by an Applicable Supplemental Trust Agreement. The Trustee shall not be liable or responsible for any loss, fee, tax or other charge resulting from any investment, reinvestment or liquidation of an investment of moneys held in the Funds or Accounts made in accordance herewith.

In computing the amount in any Fund or Account hereunder for any purpose, Permitted Investments shall be valued at amortized cost. As used herein the term "amortized cost," when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days between the date of purchase and the maturity date; and (i) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (ii) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price. Unless otherwise provided in this Trust Agreement, Permitted Investments in any fund or account hereunder shall be valued at least once in each Commonwealth Fiscal Year on the last day thereof. Notwithstanding the foregoing, Permitted Investments in the Debt Service Reserve Fund shall be valued at amortized cost for all purposes of this Trust Agreement unless and until a withdrawal from such Fund shall be required in accordance with Section 507(2), in which event such investments shall thereafter be valued at amortized cost or market,

whichever is lower, until the balance in such Fund, on the basis of such valuation, shall equal the Debt Service Reserve Fund Requirement.

Although the Commonwealth recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Commonwealth agrees that confirmations of Permitted Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered (and that no statement need be rendered for any Fund or Account if no activity occurred in such Fund or Account during such month).

ARTICLE VI

Particular Covenants of The Commonwealth

The Commonwealth covenants and agrees as follows:

SECTION 601. Powers as to Bonds and Pledge. The Commonwealth is duly authorized under the Act and all applicable laws to create and issue Bonds hereunder and to adopt this Trust Agreement and to pledge the Pledged Funds and other moneys, securities and funds purported to be pledged by this Trust Agreement in the manner and to the extent provided in this Trust Agreement. The Pledged Funds and other moneys, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon with respect thereto prior to, or of equal rank with, the pledge created by this Trust Agreement except to the extent expressly permitted hereby. The Commonwealth shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Funds and other moneys, securities and funds pledged under this Trust Agreement and all the rights of the Bondholders under this Trust Agreement against all claims and demands of all persons whomsoever.

SECTION 602. Extension of Payment of Bonds. The Commonwealth shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of claims for interest by the purchaser or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of claims for interest shall be extended, such Bonds or claims for interest shall not be entitled in case of any default under this Trust Agreement to the benefit of this Trust Agreement or to any payment out of any assets of the Commonwealth or the funds (except funds held in trust for the payment of particular Bonds or claims for interest pursuant to this Trust Agreement) held by the Fiduciaries, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing in this Section shall be deemed to limit the right of the Commonwealth to issue Refunding Bonds in accordance with this Trust Agreement and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

SECTION 603. Covenant as to COVID-19 Recovery Assessment and Special Contribution UCTF.

(1) So long as any Bonds are Outstanding, the Commonwealth shall assess experience-rated private contributory employers in each Assessment Year at least the Minimum Annual Assessment. In addition, the Commonwealth shall not limit or alter the rights vested in the Commonwealth to collect the Pledged Funds and to deposit such amounts as provided herein and in the Financing Agreement. The Commonwealth shall not impair the rights and remedies of the Trustee and Bondholders under this Trust Agreement, the Financing Agreement or the Act with respect to the Pledged Funds. Any provisions of the Act creating covenants with Bondholders shall be deemed a covenant with the Bondholders hereunder only to the extent expressly provided herein and as limited hereby.

(2) So long as any Bonds are Outstanding or any Reimbursement Obligations, Qualified Hedge Payments or Bond Administrative Expenses then due and payable remain unpaid or payment of such Bonds, Reimbursement Obligations, Qualified Hedge Payments or Bond Administrative Expenses shall not have been provided for as set forth in Section 1101 or otherwise, the COVID-19 Recovery Assessments shall continue to be assessed and shall not be diverted from the Special Contribution UCTF except to be transferred to the Revenue Fund as provided in the Trust Agreement.

SECTION 604. [RESERVED].

SECTION 605. Tax Covenants; Rebate Fund.

(1) The Commonwealth shall take, or require to be taken, such action as may from time to time be required to assure the continued exclusion from the federal gross income of Holders of any Series of Tax Exempt Bonds.

(2) The Commonwealth shall not permit the investment or application of the proceeds of any Series of Tax Exempt Bonds, including any funds considered proceeds within the meaning of section 148 of the Code, to be used to acquire any investment property the acquisition of which, would cause such indebtedness to be “arbitrage bonds” within the meaning of said section 148.

(3) Upon the initial issuance, sale and delivery of any Series of Tax Exempt Bonds, the Commonwealth shall establish a separate account within the Rebate Fund for such Series and may provide in the Applicable Supplemental Trust Agreement for the deposits of amounts therein to pay “rebate” on the investment of amounts hereunder in accordance with Section 148(f) of the Code. Funds on deposit in the Rebate Fund shall be applied as set forth in the Applicable Supplemental Trust Agreement. Unless otherwise specified in the Applicable Supplemental Trust Agreement, interest or other income derived from the investment or deposit of moneys in the Rebate Fund shall be held therein. The Rebate Fund and the amounts on deposit therein shall not be deemed Pledged Funds hereunder.

SECTION 606. Further Assurances. At any and all times the Commonwealth shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further Supplemental Trust Agreement, acts, deeds, conveyances, assignments, transfers and assurances as may be reasonably necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, Pledged Funds and other moneys, securities and funds hereby pledged or assigned, or intended so to be, or which the Commonwealth may hereafter become bound to pledge or assign.

ARTICLE VII

Defaults and Remedies

SECTION 701. Events of Default. One or more of the following events shall constitute an Event of Default hereunder:

(1) if default shall be made in the payment of the principal or Redemption Price of any Bond when due, whether at maturity or by call for mandatory redemption, or in the payment of any Sinking Fund Payment when due; or

(2) if default shall be made in the payment of any installment of interest on any Bond when due; or

(3) if default shall be made by the Commonwealth in the performance or observance of the covenants, agreements and conditions on its part provided in Section 603; or

(4) if default shall be made by the Commonwealth in the performance or observance of any other of the covenants, agreements or conditions on its part provided in this Trust Agreement or in the Bonds and such default shall continue for a period of thirty (30) days after written notice thereof shall be given to the Commonwealth by the Trustee or to the Commonwealth and the Trustee by the Holders of a majority in principal amount of the Bonds Outstanding; provided that if such default cannot be remedied within such thirty-day period, it shall not constitute an Event of Default hereunder if corrective action is instituted by the Commonwealth within such period and diligently pursued until the default is remedied.

SECTION 702. Application of Revenues and Other Moneys after Default.

(1) The Commonwealth covenants that if an Event of Default shall happen and shall not have been remedied, the Commonwealth, upon demand of the Trustee, shall pay over to the Trustee to the extent permitted by law forthwith, all Pledged Funds upon receipt and not otherwise held by the Trustee hereunder.

(2) During the continuance of an Event of Default, the Trustee shall apply the moneys, securities and funds held by the Trustee and such Pledged Funds and the income therefrom as follows and in the following order:

- a. At any time, to the payment of the reasonable and proper charges and expenses of the Fiduciaries and of any counsel selected by a Fiduciary pursuant to this Article;
- b. to the payment of the interest and principal amount or Redemption Price then due on the Bonds as follows:

First: To the payment to the persons entitled thereto to all installments of accrued and unpaid interest then due in the order of the maturity of such installments maturity, and, if the amount available shall not be sufficient to pay in full all accrued and unpaid interest maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal amount or in the case of Sinking Fund Payments, Redemption Price of, any Bonds which shall become due, whether at maturity or by Sinking Fund Payments, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

- c. to the payment of any person entitled to the payment of any Bond Administrative Expense ratably in accordance with the amount of such Bond Administrative Expenses.

(3) If and whenever all overdue installments of interest on all Bonds together with the reasonable and proper charges and expenses of the Fiduciaries, and all other sums payable by the

Commonwealth under this Trust Agreement, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be due and payable, shall either be paid by or for the account of the Commonwealth, or provision satisfactory to the Trustee shall be made for such payment and all defaults under this Trust Agreement or the Bonds shall have been cured, the Trustee shall pay over to the Commonwealth all moneys, securities and funds remaining unexpended in all Fund and Accounts provided by this Trust Agreement to be held by the Commonwealth, and thereupon the Commonwealth and the Trustee shall be restored, respectively, to their former positions and rights under this Trust Agreement and all Pledged Funds shall thereafter be applied as provided in Article V. No such payment over to the Commonwealth by the Trustee or resumption of the application of Pledged Funds as provided in Article V shall extend to or affect any subsequent default under this Trust Agreement or impair any right consequent thereon.

(4) The proceeds of any Credit Enhancement or Liquidity Facility shall be applied by the Trustee in the manner provided in the Supplemental Trust Agreement authorizing such Credit Enhancement or Liquidity Facility.

SECTION 703. Proceedings Brought by Trustee.

(1) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee may proceed to protect and enforce its rights and the rights of the Bondholders of the Bonds under this Trust Agreement or the Financing Agreement by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Commonwealth as if the Commonwealth were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under this Trust Agreement.

(2) All rights of action under this Trust Agreement may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on the trial or other proceedings.

(3) The Holders of a majority in principal amount of the Bonds Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

(4) Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Holders of a majority in principal amount of the Bonds then Outstanding and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may deem necessary or expedient to prevent any impairment of the security under this Trust Agreement by any acts which may be unlawful or in violation of this Trust Agreement, or necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

(5) Nothing contained herein is intended to preclude the Trustee upon the occurrence of an Event of Default hereunder from asserting any and all remedies it may have at law or equity with respect to the Pledged Funds and other amounts held as security hereunder, including asserting any rights it may have as Trustee hereunder as a secured party with respect to all security granted hereunder notwithstanding any requirements contained herein with respect to Pledged Funds.

SECTION 704. Restriction on Bondholders' Action.

(1) No Bondholder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Trust Agreement or for any remedy under the Trust Agreement, unless such Bondholder shall have previously given to the Trustee written notice of the happening of any Event of Default and the Bondholders of at least a majority in principal amount of Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, to exercise the powers granted in this Article in its own name, and unless such Bondholders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred thereby, and the Trustee shall have refused to comply with such request within a reasonable time.

(2) Nothing in this Trust Agreement shall affect or impair the obligation of the Commonwealth to pay on the respective dates of maturity thereof the principal amount of and interest on the Bonds, or affect or impair the right of action of any Bondholder to enforce the payment of his Bonds.

SECTION 705. Remedies not Exclusive. No remedy by the terms of this Trust Agreement conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Trust Agreement or provided at law or in equity or by statute.

SECTION 706. Effect of Waiver and Other Circumstances.

(1) No delay or omission of the Trustee or of any Bondholder to exercise any right or power arising upon the appending of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or to be an acquiescent therein.

(2) The Holders of a majority in principal amount of the Bonds at the time Outstanding may on behalf of the Bondholders of all of the Bonds waive any past default under the Trust Agreement and its consequences, except a default in the payment of interest on or principal or Redemption Price of any of the Bonds. No such waiver shall extend to any subsequent or other default.

SECTION 707. No Right of Acceleration. Neither the Bondholders nor the Trustee shall have any right to accelerate the payment of principal or interest due on any Bonds Outstanding upon the occurrence of any Event of Default hereunder.

ARTICLE VIII

The Fiduciaries

SECTION 801. Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Trust Agreement by its execution hereof and, by executing this Trust Agreement, the Trustee shall be deemed to have accepted such duties and obligations under this Trust Agreement not only with respect to the Initial Bonds but also with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in this Trust Agreement. The Trustee, prior to the occurrence of an Event of Default and after curing of all Events of Default which may have occurred, if any, undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement.

SECTION 802. Paying Agents.

(1) The Commonwealth shall appoint a Paying Agent for the Bonds of any Series in the Applicable Supplemental Trust Agreement. Each Paying Agent shall be a bank or trust company or national banking association having a capital and surplus aggregating at least fifty million dollars (\$50,000,000), if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Trust Agreement. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Trust Agreement by executing and delivering to the Commonwealth and to the Trustee a written acceptance thereof. The Trustee may be appointed to act as a Paying Agent for any Series of Bonds.

(2) In addition to the other obligations imposed on the Paying Agent hereunder, or under the Applicable Supplemental Trust Agreement, the Paying Agent shall agree with respect to its related Series of Bonds to:

- (i) hold all Bonds delivered to it for purchase in trust for the benefit of the Bondholders thereof until moneys representing the purchase price of such Bonds shall have been delivered to or for the account of or the order of such Bondholders;
- (ii) hold all moneys representing the purchase price of Bonds in trust for the benefit of the persons entitled to receive the payment of such purchase price;
- (iii) keep such books and records as shall be consistent with prudent industry practice and make such books and records available for inspection by the Commonwealth and the Trustee at all reasonable times;
- (iv) maintain the register, and transfer and exchange Bonds; and
- (v) deliver to the Trustee and the Commonwealth upon request a list of the names and addresses of the Bondholders of the Bonds.

(3) If at any time the Paying Agent is unable or unwilling to act as Paying Agent, the Paying Agent may resign, upon thirty (30) days' prior written notice to the Treasurer and the Trustee. Such resignation shall become effective upon the date specified in such notice, unless a successor Paying Agent has not been appointed, in which case such resignation shall become effective upon the appointment of such successor. The Paying Agent may be removed at any time by a written notice signed by an Authorized Officer delivered to the Trustee, each Bondholder and the Paying Agent. An Authorized Officer will promptly certify to the Trustee that it has mailed such notice and such certificate will be conclusive evidence that such notice was given in the manner required hereby. Upon resignation or removal of the Paying Agent, the Treasurer shall appoint a successor Paying Agent which is a bank or trust company which meets the requirements of subsection (1) above. An Authorized Officer shall notify each Bondholder of the related Series of Bonds of the appointment of such successor. Upon the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys and Bonds held by it in trust pursuant to this Section 802 to its successor.

(4) The Commonwealth may appoint in the Applicable Supplemental Trust Agreement a co-Paying Agent for the Bonds of any Series for purposes of paying the principal on such Bonds or effecting transfers and exchanges, subject to the provisions above and those set forth in the Applicable Supplemental Trust Agreement.

SECTION 803. Responsibility of Fiduciaries.

(1) The recitals of fact herein, in any offering documents, and in the Bonds contained shall be taken as the statements of the Commonwealth and no Fiduciary assumes any responsibility for the correctness of the same. The duties and obligations of the Fiduciaries shall be determined by the express provisions of this Trust Agreement and the Fiduciaries shall not be liable except for their performance of such duties and obligations as are specifically set forth herein, no implied duties will be imputed on the Fiduciaries. No Fiduciary makes any representations as to the ability or sufficiency of this Trust Agreement or of any Bonds issued thereunder or in respect of the security afforded by this Trust Agreement, and no Fiduciary shall incur any responsibility in respect thereof. Each Paying Agent shall, however, be responsible for its representation contained in its certificate of authentication on the Bonds to the extent provided in Article 8, Section 208, as amended, of the Massachusetts Uniform Commercial Code or any other successor provision of law. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Commonwealth or any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. The Fiduciaries shall have no obligation to risk or expend its own funds in the performance of its duties hereunder or any other document related to the Bonds. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or bad faith nor shall any Fiduciary be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Trust Agreement. The permissive rights of the Fiduciaries hereunder shall not be construed as duties.

(2) All moneys held by any Fiduciary, as such, at any time pursuant to the terms of this Trust Agreement shall be and hereby are assigned, transferred and set over unto such Fiduciary in trust for the purposes and under the terms and conditions of this Trust Agreement.

SECTION 804. Evidence on Which Fiduciary May Act. Each Fiduciary shall be protected in acting upon any notice, Trust Agreement, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Commonwealth, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate executed in the name of the Commonwealth by an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Trust Agreement upon the faith thereof, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

SECTION 805. Compensation. The Commonwealth shall pay to each Fiduciary from time to time reasonable compensation for all services rendered hereunder, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees incurred in and about the performance of their powers and duties hereunder and each Fiduciary shall have a lien therefor on any and all funds at any time held by it hereunder. Amounts unpaid more than thirty (30) days after they are billed to the Treasurer shall bear interest at the "base rate" of the Trustee in effect from time to time. The Commonwealth shall indemnify and save each Fiduciary harmless against any

liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or bad faith.

SECTION 806. Permitted Acts. Any Fiduciary may become the owner of any Bonds and may otherwise deal with the Commonwealth, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its offices or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Trust Agreement, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds Outstanding.

SECTION 807. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Trust Agreement by giving not less than sixty (60) days' written notice to the Treasurer and giving not less than thirty (30) days' written notice to each Bondholder and Paying Agent specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice provided a successor shall have been appointed, unless previously a successor shall have been appointed by the Treasurer or the Bondholders as hereinafter provided, in which event such resignation shall take effect immediately on the appointment of such successor.

SECTION 808. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Commonwealth. Except during the existence of an Event of Default, the Treasurer may remove the Trustee at any time in the sole discretion of the Treasurer.

SECTION 809. Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Commonwealth, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Treasurer and the predecessor Trustee. Pending such appointment, the Treasurer by a written instrument signed by an Authorized Officer and delivered to the predecessor Trustee shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders as herein authorized. An Authorized Officer shall give written notice of any such appointment made by it to each Bondholder and Paying Agent at least thirty (30) days after the date of such appointment. Any successor Trustee appointed by the Treasurer shall, immediately and without further act, be superseded by a Trustee appointed by the Bondholders. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Treasurer written notice as provided in Section 807 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or the Bondholder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee. Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company organized under the laws of the Commonwealth, or a national banking association doing business in the Commonwealth, having a capital and surplus aggregating at least fifty million dollars (\$50,000,000), if there be such a bank or trust company or national banking association willing and able to accept the office

on reasonable and customary terms and authorized by law to perform all duties imposed upon it by this Trust Agreement.

SECTION 810. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the predecessor Trustee, and also to the Treasurer, an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein, but the Trustee ceasing to act shall nevertheless, on the written request of the Treasurer, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurances and all such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it hereunder, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth.

SECTION 811. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business provided such company shall be a bank or trust company or national banking association which is qualified to be a successor to such Fiduciary under Section 809 or Section 802(1) and shall be authorized by law to perform all the duties imposed upon it by this Trust Agreement, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding.

SECTION 812. Electronic Communications. The Fiduciaries shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to (and in accordance with) this Trust Agreement and delivered using Electronic Means; provided, however, that the Commonwealth shall provide to the Fiduciaries an incumbency certificate listing persons with the authority to provide such Instructions (“Authorized Persons”) and containing specimen signatures of such Authorized Persons, which incumbency certificate shall be amended by the Commonwealth whenever a person is to be added or deleted from the listing. The Fiduciaries are authorized and permitted, and in the case of Instructions by email, directed and required, to seek confirmation of any Instructions, including but not limited to investment, account transfer and payment instructions, by telephone call back to any person designated above at the phone number so designate, and the Fiduciaries may rely upon the confirmation of anyone purporting to be a person so designated. The Commonwealth shall be responsible for ensuring that only Authorized Persons transmit such Instructions to the Fiduciaries and that the Commonwealth and all Authorized Persons are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Commonwealth. The Fiduciaries shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiduciaries’ reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction, provided that the Fiduciaries will not be relieved from liability for its own bad faith, negligence or willful misconduct. Except as provided above in this paragraph, the Commonwealth agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Fiduciaries, including without limitation the risk of the Fiduciaries acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Fiduciaries and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Commonwealth; (iii) that the security procedures set forth above to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Fiduciaries immediately upon learning of any compromise or unauthorized use of the security procedures.

ARTICLE IX

Supplemental Trust Agreement

SECTION 901. Supplemental Trust Agreement Effective upon Filing. The Commonwealth and the Trustee may at any time and from time to time enter into supplements or amendments to this Trust Agreement for any one or more of the following purposes, which Supplemental Trust Agreement upon the execution thereof by the Treasurer and Trustee in accordance with Section 903 shall be fully effective in accordance with its terms:

- (1) to cure any ambiguity, inconsistency or formal defect or omission in this Trust Agreement;
- (2) to close this Trust Agreement against, or provide limitations and restrictions contained in this Trust Agreement on, the original issuance of Bonds;
- (3) to add to the covenants and agreements of the Commonwealth contained in this Trust Agreement other covenants and agreements thereafter to be observed for the purpose of further securing the Bonds;
- (4) to surrender any right, power or privilege reserved to or conferred upon the Commonwealth by this Trust Agreement;
- (5) to authorize Bonds of a Series and, in connection therewith, specify and determine any matters and things relative to such Bonds not contrary to or inconsistent with this Trust Agreement;
- (6) to authorize any Credit Enhancement, Liquidity Facility or Reserve Credit Facility;
- (7) to exercise any provision herein or to make such determinations hereunder as expressly provided herein to be exercised or determined in a Supplemental Trust Agreement;
- (8) to confirm, as further assurance, any pledge under and the subjection to any lien or pledge created or to be created by this Trust Agreement of the Pledged Funds; and
- (9) for any other purpose, provided that such Supplemental Trust Agreement does not prejudice in any material respect the right of the Bondholder of any Bond Outstanding at the date such Supplemental Trust Agreement becomes effective.

SECTION 902. Supplemental Trust Agreements Amending Trust Agreement or Bonds. At any time or from time to time but subject to the conditions or restrictions in this Trust Agreement contained, the Commonwealth and Trustee may amend or supplement this Trust Agreement modifying any of the provisions of this Trust Agreement or Bonds or releasing the Commonwealth from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained, but, except as provided in Section 901, no such amendment or supplement shall be effective until after the execution of such amendment or supplement by the Commonwealth and Trustee and unless (a) no Bonds authorized by a Supplemental Trust Agreement adopted prior to the adoption of such Supplemental Trust Agreement remain Outstanding at the time it becomes effective, or (b) such Supplemental Trust Agreement is consented to by or on behalf of Bondholders in accordance with and subject to the provisions of Article X.

SECTION 903. Adoption and Filing of Supplemental Trust Agreement. Any supplement or amendment to this Trust Agreement referred to and permitted or authorized by this Article IX may be executed by the Commonwealth and Trustee and, subject to the provisions of Section 902, become effective without the consent of any of the Bondholders, but shall become effective only on the conditions to the extent and at the time provided in this Article. Every such amendment or supplement so becoming effective shall thereupon form a part of this Trust Agreement. Any such amendment or supplement shall be accompanied by a Bond Counsel's opinion addressed to the Trustee to the effect that such amendment or supplement has been duly and lawfully adopted by the Commonwealth in accordance with the provisions of this Trust Agreement, is authorized or permitted by this Trust Agreement, and constitutes the lawful and binding obligation of the Commonwealth in accordance with its terms.

SECTION 904. Amendment of Financing Agreement. The Commonwealth and the Trustee may at any time and from time to time enter into amendments to the Financing Agreement, provided that (a) the Commonwealth obtains an opinion of Bond Counsel to the effect that such amendment will not adversely affect the rights of the Bondholders thereunder, or (b) the Holders of at least a majority in aggregate principal amount of the Outstanding Bonds affected by such amendment consent thereto.

ARTICLE X

Amendments

SECTION 1001. Mailing. Any provision in this Article X for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid only (i) to each Bondholder of the Bonds then Outstanding at its address, if any, appearing upon the applicable register and (ii) to the Trustee.

SECTION 1002. Powers of Amendment. Any modification or amendment of the Bonds or of this Trust Agreement may be made by a Supplemental Trust Agreement, with the written consent given as provided in Section 1003, (i) of the Holders of at least a majority in the principal amount of all Bonds Outstanding at the time such consent is given, or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the amount or date of any Sinking Fund Payment, of 100% of the Bondholders of the Bonds of the particular Series and maturity entitled to such Sinking Fund Payment Outstanding at the time such consent is given; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the vote or consent of the Bondholders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section; and provided, further, that no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal amount of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or the rate of interest thereon or the method for determining such rate or terms of any Credit Enhancement or Liquidity Facility relating to a Bond without the consent of 100% of the Bondholders of such Bond, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto, or shall reduce the percentages of the principal amount of Bonds the consent of which is required to effect any such modification or amendment.

SECTION 1003. Consent of Bondholders. The Commonwealth and the Trustee may at any time execute a Supplemental Trust Agreement making a modification or amendment permitted by the

provisions of Section 1002, to take effect when and as provided in this Section. Upon the execution of such Supplemental Trust Agreement, a copy thereof shall be filed with the Trustee for inspection by the Bondholders. A copy of such Supplemental Trust Agreement (or summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee shall be mailed by the Commonwealth to Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Trust Agreement when consented to as in this Section provided). Such Supplemental Trust Agreement shall not be effective unless and until there shall have been filed with the Trustee the written consents of the percentages of the Bondholders of Outstanding Bonds specified in Section 1002 and a notice shall have been given as hereinafter in this Section provided. Any such consent shall be binding upon the Bondholder of the Bonds giving such consent and on any subsequent Bondholder of such Bonds (whether or not such subsequent Bondholder has notice thereof). At any time after the Bondholders of the required percentages of Bonds shall have filed their consent to the Supplemental Trust Agreement, notice, stating in substance that the Supplemental Trust Agreement has been consented to by the Bondholders of the required percentages of Bonds and will be effective as provided in this Section, may be given to the Bondholders by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Trust Agreement from becoming effective and binding as herein provided). An Authorized Officer shall file with the Trustee proof of giving such notice. Such Supplemental Trust Agreement shall be deemed conclusively binding upon the Commonwealth, the Fiduciaries and the Bondholders of all the Bonds at the expiration of sixty (60) days after the filing with the Trustee of the proof of the mailing of such notice, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding commenced for such purpose within such sixty day period; provided, however, that any Fiduciary and the Commonwealth during such sixty day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Trust Agreement as they may deem expedient.

SECTION 1004. Modification by Unanimous Action. Notwithstanding anything contained in Article IX or in the foregoing provisions of this Article, the rights and obligations of the Commonwealth and of the Bondholders of the Bonds and the terms and provisions of the Bonds or of this Trust Agreement may be modified or amended in any respect upon the execution of a Supplemental Trust Agreement by the Commonwealth and the Trustee and the consent of the Bondholders of all of the Bonds then Outstanding, such consent to be given as provided in Section 1003 except that no notice to Bondholders shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

SECTION 1005. Exclusion of Bonds. Bonds owned or held by or for the account of the Commonwealth shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Article, and shall not be entitled to consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Commonwealth shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

SECTION 1006. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as hereinabove in this Article X provided may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Commonwealth and the Trustee as to such action, and in that case upon demand of the Bondholder of any Bond Outstanding at or after such effective date and presentation of its Bond for the purpose to the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the Commonwealth or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Commonwealth to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Holder of any Bond

then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

ARTICLE XI

Defeasance

SECTION 1101. Defeasance.

(1) If the Commonwealth shall pay or cause to be paid, or there shall otherwise be paid, to the Bondholders of the Bonds then Outstanding, the principal amount and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Trust Agreement then the pledge of any Pledged Funds or other moneys and securities pledged by this Trust Agreement and all other rights granted by this Trust Agreement shall be discharged and satisfied. In such event, the Trustee shall, upon request of the Commonwealth, execute and deliver to the Commonwealth all such instruments as may be desirable to evidence such release and discharge and the Fiduciaries shall pay over or deliver to the Commonwealth all moneys or securities held by them pursuant to this Trust Agreement which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(2) Bonds or interest installments for the payment or redemption of which moneys shall be held by the Fiduciaries (through deposit by the Commonwealth of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (1) of this Section 1101. All Outstanding Bonds of any Series or any part of a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (1) of this Section 1101 if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, an Authorized Officer shall have given to the Trustee, in form satisfactory to it, irrevocable instructions to provide, as provided in Article IV, notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations not subject to redemption at the option of the issuer thereof prior to the due date thereof, as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, or upon compliance with the provisions of subsection (5) of this Section 1101 which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates, in each case the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the time of deposit of such Defeasance Obligations, shall be sufficient, as certified by a firm of independent public accountants, to pay when due the principal amount or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds do not mature and are not by their terms subject to redemption within the next succeeding sixty (60) days, an Authorized Officer shall have given the Trustee in form satisfactory to it irrevocable instructions to provide, as soon as practicable, written notice to the Bondholders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with paragraph (1) of this Section 1101 and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal amount or Redemption Price, if applicable, on said Bonds. Neither Defeasance Obligations nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and all of the same shall be held in trust for, the payment of the principal amount or Redemption Price, if applicable, and interest on said Bonds; provided, however, that any cash received from the principal or interest payments on such

Defeasance Obligations deposited with the Trustee, if not then needed for such purpose, may, to the extent practicable, be reinvested in Defeasance Obligations as directed by an Authorized Officer. After the making of the payments for which such Defeasance Obligations or moneys were held, any surplus shall be promptly paid over to the Commonwealth, as received by the Trustee, free and clear of any trust, lien or pledge or assignment securing the Bonds or otherwise existing under this Trust Agreement.

(3) For purposes of determining whether Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Defeasance Obligations and moneys, if any, in accordance with subsection (2)(ii) hereof, the interest to come due on such Variable Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Variable Rate Ceiling if in effect with respect to such Bonds; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such Variable Rate Ceiling for any period, the total amount of moneys and Defeasance Obligations on deposit with the Trustee for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of such Variable Rate Bonds in order to satisfy the provisions of subsection (2)(ii) above, the Trustee shall, if requested by the Commonwealth, pay promptly the amount of such excess to the Commonwealth free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under this Trust Agreement.

(4) Tender Bonds shall be deemed to have been paid in accordance with subsection (2)(ii) hereof only if, in addition to satisfying the requirements thereof, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Bondholders of such Bonds upon the exercise of any options provided to the Bondholders of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to the provisions of subsection (2)(ii) above, the options originally exercisable by the Bondholders of Tender Bonds are no longer exercisable, such Bonds shall not be considered Tender Bonds for purposes of this subsection (4). If any portion of the moneys deposited with the Trustee for the payment of the principal amount of and premium, if any, and interest on Tender Bonds is not required for such purpose the Trustee shall, if requested by the Commonwealth, pay promptly the amount of such excess to the Commonwealth free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Trust Agreement.

(5) Defeasance Obligations described in subsection (2)(ii) above may be included in the Defeasance Obligations deposited with the Trustee in order to satisfy the requirements of subsection (2)(ii) above only if the determination as to whether moneys and Defeasance Obligations to be deposited with the Trustee in order to satisfy the requirements of such subsection (2)(ii) above would be sufficient to pay when due either on the maturity date thereof or, in the case of any Bonds to be redeemed prior to the maturity date thereof, on the redemption date or dates specified in any notice of redemption to be made by the Trustee or in the instructions to give a notice of redemption provided to the Trustee in accordance with subsection (2)(ii) above, the principal of or Redemption Price, if applicable, and interest on the Bonds which will be deemed to have been paid as provided in subsection (2)(ii) above is made both (i) on the assumption that the Defeasance Obligations described in subsection (2)(ii) above were not redeemed at the option of the issuer prior to the maturity date thereof and (ii) on the assumption that such Defeasance Obligations would be redeemed by the issuer thereof at its option on each date on which such option could be exercised, that as of such date or dates interest ceased to accrue on such Defeasance Obligations and that the proceeds of such redemption would not be reinvested by the Trustee.

(6) Anything in this Trust Agreement to the contrary notwithstanding, any moneys held by the Fiduciary in trust for the payment and discharge of any Bonds which remain unclaimed for three (3)

years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for three (3) years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds become due and payable, shall be paid to the Commonwealth as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Commonwealth for the payment of such Bonds.

ARTICLE XII

Form of Bonds

SECTION 1201. General Form of Bond. The Bonds of each Series shall be in the form set forth in the Applicable Supplemental Trust Agreement.

ARTICLE XIII

Miscellaneous

SECTION 1301. Evidence of Signatures of Bondholders and Ownership of Bonds.

(1) Any request, consent or other instrument which this Trust Agreement may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing.

(2) The ownership of Bonds and the amount, numbers and other identification, and date of owning the same, shall be proved by the register for Bonds of the applicable Series.

(3) Any request, consent or vote of the Bondholder of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Commonwealth or any Fiduciary in accordance therewith.

SECTION 1302. Preservation and Inspection of Documents. All documents received by a Fiduciary under the provisions of this Trust Agreement or the Financing Agreement shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Commonwealth, any other Fiduciary and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

SECTION 1303. No Recourse on the Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or the interest on the Bonds or for any claim based thereon or on this Trust Agreement against any official, agent, representative or employee of the Commonwealth or any person executing the Bonds. No official, agent, representative or employee of the Commonwealth shall be held personally liable to any purchaser or holder of any Bond under or upon such Bond under or upon such Bond, or under or upon this Trust Agreement or any Supplemental Trust Agreement relating to Bonds, or, to the extent permitted by law, because of the sale or issuance or attempted sale or issuance of Bonds, or because of any act or omission in connection with the investment or management of the Pledged Funds, funds or moneys of the Commonwealth, or otherwise in connection with the management of its affairs, excepting solely for things willfully done or omitted to be done with an intent to defraud.

SECTION 1304. Notices and Directions. Unless otherwise expressly provided herein, all notices, orders, and directions to the Commonwealth or the Trustee hereunder, including without limitation any order or direction given to the Trustee hereunder by an Authorized Officer, shall be in

writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered in person or by facsimile transmission during a Business Day as follows: (a) to the Treasurer, One Center Plaza, Suite 430, Boston, Massachusetts 02108, attention: Deputy Treasurer for Debt Management, (b) the Secretary of Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, (c) to the Secretary of Labor, One Ashburton Place, Suite 2112, Boston, Massachusetts 02108, attention: General Counsel, and (d) to the Trustee, 500 Ross Street, 12th Floor, AIM 154-1270, Pittsburgh, Pennsylvania 15262-0001, attention: Corporate Trust Department or, as to any of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the other parties. All notices to a Bondholder shall be in writing and shall be deemed sufficiently given if sent by mail, postage prepaid, to the Bondholder at the address shown on the registration books for the Bonds maintained by the Trustee.

SECTION 1305. Partial Invalidity. If any provision of this Trust Agreement or any Trust Agreement supplemental thereto is held invalid in any circumstance, such invalidity shall not affect any other provisions or circumstances.

SECTION 1306. Law and Place of Enforcement of this Trust Agreement. This Trust Agreement shall be construed and governed in accordance with the laws of the Commonwealth and all suits and actions arising out of this Trust Agreement shall be instituted in a court of competent jurisdiction in the Commonwealth.

SECTION 1307. Counterparts. This Trust Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Delivery of an executed counterpart by facsimile or in electronic format shall be as effective as of delivery of a manually executed counterpart.

IN WITNESS WHEREOF, the Treasurer and Receiver-General of the Commonwealth has executed and delivered this Trust Agreement in the name and on behalf of The Commonwealth of Massachusetts; and the Trustee has caused this Trust Agreement to be signed in its name and behalf by its Authorized Officer and its corporate seal to be hereunto affixed, all as of the 1st day of August, 2022.

THE COMMONWEALTH OF MASSACHUSETTS

By: _____
Treasurer and Receiver-General of The
Commonwealth of Massachusetts

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

[SEAL]

By: _____

Concurrence

The undersigned, Secretary of Administration and Finance of The Commonwealth of Massachusetts and Secretary of Labor and Workforce Development of The Commonwealth of Massachusetts, pursuant to the provisions of Section 19 of chapter 9 of the acts of 2021, as amended, hereby concur as of the date hereof with the execution of the foregoing Trust Agreement by the Treasurer and Receiver-General of The Commonwealth of Massachusetts.

Secretary of Administration and Finance of The
Commonwealth of Massachusetts

Secretary of Labor and Workforce Development of The
Commonwealth of Massachusetts

Exhibit A

Defined Terms

“Accreted Value” shall mean with respect to any Bonds that are Capital Appreciation Bonds, an amount equal to the principal amount of such Capital Appreciation Bonds (determined on the basis of the initial principal amount per \$5,000 at maturity thereof) plus the amount assuming compounding (as set forth in the Applicable Supplemental Trust Agreement) of earnings which would be produced on the investment of such initial amount, beginning on the dated date of such Capital Appreciation Bonds and ending at the maturity date thereof, at a yield which, if produced until maturity, will produce \$5,000 at maturity. As of a Valuation Date, the Accreted Value of any Capital Appreciation Bonds shall mean the amount set forth for such date in the Applicable Supplemental Trust Agreement and as of any date other than a Valuation Date, the sum of (i) the Accreted Value on the preceding Valuation Date and (ii) the product of (1) a fraction, the numerator of which is the number of days having elapsed from and including the preceding Valuation Date and the denominator of which is the number of days from and including such preceding Valuation Date to the next succeeding Valuation Date, and (2) the difference between the Accreted Values for such Valuation Dates.

“Act” shall mean the provisions of sections 19, 20, 21 and 23 of chapter 9 of the acts of 2021, as amended by section 4 of chapter 16 of the acts of 2021, as may be further amended from time to time.

“Additional Bonds” shall mean Bonds of the Commonwealth issued pursuant to Section 206 of the Trust Agreement.

“Additional Intra-year Retained Revenues” means an amount of COVID-19 Recovery Assessments designated in the Certified Projection that allows the Secretary of Labor, Secretary of Administration and Finance and the Treasurer to certify that Projected COVID-19 Recovery Assessments plus such designated amount equals or exceeds the Required Coverage Amount for a given Projection Date.

“Adjusted Bond Debt Service Requirement” shall mean, for any period of calculation, the Bond Debt Service Requirement, adjusted for any anticipated redemption of Bonds on the immediately succeeding January 15th Debt Service Payment Date from amounts deemed or to be deemed as Excess Pledged Funds.

“Advance Refunded Municipal Bonds” shall mean 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 (i) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (ii) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations which fund may be applied only to the payment of interest when due, principal of 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 notice, as appropriate, and (iii) as to which the principal of and interest on the Government Obligations which have been deposited in such fund along with any cash on deposit in such fund is sufficient to pay interest when due, principal of and redemption premium, if any, on the bonds or other obligations described in this definition on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable notice referred to in subclause (i) above, as appropriate.

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

“Applicable Supplemental Trust Agreement” shall mean with respect to any Series of Bonds, the Supplemental Trust Agreement authorizing such Series of Bonds.

“Appreciated Value” shall mean with respect to Bonds that are Deferred Income Bonds until the Interest Commencement Date thereon, an amount equal to the principal amount of such Deferred Income Bond (determined on the basis of the initial principal amount per \$5,000 at the Interest Commencement Date thereof) plus the amount, assuming compounding (as set forth in the Applicable Supplemental Trust Agreement) of earnings which would be produced on the investment of such initial amount, beginning on the dated date of such Deferred Income Bond and ending on the Interest Commencement Date, at a yield which, if produced until the Interest Commencement Date, will produce \$5,000 at the Interest Commencement Date. As of any Valuation Date, the Appreciated Value of any Bonds that are Deferred Income Bonds shall mean the amount set forth for such date in the Applicable Supplemental Trust Agreement and as of any date other than a Valuation Date, the sum of (i) the Appreciated Value on the preceding Valuation Date and (ii) the product of (1) a fraction, the numerator of which is the number of days having elapsed from and including the preceding Valuation Date to the Valuation Date and the denominator of which is the number of days from and including such preceding valuation Date to and including the next succeeding Valuation Date, and (2) the difference between the Appreciated Values for such Valuation Dates.

“Assessment Year” shall mean the period beginning on January 1 of any calendar year and ending on December 31 of the same calendar year.

“Assumed Hedge Rate” shall have the meaning given such term under Section 210(3) of the Trust Agreement.

“Authorized Denominations” means \$5,000 or any whole multiple thereof.

“Authorized Officer” shall mean the Treasurer or any designee thereof, the Secretary or any designee thereof and, when used in reference to an act or document, shall also mean any other person authorized by law to perform such act or sign such document.

“Bond Administrative Expenses” shall mean all costs, fees and expenses, other than Costs of Issuance, incurred or related to the administration of the Trust Agreement, including without limitation, costs, fees and expenses incurred or related to any Liquidity Facility, Credit Enhancement, Reserve Credit Facility, any remarketing or other secondary market transactions, any fees of Bond Counsel, attorneys, financial advisors, the Trustee, remarketing agents, rebate consultants, accountants and other advisors retained by the Commonwealth in connection with the Trust Agreement or Bonds, and any other fees, charges and expenses that may be lawfully incurred by the Commonwealth to a provider of any Credit Enhancement, Liquidity Facility or Reserve Credit Facility, to repay or reimburse any amounts paid by such provider due to a payment under such Credit Enhancement, Liquidity Facility or Reserve Credit

Facility and any interest on such repayment obligation unless any such amount constitutes a Bond Debt Service Requirement for such Series.

“Bond Administrative Expenses Fund” shall mean the fund so designated and created by Section 502 of the Trust Agreement.

“Bond Authorization” shall mean the Act, as amended from time to time, and any other law of the Commonwealth enacted in accordance with the applicable provisions of the Constitution of the Commonwealth authorizing bonds for the purpose of repaying Federal Advances, funding the Unemployment Compensation Fund or refunding any Bonds.

“Bond Counsel” shall mean any lawyer or firm of lawyers nationally recognized in the field of municipal finance and selected by the Treasurer.

“Bond Debt Service Requirement” shall mean, for any period of calculation, the aggregate of the interest, Principal Installment, and Sinking Fund Payments due or to become due other than by reason of redemption at the option of the Commonwealth or the Bondholder of any Bonds on all Bonds Outstanding during such period, plus Reimbursement Obligations and Qualified Hedge Payments (other than termination payments, fees and expenses or amounts not due in the ordinary course under the Qualified Hedge Agreement) then due and payable; provided, however, for purposes of this definition,

- (i) interest for any Series of Bonds shall be calculated on the assumption that no Bonds Outstanding on the date of calculation will cease to be Outstanding except due to scheduled payment of Principal Installments or Sinking Fund Payment on the due date thereof;
- (ii) principal for any Series of Bonds shall be calculated on the assumption that no Bonds Outstanding on the date of calculation will cease to be Outstanding except due to scheduled payment of Principal Installments or Sinking Fund Payment on the due date thereof;
- (iii) the scheduled principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of Deferred Income Bonds becoming due at maturity or by virtue of Sinking Fund Payments shall be included in the calculations in such manner and during such period of time as is specified in the Applicable Supplemental Trust Agreement authorizing such Capital Appreciation Bonds or Deferred Income Bonds;
- (iv) any capitalized interest available in the Debt Service Fund to pay such interest shall reduce the Bond Debt Service Requirement; and
- (v) earnings derived from the investment of money in the Debt Service Fund, Debt Service Reserve Fund or Redemption Fund shall reduce the Bond Debt Service Requirement.

“Bond Year” means the period beginning on January 16th of any calendar year and ending on January 15th of the succeeding year.

“Bondholder” or **“Holder,”** when used with reference to Bonds, shall mean the registered owner of the Bonds from time to time as shown on the register for a particular Series of Bonds held by the Paying Agent for such Series of Bonds.

“Bonds” shall mean any of the Bonds of the Commonwealth authenticated and delivered under the Trust Agreement.

“Calculation Date” means each June Calculation Date and December Calculation Date.

“Capital Appreciation Bonds” shall mean any Bonds described in Section 203(6) of the Trust Agreement. For the purposes of (i) receiving payment of the redemption price, if any, of a Capital Appreciation Bond that is redeemed prior to maturity, and (ii) computing the principal amount of Capital Appreciation Bonds held by the Holder thereof in giving any notice consent, request, or demand pursuant to the Applicable Supplemental Trust Agreement for any purpose whatsoever, the principal amount of a Capital Appreciation Bond as of a specific date shall be deemed to be its Accreted Value as of such date.

“Certified Projection” has the meaning set forth in Section 504(4) of the Trust Agreement.

“Chapter 151A” means Chapter 151A of the Massachusetts General Laws, as amended from time to time.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Commissioner” means the Director of the Department of Unemployment Assistance within the Commonwealth’s Executive Office of Labor and Workforce Development.

“Commonwealth” shall mean The Commonwealth of Massachusetts.

“Commonwealth Fiscal Year” shall mean the period beginning on July 1 of any calendar year and ending on June 30 of the succeeding calendar year or such other period of twelve consecutive calendar months as may be provided by law as the fiscal year of the Commonwealth.

“Commonwealth UITF” or **“UITF”** means the Commonwealth account of the federal Unemployment Insurance Trust Fund created pursuant to the Social Security Act of 1935.

“Comptroller” shall mean the Comptroller of the Commonwealth or any deputy or designee acting in his stead.

“COVID-19 Recovery Assessments” means those fees, rates and charges assessed against employers within the Commonwealth pursuant to section 20 of chapter 9 of the acts of 2021, as may be amended from time to time.

“Costs of Issuance” shall mean all items of expense directly or indirectly payable or reimbursable by or to the Commonwealth and related to the authorization, sale and issuance of Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, costs and expenses of refunding, fees, expenses and other amounts payable to any underwriters of the Bonds, accrued interest payable upon the initial investment of the proceeds of Bonds, initial fees and expenses payable in connection with any Credit Enhancement, Liquidity Facility or Reserve Credit Facility, fees and expenses payable in connection with any remarketing agreements or interest rate indexing agreements payable in connection with the original issuance of the Bonds and any other cost, charge or fee payable in connection with the original issuance of Bonds.

“Credit Enhancement” shall mean any agreement, including, but not limited to a policy of bond insurance, surety bond, irrevocable letter of credit, credit agreement, credit facility or guaranty arrangement with a bank, trust company, insurance company, surety bonding company, pension fund or other financial institution that provides increased credit on or security for any Series (or portion thereof)

of Bonds and, to the extent authorized by a Supplemental Trust Agreement, may include a Reserve Credit Facility.

“Debt Service Fund” shall mean the fund so designated and created by Section 502 of the Trust Agreement.

“Debt Service Payment Date” means each January 15th and July 15th commencing January 15, 2023, or such other dates as may be specified in a Supplemental Trust Agreement.

“Debt Service Reserve Fund” shall mean a fund so designated and created by the Applicable Supplemental Trust Agreement.

“Debt Service Reserve Fund Requirement” shall mean for each Series of Bonds, the amount set forth in the Applicable Supplemental Trust Agreement.

“December Calculation Date” means December 1st of each year, commencing December 1, 2022.

“December Retained Revenues” means solely for the purpose of determining Excess Pledged Funds, Pledged Funds in the amount, if any, to be retained in the Revenue Fund at the discretion of the Treasurer upon determination of Excess Pledged Funds as described in Section 504(5) of the Trust Agreement.

“Defeasance Obligations” shall mean Government Obligations, Agency Obligations and Advance Refunded Municipal Bonds.

“Deferred Income Bonds” shall have the meaning given such term in Section 203(8) of the Trust Agreement.

“Discount Bonds” shall have the meaning given such term in Section 203(7) of the Trust Agreement.

“DUA” means the Department of Unemployment Assistance within the Commonwealth’s Executive Office of Labor and Workforce Development.

“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“Excess Pledged Funds” means with respect to the June Calculation Date, the amount determined pursuant to Section 504(4) of the Trust Agreement and with respect to the December Calculation Date, the amount determined pursuant to Section 504(5) of the Trust Agreement.

“Federal Advances” means federal loans received by the Commonwealth from the United States of America pursuant to Title XII of the Social Security Act of 1935 (42 U.S.C. §§1321 – 1324) for purposes of funding unemployment benefits from the Unemployment Compensation Fund.

“Federal Fiscal Year” shall mean the period beginning on October 1st of any calendar year and ending on September 30th of the succeeding calendar year.

“Fiduciary” shall mean the Trustee or any Paying Agent.

“Financing Agreement” means the Financing and Pledge Agreement dated August 1, 2022 among the Treasurer, the Secretary of Administration and Finance and the Secretary of Labor.

“Fixed Rate Bonds” shall have the meaning given such term in Section 203(2) of the Trust Agreement.

“Governor” shall mean the Governor of the Commonwealth or the Lieutenant Governor of the Commonwealth at any time under the laws of Commonwealth the Lieutenant Governor is permitted to act in his/her stead.

“Government Obligations” shall mean direct general obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Hedge Provider” shall mean the counterparty with whom the Commonwealth enters into a Qualified Hedge Agreement.

“Initial Bonds” shall mean the Bonds authorized by Section 205 of the Trust Agreement and the Applicable Supplemental Trust Agreement.

“Interest Commencement Date” shall mean with respect to any Deferred Income Bonds, the date specified in the Applicable Supplemental Trust Agreement (which date must be prior to the maturity date for such Deferred Income Bonds), after which interest accruing on such Deferred Income Bonds shall be payable with the first such payment date being the applicable interest payment date immediately succeeding such Interest Commencement Date.

“Intra-year Retained Revenues” means 10% of the Bond Debt Service Requirement for the next January 15th Debt Service Payment Date.

“June Calculation Date” means June 1st of each year, commencing June 1, 2023.

“Liquidity Facility” shall mean any agreement with a bank, trust company, insurance company, surety bonding company, pension fund or financial institution under which it agrees to purchase Tender Bonds.

“Massachusetts UI Program” means unemployment contributions and benefits system administered by DUA pursuant to Chapter 151A.

“Minimum Annual Assessment” means, with respect to any Assessment Year, an aggregate COVID-19 Recovery Assessment that, when taken together with December Retained Revenues and other amounts remaining in the Revenue Fund, is expected to generate Pledged Funds at least equal to one hundred twenty-five percent (125%) of the sum of (i) the annual Adjusted Bond Debt Service Requirement and (ii) the Bond Administrative Expenses, in each case, for the Bond Year commencing during such Assessment Year, as determined by the Treasurer and set forth in notification provided pursuant to Section 3.03 of the Financing Agreement.

“Outstanding,” when used with reference to Bonds, shall mean as of a particular date, all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond cancelled by the Commonwealth or a Fiduciary at or before said date, (ii) any Bond in lieu of or in substitution for which

another Bond shall have been authenticated and delivered pursuant to Article III or Section 406 or Section 1006 of the Trust Agreement and (iii) Bonds deemed to have been paid as provided in Section 1101 of the Trust Agreement.

“Paying Agent” shall mean any paying agent or co-paying agent for Bonds of any Series appointed pursuant to the Trust Agreement or an Applicable Supplemental Trust Agreement and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Trust Agreement.

“Permitted Investments” shall mean and include any of the following, if and to the extent the same are at the time legal for investment of Commonwealth funds:

- (i) Government Obligations;
- (ii) Certificates or receipts representing direct ownership of future interest or principal payments on Government Obligations or any obligations of agencies or instrumentalities of the United States of America which are backed by the full faith and credit of the United States, which obligations are held by a custodian in safekeeping on behalf of the holders of such receipts;
- (iii) Agency Obligations;
- (iv) All other obligations issued or unconditionally guaranteed as to the timely payment of principal and interest by an agency or person controlled or supervised by and acting as an instrumentality of the United States of America pursuant to authority granted by Congress;
- (v) (a) Interest-bearing time or demand deposits, certificates of deposit, or other similar banking arrangements with any government securities dealer, bank, trust company, savings and loan association, national banking association or other savings institution (including the Trustee), provided that such deposits, certificates, and other arrangements are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or (b) interest-bearing time or demand deposits or certificates of deposit with any bank, trust company, national banking association or other savings institution (including the Trustee), provided such deposits and certificates are in or with a bank, trust company, national banking association or other savings institution whose long-term unsecured debt is rated in one of the three highest long-term Rating Categories by each Rating Agency then maintaining a rating on such institution, and provided further that with respect to (a) and (b), any such obligations are held by the Trustee or a bank, trust company or national banking association other than the issuer of such obligations, unless the issuer is the Trustee;
- (vi) Repurchase agreements collateralized by securities described in subparagraphs (i), (ii), (iii) or (iv) above with any registered broker/dealer or with any commercial bank, provided that (a) a specific written repurchase agreement governs the transaction, (b) the securities are held, free and clear of any lien, by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (1) a Federal Reserve Bank, or (2) a bank which is a member of the Federal Deposit Insurance Corporation and

which has combined capital, surplus and undivided profits of not less than \$25 million, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee, (c) the repurchase agreement has a term of thirty days or less, or the Trustee or the third-party custodian will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within five business days of such valuation, and (d) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102%;

- (vii) Money market funds rated in the highest short-term Rating Category by each Rating Agency then maintaining a rating on such money market funds;
- (viii) Commercial paper rated in the highest short-term Rating Category by each Rating Agency then maintaining a rating on such commercial paper;
- (ix) Advance-Refunded Municipal Bonds;
- (x) Short-term or long-term obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state that are rated in the two highest rating categories by each Rating Agency then maintaining a rating on such obligations; or
- (xi) investment contracts with banks or other financial institutions whose long-term unsecured debt or claims-paying ability is rated in one of the three highest Rating Categories by each Rating Agency then maintaining a rating on the unsecured debt or claims-paying ability of such bank or financial institution, but in no event lower than the Rating Category designated by such Rating Agency for the Bonds.

“Pledged Funds” shall mean the COVID-19 Recovery Assessment.

“Principal Installment” shall mean, as of any particular date of computation and with respect to Bonds of a particular Series, an amount of money equal to the principal amount of Outstanding Bonds of said Series which mature on a single future date, reduced by the aggregate principal amount of such Outstanding Bonds which would before said future date be retired by reason of the payment when due and application in accordance with the Trust Agreement of Sinking Fund Payments payable before said future date for the retirement of such Outstanding Bonds of said Series.

“Projected COVID-19 Recovery Assessments” means COVID-19 Recovery Assessments that are, as of the Projection Date and as determined in the Certified Projection, projected to be collected between the June Calculation Date and the December Calculation Date relating to a determination of Excess Pledged Funds as set forth herein.

“Projection Date” means the June Calculation Date, or such other date as determined by the Treasurer.

“Qualified Hedge Agreement” shall mean an interest rate exchange, cap, floor or collar agreement between the Commonwealth and a Hedge Provider based upon a notional amount, where (a) the Hedge Provider, or the person who guarantees the obligation of the Hedge Provider to make any

payments due to the Commonwealth, has unsecured long-term obligations rated, or (b) the hedge agreement itself is rated, in each case as of the date the hedge agreement is entered into, by each Rating Agency then maintaining a rating on the Bonds Outstanding in either (i) a Rating Category, with respect to each such Rating Agency, at least equal to “A,” but in no event lower than the Rating Category designated by such Rating Agency for the Bonds Outstanding subject to such hedge agreement or (ii) a lower Rating Category which any such Rating Agency indicates in writing to the Commonwealth and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on the Bonds Outstanding (without regard to Credit Enhancement) subject to such hedge agreement that is in effect prior to entering into such hedge agreement.

“Qualified Hedge Payment” shall mean amounts due and payable under any Qualified Hedge Agreement.

“Rating Agency” shall mean any of Moody's Investors Service, Standard & Poor's Global Ratings, Fitch Ratings Inc., Kroll Bond Rating Agency, LLC and their successors or assigns.

“Rating Categories” shall mean rating categories as published by a Rating Agency in its written compilations of ratings and any written supplement or amendment thereto and any such Rating Category shall be determined on the generic rating without regard to any modifiers and, unless otherwise specified herein or in an Applicable Supplemental Trust Agreement, shall be long-term ratings.

“Rebate Fund” shall mean the fund so designated and created by Section 605 of the Trust Agreement.

“Rebate Fund Requirement” shall mean, as of any date of calculation, an amount equal to the aggregate of the amounts, if any, calculated in accordance with each Applicable Supplemental Trust Agreement authorizing the issuance of a Series of Tax Exempt Bonds as the amount required to be maintained in the Rebate Fund with respect to such Bonds.

“Redemption Fund” shall mean the fund so designated and created by Section 502 of the Trust Agreement.

“Redemption Price” shall mean, with respect to any Bond, the principal amount thereof plus the premium, if any, payable upon redemption thereof, as specified in the Applicable Supplemental Trust Agreement

“Refunding Bonds” shall mean any of the Bonds authorized by Section 206(1)(vi) of the Trust Agreement.

“Reimbursement Obligation” shall have the meaning given such term under Section 209 of the Trust Agreement.

“Required Coverage Amount” means an amount equal to one hundred twenty-five percent (125%) of the sum of (i) the Bond Debt Service Requirement for the next January 15th Debt Service Payment Date and (ii) Bond Administrative Expenses due on or before the next January 15th Debt Service Payment Date.

“Reserve Credit Facility” shall mean one or more of the following:

- (i) an irrevocable, unconditional and unexpired letter of credit or other financial commitment issued by a banking institution, the unsecured long-term

obligations of which is at the time of issuance rated by each Rating Agency then maintaining a rating on the Bonds Outstanding, at least equal to “A” or “A2,” but in no event lower than the Rating Category designated by such Rating Agency for the Bonds Outstanding, or, if any such Rating Agency does not maintain a rating on such banking institution, it shall confirm that the deposit of the Reserve Credit Facility shall not result in a reduction of its rating on the Bonds Outstanding, or

- (ii) an irrevocable and unconditional policy or policies of insurance in full force and effect and issued by a municipal bond insurer having a rating at the time of issuance, from each Rating Agency then maintaining a rating on the Bonds Outstanding, at least equal to “A,” but in no event lower than the Rating Category designated by such Rating Agency for the Bonds Outstanding, or, if any such Rating Agency does not maintain a rating on such insurer, it shall confirm that the deposit of the Reserve Credit Facility shall not result in a reduction of its rating on Bonds Outstanding,

in each case providing for the payment of sums for the payment of Principal Installments and interest on Bonds in the manner provided under Section 507 of the Trust Agreement.

“Revenue Fund” shall mean the account so designated by Section 502 of the Trust Agreement.

“Secretary of Administration and Finance” shall mean the Secretary of the Executive Office for Administration and Finance of the Commonwealth or any designee acting in his/her stead.

“Secretary of Labor” shall mean the Secretary of the Executive Office of Labor and Workforce Development of the Commonwealth or any designee acting in his/her stead.

“Series” when used with respect to less than all of the Bonds, shall mean such Bonds designated as a Series of Bonds pursuant to a Supplemental Trust Agreement.

“Sinking Fund Payment” shall mean, as of any particular date of computation and with respect to Bonds of a particular Series, the amount of money required by any Supplemental Trust Agreement to be paid by the Commonwealth on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Commonwealth by reason of the redemption of Bonds at the election of the Commonwealth.

“Special Contribution UCTF” means the Special Contribution Unemployment Compensation Trust Fund established by section 20 of chapter 9 of the acts of 2021, as amended from time to time, or any other fund or account of the Commonwealth established in replacement thereof.

“Super Sinker Bonds” shall mean any bonds designated as “Super Sinker Bonds” in an Applicable Supplemental Trust Agreement, which are subject to special mandatory redemption from Excess Pledged Funds.

“Supplemental Trust Agreement” shall mean any Trust Agreement of the Commonwealth amending or supplementing the Trust Agreement adopted and becoming effective in accordance with the terms of Article IX of the Trust Agreement.

“Tax Exempt Bonds” shall mean any Bonds accompanied by a Bond Counsel's opinion upon the original issuance thereof that the interest on such Bonds is not includable in the gross income of the holder thereof for Federal income tax purposes.

“Tender Bonds” shall have the meaning given such term in Section 203(4) of the Trust Agreement.

“Treasurer” or **“State Treasurer”** shall mean the Treasurer and Receiver-General of the Commonwealth or any Deputy Treasurer and Receiver-General of the Commonwealth acting on his/her behalf.

“Trustee” shall mean the trustee appointed in accordance with Section 801 of the Trust Agreement, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Trust Agreement.

“Unemployment Compensation Fund” means the Unemployment Compensation Fund of the Commonwealth created pursuant to Section 48 of Chapter 151A.

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

“Variable Rate Bonds” shall have the meaning given such term in Section 203(3) of the Trust Agreement.

“Variable Rate Ceiling” shall have the meaning given such term an Applicable Supplemental Trust Agreement.

Exhibit B

Form of Projection Date Certificate

The Bank of New York Mellon Trust Company, N.A.,
as Trustee

This certification is being delivered to you in accordance with Section 504(4) of the Trust Agreement dated as of August 1, 2022 (the "Trust Agreement") between The Commonwealth of Massachusetts (the "Commonwealth") and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). Capitalized terms not defined herein shall have the meaning set forth in the Trust Agreement.

Calculation Date: June 1, 20__

Required Coverage Amount:

- A. Projected COVID-19 Recovery Assessments (from June 1, 20__ to November 30, 20__):
\$ _____;
- B. Bond Debt Service Requirement on the Debt Service Payment Date immediately following the next December Calculation Date (December 1, __, representative of the January 15, __ payment): \$ _____;
- C. Bond Administrative Expenses due on or before the next succeeding December Calculation Date (December 1, __): \$ _____;
- D. Sum of B and C: \$ _____
- E. Required Coverage Amount (____ % of D): \$ _____;
- F. Additional Intra-year Retained Revenues (if A>E, \$0; if A<E, E-A): \$ _____.

Excess Pledged Funds:

- G. Revenue Fund Balance: \$ _____ (after all required transfers through the Projection Date pursuant to Section 504(3)(i)-(iv) of the Trust Agreement have been made) .
- H. Intra-year Retained Revenues (____ % of B): \$ _____;
- I. Excess Pledged Funds (G-H-F): \$ _____.

The Trustee is hereby directed to transfer the Excess Pledged Funds set forth in I to the Redemption Fund for redemption on July 15, 20__ and to retain the Intra-year Retained Revenues (H) and the Additional Intra-year Retained Revenues (F), if any, in the Revenue Fund.

Dated: June 1, 20__

THE COMMONWEALTH OF MASSACHUSETTS

By: _____
Treasurer and Receiver-General

By: _____
Secretary of Administration and Finance

Exhibit C

Form of December Calculation Date Certificate

The Bank of New York Mellon Trust Company, N.A.,
as Trustee

This certification is being delivered to you in accordance with Section 504(5) of the Trust Agreement dated as of August 1, 2022 (the “Trust Agreement”) between The Commonwealth of Massachusetts (the “Commonwealth”) and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”). Capitalized terms not defined herein shall have the meaning set forth in the Trust Agreement.

Calculation Date: December 1, 20__

Excess Pledged Funds:

A. Revenue Fund Balance: \$_____ (after all required transfers through the Projection Date pursuant to Section 504(3)(i)-(iv) of the Trust Agreement have been made);

B. December Retained Revenues: \$_____;

C. Excess Pledged Funds (A-B): \$_____.

The Trustee is hereby directed to transfer the Excess Pledged Funds set forth in C to the Redemption Fund for redemption on January 15, 20__ and to retain the December Retained Revenues in the Revenue Fund.

Dated: December 1, 20__

THE COMMONWEALTH OF MASSACHUSETTS

By: _____
Treasurer and Receiver-General

By: _____
Secretary of Administration and Finance

APPENDIX C

PROPOSED FORM OF FINANCING AGREEMENT

This Appendix C contains the substantially final, proposed form of the Financing Agreement that will be executed and delivered at the time of delivery of the 2022 Bonds.

[THIS PAGE INTENTIONALLY LEFT BLANK]

FINANCING AND PLEDGE AGREEMENT

among

**The Commonwealth of Massachusetts, acting by and through the Office of the Treasurer
and Receiver-General,**

**The Commonwealth of Massachusetts, acting by and through the
Executive Office of Labor and Workforce Development,**

and

**Department of Unemployment Assistance of the Commonwealth's Executive Office of
Labor and Workforce Development**

Dated as of August 1, 2022

THIS **FINANCING AND PLEDGE AGREEMENT** (this “**Financing Agreement**”) is dated as of August 1, 2022 and is entered into by The Commonwealth of Massachusetts (the “**Commonwealth**”), acting by and through the Office of the Treasurer and Receiver-General (the “**Treasurer**”), the Commonwealth, acting by and through the Executive Office of Labor and Workforce Development (“**EOLWD**”) and the Department of Unemployment Assistance of the Commonwealth’s Executive Office of Labor and Workforce Development (“**DUA**”).

WITNESSETH:

WHEREAS, the Commonwealth is authorized to issue Bonds pursuant to the Act for the purposes set forth in the Act;

WHEREAS, the Commonwealth is entering into a Trust Agreement dated as of August 1, 2022 (as amended from time to time, the “**Trust Agreement**”), between the Commonwealth and The Bank of New York Mellon Trust Company, N.A. (the “**Trustee**”) to provide for the issuance of the Bonds;

WHEREAS, the Bonds are payable from, and secured by, the Pledged Funds, including the COVID-19 Recovery Assessment;

WHEREAS, EOLWD and DUA are required under the Act to assess, impose and collect the COVID-19 Recovery Assessment in an amount sufficient to pay the principal of and interest and any premium on the Bonds, to pay Bond Administrative Expenses and for the other purposes specified in the Act and to deposit such amounts in the Special Contribution Unemployment Compensation Trust Fund established by section 20 of chapter 9 of the acts of 2021, as amended from time to time (the “**Special Contribution UCTF**”);

NOW, THEREFORE, for and in consideration of the mutual covenants and representations set forth herein, the Commonwealth, EOLWD, and DUA agree as follows:

AGREEMENT:

**ARTICLE I.
DEFINITIONS**

Section 1.01 Definitions. Capitalized terms used in this Financing Agreement, unless otherwise defined herein, shall have the meaning set forth in Exhibit A hereto.

Section 1.02 General Rules of Construction.

(a) This Financing Agreement and all terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Financing Agreement.

(b) The terms “herein,” “hereunder,” “hereby,” “hereof” and any similar terms refer to this Financing Agreement as a whole, the term “heretofore” shall mean before the effective

date of this Financing Agreement, and the term “hereafter” shall mean after the effective date of this Financing Agreement.

(c) Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, words importing persons shall include firms, associations and corporations, and words of the masculine gender shall include correlative words of the feminine and neuter genders.

(d) All references in this Financing Agreement to designated “Sections,” “subsections,” “paragraphs,” “clauses” and other subdivisions are to the designated Sections, subsections, paragraphs, clauses and other subdivisions of this Financing Agreement. The words “herein,” “hereof,” “hereto,” “hereby,” “hereunder” and other words of similar import refer to this Financing Agreement as a whole and not to any particular Section or other subdivision.

(e) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles applicable to governmental entities, subject to statutory exceptions and modifications, as in effect from time to time.

(f) The titles and headings of the Sections, subsections and paragraphs of this Financing Agreement have been inserted for convenience of reference only, are not to be considered a part hereof, shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Financing Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

ARTICLE II. GENERAL REPRESENTATIONS AND WARRANTIES

Section 2.01 Commonwealth Representations and Warranties.

(a) The Commonwealth is duly authorized under the Act and all applicable laws to enter into this Financing Agreement and to pledge the Pledged Funds and other moneys, securities and funds purported to be pledged by the Trust Agreement in the manner and to the extent provided in the Trust Agreement;

(b) the execution and delivery of this Financing Agreement, the consummation of the transactions contemplated hereby, the performance of its obligations hereunder, and the compliance with the terms hereof by the Commonwealth will not conflict with, or constitute a default under, any law (including administrative rule), judgment, decree, order, or other instrument to which the Commonwealth is subject or by which the Commonwealth or any of its property is bound; and

(c) this Financing Agreement, when duly executed and delivered by the Commonwealth will constitute a legal, valid, and binding obligation of the Commonwealth.

Section 2.02 DUA Representations, Warranties and Covenants.

(a) DUA is a validly existing department of the Commonwealth and responsible for administration of the Massachusetts UI Program;

(b) DUA has full power and authority to execute and deliver this Financing Agreement, perform its obligations hereunder, and carry out the transactions contemplated hereby;

(c) the execution and delivery of this Financing Agreement, the consummation of the transactions contemplated hereby, the performance of its obligations hereunder, and the compliance with the terms hereof by DUA will not conflict with, or constitute a default under, any law (including administrative rule), judgment, decree, order, permit, license, agreement, mortgage, lease, or other instrument to which DUA is subject or by which DUA or any of its property is bound;

(d) this Financing Agreement, when duly executed and delivered by DUA will constitute a legal, valid, and binding obligation of DUA;

(e) DUA has full power and authority to assess, collect and pledge the COVID-19 Recovery Assessment and to cause Pledged Funds to be delivered to the Trustee for application under the Trust Agreement; and

(f) with respect to any covenants made by the Commonwealth in the Trust Agreement, DUA agrees to provide any information or to take any action to the extent authorized by law and necessary to permit the Commonwealth to comply with such covenants.

Section 2.03 EOLWD Representations, Warranties and Covenants.

(a) EOLWD, acting through DUA, is responsible for administration of the Massachusetts UI Program;

(b) EOLWD has full power and authority to execute and deliver this Financing Agreement, perform its obligations hereunder, and carry out the transactions contemplated hereby;

(c) the execution and delivery of this Financing Agreement, the consummation of the transactions contemplated hereby, the performance of its obligations hereunder, and the compliance with the terms hereof by EOLWD will not conflict with, or constitute a default under, any law (including administrative rule), judgment, decree, order, permit, license, agreement, mortgage, lease, or other instrument to which EOLWD is subject or by which EOLWD or any of its property is bound;

(d) this Financing Agreement, when duly executed and delivered by EOLWD will constitute a legal, valid, and binding obligation of EOLWD;

(e) EOLWD has full power and authority to assess, collect and pledge the COVID-19 Recovery Assessment and to cause Pledged Funds to be delivered to the Trustee for application under the Trust Agreement; and

(f) with respect to any covenants made by the Commonwealth in the Trust Agreement, EOLWD agrees to provide any information or to take any action to the extent authorized by law and necessary to permit the Commonwealth to comply with such covenants.

ARTICLE III. FUNDS AND COVID-19 RECOVERY ASSESSMENT

Section 3.01 Pledge. Pursuant to the Trust Agreement, the Commonwealth shall pledge, assign and transfer all of its right, title and interest in the Pledged Funds to the Trustee for the benefit of the owners of the Bonds as security for the payment of the Bonds and Bond Administrative Expenses and rights to enforce the performance of the obligations of the Commonwealth, EOLWD and DUA under this Financing Agreement, and EOLWD and DUA acknowledges and consents to such pledge, assignment and transfer. The parties to this Financing Agreement acknowledge that the covenants and agreements contained in this Financing Agreement are for the benefit of the Trustee and the owners of the Bonds and may be enforced by the Trustee and the owners of the Bonds, as provided in the Trust Agreement. EOLWD and DUA shall execute and deliver from time to time, in addition to the instruments of assignment specifically provided for in this Financing Agreement, such other and further instruments and documents as may be reasonably requested by the Trustee from time to time to further evidence, effect or perfect such pledge and assignment for the purposes stated in the Trust Agreement.

Section 3.02 Special Contribution Unemployment Compensation Trust Fund.

(a) The Special Contribution UCTF is created pursuant to the Act and is a dedicated trust fund, not an account of the Commonwealth, held by the Secretary of Labor and administered by the Secretary of Labor, with the approval of the Secretary of Administration and Finance.

(b) Amounts in the Special Contribution UCTF without legislative appropriation are available to pay:

- (i) Principal, interest and redemption price of the Bonds;
- (ii) Bond Administrative Expenses; and
- (iii) Any other amounts required to be maintained or paid under the Trust Agreement.

Section 3.03 Reporting and Notifications.

(a) In order to assist EOLWD and DUA in complying with this Financing Agreement, the Treasurer shall deliver to the DUA, Secretary of Administration and Finance and Secretary of Labor no later than five Business Days after December 1 of each year, commencing December 8, 2022, a written notice specifying (i) the final amount that the Treasurer estimates will be required to pay the Adjusted Bond Debt Service Requirements and Bond Administrative Expenses due during the next Bond Year, and (ii) the Minimum Annual Assessment for the following Assessment Year. A form of such notice is attached as Exhibit B hereto.

(b) The Secretary of Labor shall deliver to the Trustee within two Business Days after the end of each month, commencing with the end of the month immediately following the month in which the Bonds are issued, a certificate stating the amount of COVID-19 Recovery Assessments collected by the Commonwealth during such month.

(c) EOLWD, acting through DUA, shall quarterly, no later than 30 days after the quarterly due dates for the COVID-19 Recovery Assessment and SUTA Taxes, provide to the Treasurer and the Secretary of Administration and Finance, a report of (i) the actual COVID-19 Recovery Assessments collected in comparison to the amounts owed for such quarter and (ii) the actual SUTA Taxes collected in comparison to the amounts owed for such quarter (for all private contributory employers).

(d) No later than May 15th of each year, EOLWD (acting through DUA) shall provide to the Treasurer and the Secretary of Administration and Finance, a report containing the total taxable wages for the first quarter of the then current Assessment Year, as reported to DUA for all private contributory employers.

(e) No later than November 15th of each year, EOLWD (acting through DUA) shall provide to the Treasurer and the Secretary of Administration and Finance the total taxable wages utilized to derive the COVID-19 Recovery Assessment for each employer for the next Assessment Year and details regarding the timeframe such taxable wages cover. Such taxable wages shall be determined from a query of all active and revived experience-rated, private contributory employers with their average annual taxable wages of the last three (3) computation periods, taken from the most recent rate calculation.

(f) The Secretary of Labor shall as soon as practicable provide notice to the Treasurer, the Secretary of Administration and Finance and the Trustee of any changes to the taxable wage base or the methodology for determining the SUTA Tax rate. If such changes include an increase to the taxable wage base, the Treasurer shall consider such changes in establishing the Minimum Annual Assessment for the next Assessment Year.

Section 3.04 COVID-19 Recovery Assessments and DUA Covenants. DUA hereby covenants and agrees with the Commonwealth that:

(a) On or before each March 1st, commencing March 1, 2023, DUA shall assess experience-rated, private contributory employers in the Commonwealth a COVID-19 Recovery Assessment for such Assessment Year, in accordance with the Act, that is no less than the Minimum Annual Assessment. The COVID-19 Recovery Assessment shall be payable by

employers on a quarterly basis (due no later than April 30, July 31, October 31 and January 31st or, if not a Business Day, on the next Business Day after such dates) in the same manner and at the same time as other assessments and contributions required by Chapter 151A.

(b) The annual COVID-19 Recovery Assessment rate assessed to each experience-rated, private contributory employer shall equal a fixed percentage of the SUTA Tax rate determined in accordance with Chapter 151A; provided if the SUTA Tax rate has not been determined for such Assessment Year in order to meet the requirement of Section 3.04(a), the annual COVID-19 Recovery Assessment rate assessed to each employer shall be set based on an alternative formulation (the “**Alternative Formula**”) as determined by mutual consent of the Treasurer, Secretary of Administration and Finance and Secretary of Labor. In the aggregate, when the COVID-19 Recovery Assessment rates for each employer are multiplied by the projected taxable wages for the Assessment Year, the total amount shall at least equal the Minimum Annual Assessment. Once an Alternative Formula has been agreed upon, such Alternative Formula shall be used thereafter if necessary hereunder.

(c) EOLWD shall not limit or alter the rights vested in the Commonwealth to collect the Pledged Funds and to deposit such amounts as provided herein and in the Trust Agreement and shall not impair the rights and remedies of the Trustee and Bondholders under the Trust Agreement, this Financing Agreement and under the Act with respect to the Pledged Funds.

(d) EOLWD will collect and deposit all Pledged Funds into the Special Contribution UCTF no later than two Business Days after receipt and shall cause such Pledged Funds to be transferred from the Special Contribution UCTF to the Trustee for deposit in the Revenue Fund under the Trust Agreement on a daily basis. Each business day, EOLWD’s chief financial officer or deputy chief financial officer shall determine the balance in the Clearing Account after the daily clearing activities and if on any business day the residual balance in the Clearing Account exceeds two million dollars, the chief financial officer or deputy chief financial officer of EOLWD shall promptly notify the Treasurer. On August 30, 2022, EOLWD shall transfer any amounts on deposit in the Special Contribution UCTF on such date to the Trustee for deposit in the Revenue Fund.

(e) If the Commonwealth receives from an employer an amount representing COVID-19 Recovery Assessments or other assessments levied pursuant to Chapter 151A, that is less than the full amount due from such employer, then the amount received from such employer shall be applied first to the COVID-19 Recovery Assessment due from such employer, before any such amount is applied to other assessments levied pursuant to Chapter 151A. Additionally, any credits for an employer shall be applied first to all other assessments levied pursuant to Chapter 151A and then to the COVID-19 Recovery Assessment.

(f) EOLWD and DUA shall assess, collect, enforce and administer COVID-19 Recovery Assessments in the same manner as other employer contributions required pursuant to Chapter 151A; provided that any penalties received with respect to such collection or enforcement actions shall be deposited as set forth in Chapter 151A and not into the Special Contribution UCTF.

(g) Upon receipt of a certificate of the Treasurer that there are no Bonds Outstanding in accordance with the Trust Agreement and all Bond Administrative Expenses have been paid in full, the DUA shall transfer the balance of the Special Contribution UCTF to the Commonwealth UITF and close the Special Contribution UCTF. Any COVID-19 Recovery Assessments received thereafter shall be transferred to the Commonwealth UITF.

Section 3.05 Proceeds of Bonds. The Trustee shall apply any proceeds of a Series of Bonds that are to be used to repay the United States for amounts advanced to the Commonwealth pursuant to 42 U.S.C. sec. 1321 (including accrued interest, if any) and/or to establish a balance in the Commonwealth UITF as directed by the Treasurer.

Section 3.06 Cooperation in Issuance and Administration of Bonds. EOLWD and DUA shall take such actions, enter into such agreements and provide such certifications as may be reasonably requested by the Treasurer, the Secretary of Administration and Finance or the Trustee, and otherwise cooperate with the Treasurer, the Secretary of Administration and Finance or the Trustee and their respective agents to effect the duties and responsibilities of the Treasurer, the Secretary of Administration and Finance and the Trustee under this Financing Agreement, the Trust Agreement and the Act.

ARTICLE IV. DISCLOSURE

Section 4.01 Disclosure Documents.

(a) EOLWD and DUA shall provide the Treasurer, promptly upon request, with available information relating to DUA and the Massachusetts UI Program that the Treasurer determines appropriate for inclusion in the Preliminary Official Statement dated June __, 2022 relating to the Bonds and the Official Statement dated July __, 2022 relating to the Bonds (collectively, the “**Disclosure Documents**”) that the Treasurer is required to deliver in connection with the Bonds.

(b) On or prior to the date of each of the Disclosure Documents, EOLWD and DUA shall provide the Treasurer with certification of the Secretary of Labor and Commissioner to the effect that the information contained in the Disclosure Documents relating to the Massachusetts UI Program is accurate and complete and does not contain any untrue statement of fact or omit any information necessary to make the information provided not misleading.

Section 4.02 Continuing Disclosure of Information.

(a) **Annual Reports.** EOLWD and DUA undertake and shall provide annually to the Treasurer no later than February 28th of each year, commencing February 28, 2023, statistical information and operating data required by the Continuing Disclosure Agreement relating to the Bonds. Any statistical information to be provided shall be prepared in accordance with the accounting principles that EOLWD and DUA may be required to employ from time to time pursuant to state law or regulation. The statistical information and operating data to be provided pursuant to this section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if

it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the United States Securities and Exchange Commission (“SEC”). This information will be provided to the Municipal Securities Rulemaking Board’s (“MSRB”) Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org, or such other location as may be designated by the MSRB or the SEC.

(b) **Certification.** On or prior to the delivery of each annual report pursuant to 4.02(a) hereof, EOLWD and DUA shall provide the Treasurer with certification of the Secretary of Labor and Commissioner to the effect that the information contained in the annual report is accurate and complete and does not contain any untrue statement of fact or omit any information necessary to make the information provided not misleading.

(c) **Amendment.** This section may be amended from time to time by the Treasurer, EOLWD and DUA to reflect changes made to the Continuing Disclosure Agreement relating to the Bonds.

ARTICLE V. MISCELLANEOUS

Section 5.01 Amendment. The Treasurer, EOLWD, DUA, and the Trustee, may amend this Financing Agreement if, before the amendment takes effect the Commonwealth obtains an opinion of its legal counsel to the effect that such amendment is permitted under the Act, the Trust Agreement and the Bond Authorization; and either of the following requirements is satisfied:

- (a) the Commonwealth obtains an opinion of Bond Counsel to the effect that such amendment will not adversely affect the rights of the Bond Owners thereunder, or
- (b) the Bond Owners of at least a majority in aggregate principal amount of the Outstanding Bonds affected by such amendment consent thereto.

Section 5.02 Notices and Other Communications. Notices, certificates, approvals, and other communications under this Financing Agreement shall be in writing and delivered by United States mail, postage paid, by e-mail, or by express or personal delivery, addressed as follows and in each case with a copy to the Trustee:

- (a) If to the Commonwealth:

Office of the Treasurer and Receiver General
Attention: Deputy Treasurer for Debt Management
One Center Plaza, Suite 430
Boston, MA 02108

- (b) If to DUA:

Department of Unemployment Assistance
Attention: General Counsel
19 Staniford Street
Boston, MA 02114

(c) If to EOLWD: Executive Office of Labor and Workforce Development
Attention: General Counsel
One Ashburton Place, Suite 2112
Boston, Massachusetts 02108

(d) If to Trustee: The Bank of New York Mellon Trust Company, N.A.
Attention: Corporate Trust Department
500 Ross Street, 12th Floor, AIM 154-1270
Pittsburgh, Pennsylvania 15262-0001

Section 5.03 Governing Law. This Financing Agreement shall be governed by and constructed in accordance with the laws of the Commonwealth.

Section 5.04 Events Occurring on Days that are not Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right under this Financing Agreement is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Financing Agreement.

Section 5.05 Severability. In the event that any provision of this Financing Agreement, other than the obligations of the DUA to make transfers to the Trustee, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Financing Agreement.

Section 5.06 No Individual Liability. None of the officers or employees of any party shall be liable personally on this Financing Agreement or be subject to any personal liability or accountability by reason hereof. All covenants, stipulations, promises, agreements and obligations of parties contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of such party and not of any officer, employee or other agent of such party in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any officer, employee, servant or other agent of any party hereto or any natural person executing this Financing Agreement or any related document or instrument.

Section 5.07 Beneficiaries. This Financing Agreement shall be binding upon and inure to the sole and exclusive benefit of the parties hereto and their respective successors and assigns. Except as provided in Section 3.01 of this Financing Agreement, nothing in this Financing Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the parties hereto and their respective successors and assigns any right, remedy or claim under or by reason of this Financing Agreement or any terms hereof.

Section 5.08 Counterparts. This Financing Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Delivery of an executed counterpart by facsimile or in electronic format shall be as effective as of delivery of a manually executed counterpart.

[Signature page follows]

IN WITNESS WHEREOF, The Commonwealth of Massachusetts, acting by and through the Office of the Treasurer and Receiver-General, the Executive Office of Labor and Workforce Development and the Department of Unemployment Assistance of the Commonwealth's Executive Office of Labor and Workforce Development have caused this Financing and Pledge Agreement to be duly executed and delivered as of the day and year first above written.

**THE COMMONWEALTH OF MASSACHUSETTS,
acting by and through the Office of the Treasurer and
Receiver-General**

By: _____
Treasurer and Receiver General

**THE COMMONWEALTH OF MASSACHUSETTS,
acting by and through the Executive Office of Labor
and Workforce Development**

By: _____
Secretary of Labor and Workforce Development

**EXECUTIVE OFFICE OF LABOR AND
WORKFORCE DEVELOPMENT, DEPARTMENT
OF UNEMPLOYMENT ASSISTANCE OF THE
COMMONWEALTH**

By: _____
Director

Exhibit A

[See Exhibit A to Trust Agreement]

Form of Minimum Annual Assessment Notification

Director, Department of Unemployment Assistance

Secretary of Administration and Finance
State House, Boston, Massachusetts

Secretary of Labor and Workforce Development
One Ashburton Place, Suite 2112, Boston, MA 02108

This certification is being delivered to you in accordance with Section 3.03 of the Financing and Pledge Agreement dated August 1, 2022 (the “Financing Agreement”) among The Commonwealth of Massachusetts (the “Commonwealth”), acting by and through the Office of the Treasurer and Receiver-General, the Commonwealth, acting by and through the Executive Office of Labor and Workforce Development and the Department of Unemployment Assistance of the Commonwealth’s Executive Office of Labor and Workforce Development. Capitalized terms not defined herein shall have the meaning set forth in the Financing Agreement.

With respect to COVID-19 Recovery Assessments for Assessment Year 20__,

1. the sum of the Adjusted Bond Debt Service Requirements and Bond Administrative Expenses due is \$_____; and
2. the Minimum Annual Assessment to be charged to employers during the Assessment Year is \$_____.

THE COMMONWEALTH OF MASSACHUSETTS,
acting by and through the Office of the Treasurer and
Receiver-General

By:_____
Treasurer and Receiver General

Acknowledged and Agreed:

THE COMMONWEALTH OF MASSACHUSETTS, acting by and through the Executive
Office of Labor and Workforce Development

By: _____
Secretary of Labor and Workforce Development

Acknowledged and Agreed:

THE COMMONWEALTH OF MASSACHUSETTS, acting by and through the Executive
Office for Administration and Finance

By: _____
Secretary of Administration and Finance

Acknowledged and Agreed:

EXECUTIVE OFFICE OF LABOR AND WORKFORCE DEVELOPMENT, DEPARTMENT
OF UNEMPLOYMENT ASSISTANCE OF THE COMMONWEALTH

By: _____
Director

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the 2022 Bonds described below, Bond Counsel proposes to deliver an opinion substantially in the following form:



One Financial Center
Boston, MA
617 542 6000
mintz.com

[Delivery Date]

Treasurer and Receiver-General
State House, Room 227
Boston, MA 02133

We have acted as bond counsel to The Commonwealth of Massachusetts (the “Commonwealth”) in connection with the issuance by the Commonwealth of its \$1,996,515,000 Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund) 2022 Series A (Federally Taxable) (Social Bonds) (the “Series 2022A Bonds”) and its \$684,465,000 Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund) 2022 Series B (Federally Taxable) (Social Bonds) (the “Series 2022B Bonds” and together with the Series 2022A Bonds, the “Bonds”), each dated the date of delivery. In such capacity, we have examined sections 19, 20, 21 and 23 of chapter 9 of the acts of 2021, as amended by section 4 of chapter 16 of the acts of 2021 of the Commonwealth of Massachusetts (the “Act”), and other applicable statutes. We have also examined an executed counterpart of the Trust Agreement dated as of August 1, 2022 (the “Trust Agreement”) between the Commonwealth and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as supplemented by the First Supplemental Trust Agreement dated as of August 1, 2022 (the “First Supplemental Trust Agreement” and together with the Trust Agreement, the “Agreement”), the Financing and Pledge Agreement dated as of August 1, 2022 (the “Financing Agreement”) among the Commonwealth, acting by and through the State Treasurer and Receiver General (the “Treasurer”), the Commonwealth Executive Office of Labor and Workforce Development and the Department of Unemployment Assistance of the Commonwealth’s Executive Office of Labor and Workforce Development (“DUA”), and such certified proceedings and other papers as we have deemed necessary to render this opinion. Capitalized terms not otherwise defined herein are used herein as defined in the Agreement.

The Bonds are issued pursuant to the Agreement and are payable from and secured by a pledge of Pledged Funds.

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

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

1. The Commonwealth has the right and power under the Act to enter into the Agreement, and it has been duly and lawfully executed on behalf of the Commonwealth by the Treasurer and Receiver-General of the Commonwealth, with the concurrence of the Secretary of the Executive Office for

Administration and Finance of the Commonwealth and the Secretary of the Labor and Workforce Development.

2. The Commonwealth has the right and power under the Act to enter into the Financing Agreement, and it has been duly and lawfully executed on behalf of the Commonwealth by the Treasurer and Receiver-General of the Commonwealth, the Secretary of the Executive Office of Labor and Workforce Development and the Director of the DUA.

3. The Agreement and the Financing Agreement are duly authorized, executed and delivered by the Commonwealth, are in full force and effect and constitute the valid and binding obligations of the Commonwealth enforceable upon the Commonwealth in accordance with their respective terms.

4. Pursuant to the Act, the Agreement creates the valid pledge which it purports to create of the Pledged Funds and all amounts and securities in all Funds and Accounts held under the Agreement, in the manner and to the extent provided in the Agreement, for the security of the Bonds.

5. The Bonds have been duly authorized, executed and delivered by the Commonwealth and are valid and binding special obligations of the Commonwealth, enforceable in accordance with the terms thereof and the terms of the Agreement and are entitled to the benefits of the Act, as provided under the Trust Agreement. The Bonds are not general obligations of the Commonwealth, and the full faith and credit of the Commonwealth are not pledged to the payment thereof. The Bonds are payable solely from the sources provided therefor in the Agreement.

6. Under existing law, interest on the Bonds will be included in the gross income of the holders of the Bonds for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. Interest on the Bonds and any profit on the sale thereof are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

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

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

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

APPENDIX E

CONTINUING DISCLOSURE UNDERTAKING

Commonwealth of Massachusetts

Special Obligation Revenue Bonds
(Unemployment Insurance Trust Fund), 2022 Series A (Federally Taxable)
(Social Bonds)

and

Special Obligation Revenue Bonds
(Unemployment Insurance Trust Fund), 2022 Series B (Federally Taxable)
(Social Bonds)

Continuing Disclosure Undertaking

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby undertakes for the benefit of the owners of the 2022 Bonds to provide the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system pursuant to the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), no later than 270 days after the end of each fiscal year of the Commonwealth, commencing with the fiscal year ending June 30, 2023, (i) the annual financial information described below relating to such fiscal year or most recently completed calendar year to the extent the financial information is presented on a calendar year basis in the Official Statement defined below, together with audited financial statements of the Commonwealth for such fiscal year if audited financial statements are then available, provided, however, that if audited financial statements of the Commonwealth are not then available, such audited financial statements shall be delivered to EMMA when they become available (but in no event later than 350 days after the end of such fiscal year) or (ii) notice of the Commonwealth’s failure, if any, to provide any such information. The annual financial information to be provided as aforesaid shall include financial information and operating data, in each case updated through the last day of such calendar year unless otherwise noted, relating to the following information contained in the Commonwealth’s Official Statement dated August 16, 2022 (the “Official Statement”) relating to the Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund), 2022 Series A (Federally Taxable) (Social Bonds) and the Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund), 2022 Series B (Federally Taxable) (Social Bonds) and in each case substantially in the same level of detail as is found in the referenced section of the Official Statement:

Financial Information and Operating Data Category	Reference to Official Statement for Level of Detail
1. Employer Collection Rates by Quarter (only with respect to “Due Date” columns)	COMMONWEALTH UNEMPLOYMENT INSURANCE PROGRAM – Collection of Employer Contributions – Table labeled “Employer Collection Rates by Quarter (2006-2021)”
2. Labor Force and Unemployment Data	APPENDIX A – TABLE 1
3. Labor Force Participation Rate and Unemployment Rate	APPENDIX A – TABLE 2
4. Taxable Wage Base and Taxable Wages	APPENDIX A – TABLE 3
5. Contribution Rate Schedule	APPENDIX A – TABLE 4
6. Historic Employer Contribution Rates	APPENDIX A – TABLE 5
7. Labor Force Data by Industry and Size	APPENDIX A – TABLE 6
8. Total Wages by NAICS Category	APPENDIX A – TABLE 7

Any or all of the items listed above may be included by reference to other documents, including official statements pertaining to debt issued by the Commonwealth, which have been submitted to the EMMA. The

Commonwealth's annual financial statements for each fiscal year shall consist of (i) combined financial statements prepared in accordance with a basis of accounting that demonstrates compliance with the General Laws and other applicable state finance laws, if any, in effect from time to time and (ii) general purpose financial statements prepared in accordance with generally accepted accounting principles in effect from time to time. Such financial statements shall be audited by a firm of certified public accountants appointed by the Commonwealth.

On behalf of the Commonwealth, the Treasurer and Receiver-General of the Commonwealth hereby further undertakes for the benefit of the owners of the 2022 Bonds to provide in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the EMMA notice of any of the following events with respect to the 2022 Bonds (numbered in accordance with the provisions of the Rule):

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2022 Bonds, or other material events affecting the tax status of the 2022 Bonds;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the 2022 Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Commonwealth*;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Commonwealth or the sale of all or substantially all of the assets of the Commonwealth, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a financial obligation** of the Commonwealth, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation** of the Commonwealth, any of which affect security holders, if material; and

*As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Commonwealth in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Commonwealth, or if such jurisdiction has been assumed by leaving the existing governing body and officials 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 Commonwealth.

** As noted in the Rule, the term "financial obligation" means (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) a guaranty of an instrument described in (i) or (ii). The term does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation* of the Commonwealth, any of which reflect financial difficulties.

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

To the extent permitted by law, the foregoing provisions of this 2022 Bond related to the above-described undertakings to provide information shall be enforceable against the Commonwealth in accordance with the terms thereof by any owner of a 2022 Bond, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Treasurer and Receiver-General). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of 2022 Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Commonwealth and to compel the Commonwealth and any of its officers, agents or employees to perform and carry out their duties under the foregoing provisions as aforesaid. The failure to comply with the above-described undertakings shall not constitute an Event of Default under the Trust Agreement, and the sole remedy in connection with such undertakings shall be limited to an action to compel specific performance of the obligations of the Commonwealth in connection with such undertakings and shall not include any rights to monetary damages. The Commonwealth's obligations in respect of such undertakings shall terminate if no 2022 Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule concerning continuing disclosure are no longer effective, whichever occurs first. The provisions of this 2022 Bond relating to such undertakings may be amended by the Treasurer and Receiver-General of the Commonwealth, without the consent of; or notice to, any owners of the 2022 Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Commonwealth for the benefit of the owners of 2022 Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the 2022 Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the owners of the 2022 Bonds, as determined either by a party unaffiliated with the Commonwealth (such as Commonwealth disclosure counsel or Commonwealth bond counsel) or by the vote or consent of owners of a majority in outstanding principal amount of the 2022 Bonds affected thereby at or prior to the time of such amendment.

* As noted in the Rule, the term "financial obligation" means (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) a guaranty of an instrument described in (i) or (ii). The term does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

KESTREL VERIFIERS' SECOND PARTY OPINION

[THIS PAGE INTENTIONALLY LEFT BLANK]



Second Party Opinion

EXECUTIVE SUMMARY

ISSUER

The Commonwealth of Massachusetts

OPINION ON

Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund) 2022 Series A (Federally Taxable) (Social Bonds)

Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund) 2022 Series B (Federally Taxable) (Social Bonds)

SOCIAL STANDARD AND CATEGORY



- Programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises

TARGET POPULATION(S)

Recipients of unemployment insurance in the Commonwealth of Massachusetts

KEYWORDS

Unemployment insurance, Unemployment Insurance Trust Fund, COVID-19, financial hardship, Massachusetts, social safety net

EVALUATION DATE

June 27, 2022

SUMMARY

Kestrel Verifiers is of the opinion that the Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund) 2022 Series A (Federally Taxable) (Social Bonds) and the Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund) 2022 Series B (Federally Taxable) (Social Bonds) ("2022 Bonds") conform with the four core components of the Social Bond Principles 2021 as follows:

▪ Use of Proceeds

The 2022 Bonds will finance and refinance unemployment insurance benefits for eligible recipients in the Commonwealth of Massachusetts (the "Commonwealth") and pay costs of issuance. Repaying Federal Advances and financing a deposit to the Unemployment Insurance Trust Fund will manage the tax rates for employers and finance unemployment insurance benefits to reduce economic hardship for those who have lost their jobs. The federal-state unemployment insurance system and the Commonwealth's Unemployment Insurance Program played a critical role in delivering economic relief to individuals and families experiencing financial hardship during the COVID-19 pandemic. Financing for unemployment benefits is an eligible social project as defined by the Social Bond Principles in the project category of *Programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises*.

▪ Process for Project Evaluation and Selection

There are strict federal and state regulations and procedures in place that guide management of the Unemployment Insurance Trust Fund ("UITF") and eligibility requirements for unemployment benefits. The Massachusetts Department of Unemployment Assistance administers the Commonwealth's Unemployment Insurance Program and all unemployment benefit claims through the UITF. The UITF must solely be used to finance unemployment benefits. Eligibility requirements for unemployment benefits in the Commonwealth are determined through a combination of federal and state laws.

- **Management of Proceeds**

A portion of proceeds of the 2022 Bonds will be deposited directly into the UITF and used only to pay future unemployment insurance claims. The remaining proceeds of the 2022 Bonds will be used to repay the outstanding balance of the Federal Advances borrowed by the Commonwealth and will be transferred to the federal government on the date of delivery.

- **Reporting**

The Commonwealth will post annual voluntary continuing disclosures to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access ("EMMA") system. Unemployment insurance is tracked at the federal and state level with monthly reports on claimant data on the Commonwealth's Department of Unemployment Assistance website (<https://lmi.dua.eol.mass.gov/LMI/>) and daily information on the UITF balance on the federal government's website (www.treasurydirect.gov).

- **Impact and Alignment with United Nations Sustainable Development Goals**

By financing unemployment insurance, the 2022 Bonds support and advance multiple UN SDGs, including Goals 1: *No Poverty*, 8: *Decent Work and Economic Growth*, 10: *Reduced Inequalities* and 17: *Partnerships for the Goals*.



Second Party Opinion

Issuer:	The Commonwealth of Massachusetts
Issue Description:	Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund) 2022 Series A (Federally Taxable) (Social Bonds) Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund) 2022 Series B (Federally Taxable) (Social Bonds)
Project:	Unemployment Insurance Trust Fund
Social Standard:	Social Bond Principles
Social Category:	Programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises
Target Population:	Recipients of unemployment insurance in the Commonwealth of Massachusetts
Keywords:	Unemployment insurance, Unemployment Insurance Trust Fund, COVID-19, financial hardship, Massachusetts, social safety net
Par:	\$2,680,980,000
Evaluation Date:	June 27, 2022

SOCIAL BONDS DESIGNATION

Kestrel Verifiers, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of the Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund) 2022 Series A (Federally Taxable) (Social Bonds) and the Special Obligation Revenue Bonds (Unemployment Insurance Trust Fund) 2022 Series B (Federally Taxable) (Social Bonds) ("2022 Bonds") to evaluate conformance with the Social Bond Principles (June 2021) established by the International Capital Market Association.

This Second Party Opinion reflects our review of the uses of proceeds and conformance of the 2022 Bonds with the Social Bond Principles. In our opinion, the 2022 Bonds are aligned with the four core components of the Social Bond Principles and qualify for Social Bonds designation.

ABOUT THE ISSUER

The Commonwealth of Massachusetts (the "Commonwealth" or "Massachusetts") is located in the New England region of the United States and has a population of approximately seven million. The Commonwealth's seasonally-adjusted unemployment rate has fallen from a record 17.1% in April 2020 at the start of the COVID-19 pandemic to 4.1% in April 2022.¹

Massachusetts Department of Unemployment Assistance administers the Commonwealth's Unemployment Insurance Program, an economic stabilization program under the federal-state unemployment insurance

¹ Reflects a preliminary estimate as of May 31, 2022.

system² designed to financially support individuals who lost their jobs by no fault of their own. It is funded through employer quarterly tax contributions. Compared to other states, the Commonwealth provides generous unemployment insurance benefits to claimants. For example, the Commonwealth offers the highest weekly benefits relative to the cost of living across all states. The 2021 employer contribution rate was 0.69% of total wages, compared to the 0.46% national average.³ By keeping rate schedules low during economic distress related to COVID-19, the Commonwealth has also provided relief to employers.

ALIGNMENT TO SOCIAL STANDARDS⁴

Use of Proceeds

The 2022 Bonds will finance and refinance unemployment insurance benefits for eligible recipients and pay costs of issuance. Proceeds will repay Federal Advances and finance a deposit to the Commonwealth's Unemployment Insurance Trust Fund to 1) manage overall employer tax rates and 2) finance unemployment benefits for individuals affected by the COVID-19 pandemic. The financing is an eligible social project as defined by the Social Bond Principles in the project category of *Programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises*.

Social Standard
 <p>Eligible Project Category:</p> <ul style="list-style-type: none"> Programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises

Deposit to the Commonwealth's Unemployment Insurance Trust Fund

Massachusetts is the first state since the COVID-19 pandemic to issue bonds for the purpose of repaying Federal Advances (as defined below) and depositing funds directly into its Unemployment Insurance Trust Fund (the "UITF"). \$867.6 million of the 2022 Bond proceeds are expected to be deposited into the UITF, which is solely dedicated to financing unemployment benefits through the Massachusetts Unemployment Insurance Program. Deposit of proceeds into the UITF will effectively recapitalize and buffer the fund, while managing overall employer rate schedules.

The Federal Advances

Under Title XII of the Social Security Act,⁵ states are permitted to receive loans from the federal government if the state's unemployment insurance trust fund has been depleted, such as during an economic crisis. This ensures that claimants' unemployment benefits are not interrupted. In 2020, as a result of high unemployment rates stemming from the COVID-19 pandemic, the Commonwealth began borrowing Federal Advances. By April 2021, the Commonwealth had received more than \$2.2 billion in Federal Advances, approximately \$1.768 billion of which remains outstanding.⁶ One hundred percent of the Federal Advances have already been used to process unemployment insurance claims.

COVID-19 Economic Crisis and Unemployment Alleviation

The federal-state unemployment insurance system has played a critical role delivering economic relief to people in distress during the COVID-19 pandemic. Between the second week of March 2020 and the second week of May 2020, the number of individuals receiving unemployment benefits in the United States jumped from 1.8 million to 24.9 million, as state governments enacted stay-at-home orders and many employees

² The US federal-state unemployment insurance system, created in 1935, is a form of social insurance in which taxes collected from employers are paid into the system on behalf of working people to provide income support to individuals who lose their jobs. The system also helps sustain consumer demand during economic downturns by providing a continuing stream of dollars for families to spend. The basic unemployment insurance program is run by individual states, although the US Department of Labor oversees the entire system, and provides up to 26 weeks of benefits to unemployed workers. Although states are subject to federal requirements, they are generally able to establish eligibility criteria and benefit levels. Chad Stone and William Chen, "Introduction to Unemployment Insurance," Center on Budget and Policy Priorities, July 30, 2014, <https://www.cbpp.org/research/introduction-to-unemployment-insurance>.

³ "How your unemployment benefits are determined," Commonwealth of Massachusetts, accessed May 26, 2022, <https://www.mass.gov/info-details/how-your-unemployment-benefits-are-determined>.

⁴ Social Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance eligible Social Projects which are aligned with the four core components of ICMA's Social Bond Principles.

⁵ "Compilation Of The Social Security Laws," US Social Security Administration, accessed May 27, 2022, https://www.ssa.gov/OP_Home/ssact/ssact-toc.htm.

⁶ "Title XII Advance Activities Schedule," TreasuryDirect, accessed May 27, 2022, https://www.treasurydirect.gov/govt/reports/tfmp/tfmp_advactivitiesched.htm.

were laid off temporarily. Massachusetts had some of the highest unemployment insurance reciprocity rates compared to other states during this time.⁷ Since the height of the COVID-19 pandemic, unemployment insurance claims have been trending down: Massachusetts had only 23,157 initial claims between February 6th and March 5th, 2022, with the highest number of claims coming from the transportation, warehouse and construction industries. A majority of claimants identify as white and not Hispanic/Latino.⁸

Kestrel views the federal-state unemployment insurance system and the Commonwealth's Unemployment Insurance Program as having positive impact on social equity in the United States by 1) providing a financial safety net to those who have lost their jobs and 2) by helping stabilize the economy during economic recessions. However, Kestrel also recognizes that there are limitations to the federal-state unemployment system and understands that (i) unemployment benefits should not be the only safety net during socioeconomic crises and (ii) economic downturns disproportionately impact disadvantaged groups.⁹ Nevertheless, the federal-state unemployment insurance system and the Commonwealth's Unemployment Insurance Program effectively reduce economic hardship for those who have lost their jobs and is therefore an essential component of social insurance in American democracy.

Climate Risk and Transition Alignment¹⁰

The 2022 Bonds finance activities which align with the *just transition*, characterized by the equitable inclusion and accommodation of all individuals, with a special focus on disadvantaged groups who are affected by the structural changes necessary to transition to a low-carbon economy. Projects that support the just transition are planned in a way that incorporates understanding of physical, transition and/or societal risks. The Commonwealth's Unemployment Insurance Program is designed to equitably alleviate the financial burdens of unemployment by providing benefits to individuals who have lost their jobs at no fault of their own. The bond-financed repayment of Federal Advances, and the deposit to the UITF support equitable access to and distribution of financial support to eligible claimants. In this way, the 2022 Bonds are aligned with the just transition.

Process for Project Evaluation and Selection

There are strict federal and state regulations and procedures in place that guide management of the UITF and set eligibility requirements for unemployment benefits.

The Department of Unemployment Assistance administers the Commonwealth's Unemployment Insurance Program and all unemployment benefit claims through the UITF. The UITF must solely be used to finance unemployment benefits and there are restrictions on the amounts that can be withdrawn and processes in place to do so.¹¹ The UITF is funded primarily from employer tax contributions and, in the Commonwealth, the employer tax rate schedule determines annual UITF deposits. However, since the UITF was depleted and the Commonwealth received Federal Advances, the Commonwealth authorized special obligation bond issuances in April 2021 to replenish the fund and repay Federal Advances. If the Federal Advances are not paid back by November 10, 2022, then the Commonwealth is subject to mandatory reductions in employer federal tax credits.

⁷ Arindrajit Dube, "A Plan to Reform the Unemployment Insurance System in the United States," The Hamilton Project, April 2021, https://www.hamiltonproject.org/assets/files/A_Plan_to_Reform_the_Unemployment_Insurance.pdf.

⁸ "Massachusetts Monthly Unemployment Claimant Data for the month ending March 5, 2022," Executive Office of Labor and Workforce Development, March 13, 2022, <https://www.mass.gov/news/massachusetts-monthly-unemployment-claimant-data-for-the-month-ending-march-5-2022>.

⁹ Nick Gwyn, "Historic Unemployment Programs Provided Vital Support to Workers and the Economy During Pandemic, Offer Roadmap for Future Reform," Center on Budget and Policy Priorities, March 24, 2022, <https://www.cbpp.org/research/economy/historic-unemployment-programs-provided-vital-support-to-workers-and-the-economy>.

¹⁰ Climate change poses significant systemic risks to US financial systems and municipal issuers. These risks may broadly be divided into physical risk, transition risk and societal risk. Physical risk includes effects of climate change on physical assets, such as extreme weather events and sea level rise. Transition risk includes market and technology risks, reputational risks, policy risks and legal risks. Societal risk includes risk to stable democracies, risk to civil liberties and human rights, risk to labor supply, and risk to public health. Mitigation of transition risk requires planning for the necessary structural changes to address climate change and societal inequity with recognition of the risks associated with inaction. We refer to this as the just transition to a decarbonized economy, or the just transition.

¹¹ Regulations of US unemployment insurance are established in the United States Code, Title 26 – Internal Revenue Code, Section 3304 – Approval of State Laws, <https://www.govinfo.gov/app/details/USCODE-2011-title26/USCODE-2011-title26-subtitleC-chap23-sec3304>.

Eligibility requirements for unemployment benefits in the Commonwealth are determined through a combination of federal- and state-level laws.¹² As of May 2022, the eligibility requirements are:

- Have earned at least \$5,700 during the last four completed calendar quarters, and 30 times the weekly benefit amount an individual would be eligible to collect, and
- Be legally authorized to work in the US, and
- Be unemployed, or working significantly reduced hours, through no fault of the individual, and
- Be able and willing to begin suitable work without delay when offered.¹³

Availability of unemployment benefits is ensured because the Commonwealth's Unemployment Insurance Program is part of the federal-state unemployment insurance system. The Commonwealth's Unemployment Insurance Program is made accessible to all eligible applicants through bilingual forms and resources, and through the ability to receive unemployment insurance without internet access. Recipients of unemployment insurance are also typically required to enroll with a Career Center.

Management of Proceeds

A portion of the 2022 Bond proceeds will refinance Federal Advances borrowed by the Commonwealth between June 2020 and April 2021. Funds will be transferred to the federal government on the delivery date to repay the \$1.768 billion outstanding loan.

The remaining 2022 Bond proceeds will be deposited into the Commonwealth's Unemployment Insurance Trust Fund account. Funds will be transferred immediately following delivery. These proceeds will be available only to pay future unemployment benefits and will be restricted per the Commonwealth's Unemployment Insurance Program and Federal Unemployment Insurance Program, and subject to all relevant regulations.

Reporting

The Commonwealth will submit continuing disclosures to the Municipal Securities Rulemaking Board ("MSRB") so long as the 2022 Bonds are outstanding. The Commonwealth will also provide reports in the event of material developments. This reporting will be done annually on the Electronic Municipal Market Access ("EMMA") system operated by the MSRB.

The positive impact of the 2022 Bonds on employers and employees is well-documented. As a result of the UITF deposit, all Commonwealth employers subject to employer contributions are expected to benefit from favorable rate schedule changes. Unemployment Insurance is tracked regularly at the state and federal levels. The Commonwealth prepares monthly reports on the current status of the UITF that are available on the Department of Unemployment Assistance website: <https://lmi.dua.eol.mass.gov/LMI/UnemploymentInsuranceTrustFund>. These reports include data on the Commonwealth's employer credits, UITF balance, and remaining balances of Federal Advances. Reporting on the UITF by state can also be found on the federal ledger at https://www.treasurydirect.gov/govt/reports/tfmp/tfmp_advactivitiesched.htm. It is expected that the Commonwealth will continue this reporting indefinitely as per state and federal regulations.

IMPACT AND ALIGNMENT WITH UN SDGS

The 2022 Bonds help address UN SDGs 1, 8, 10 and 17 by financing unemployment insurance benefits for eligible recipients. The 2022 Bonds advance Targets 1.2, 1.3, 1.5 and 17.13 by financing a type of social safety net that is part of a national system, and supporting economic stabilization. Unemployment insurance is a component of labor rights in the United States and the state-federal unemployment insurance system is based on equal opportunity to benefits, so the 2022 Bonds also support Targets 8.8, 10.3 and 10.4. Full text of the Targets for Goals 1, 8, 10 and 17 is available in Appendix A, with additional information available on the United Nations website: www.un.org/sustainabledevelopment

¹² "Unemployment Insurance," US Department of Labor, accessed May 27, 2022, <https://www.benefits.gov/benefit/91>.

¹³ "Check eligibility for unemployment benefits," Commonwealth of Massachusetts Department of Unemployment Assistance, accessed May 27, 2022, <https://www.mass.gov/service-details/check-eligibility-for-unemployment-benefits>.



	No Poverty (Targets 1.2, 1.3, 1.5) <u>Possible Indicators</u> <ul style="list-style-type: none"> Proportion of population living below the national poverty line, by gender, age and race Proportion of population covered by unemployment insurance
	Decent Work and Economic Growth (Target 8.8) <u>Possible Indicators</u> <ul style="list-style-type: none"> Unemployment rate in the Commonwealth, by sex, gender, age and race Numbers of new jobs created
	Reduced Inequalities (Targets 10.3, 10.4) <u>Possible Indicators</u> <ul style="list-style-type: none"> Bilingual information about the Programs is available and accessible Diversity of recipients
	Partnerships for the Goals (Target 17.13) <u>Possible Indicators</u> <ul style="list-style-type: none"> Annual employer contributions to the UITF Amount of Federal Advances that are repaid

CONCLUSION

Based on our independent external review, the 2022 Bonds conform, in all material respects, with the Social Bond Principles (2021) and are in complete alignment with one eligible project category: *Programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises*. The 2022 Bonds will manage overall employer contribution rates and finance unemployment insurance through the Commonwealth's Unemployment Insurance Program to reduce economic hardship for those who have lost their jobs. The financing plays a critical role in delivering economic relief to individuals and families experiencing financial hardship during the COVID-19 pandemic.

© 2022 Kestrel 360, Inc.

ABOUT KESTREL VERIFIERS



For over 20 years Kestrel has been a trusted consultant in sustainable finance. Kestrel Verifiers, a division of Kestrel 360, Inc. is a Climate Bonds Initiative Approved Verifier qualified to verify transactions in all asset classes worldwide. Kestrel is a US-based certified Women's Business Enterprise. For more information, visit kestrelverifiers.com.

For inquiries about our green and social bond services, contact:

- **Melissa Winkler**, Senior Vice President
melissa.winkler@kestrelverifiers.com
 +1 720-384-4791



Verification Team

- Monica Reid, CEO
- April Strid, Lead ESG Analyst
- Melissa Audrey, Senior ESG Analyst
- Jordynn Paz, ESG Analyst

DISCLAIMER

This Opinion aims to explain how and why the discussed financing meets the ICMA Social Bond Principles based on the information which was available to us during the time of this engagement (May – June 2022) only. By providing this Opinion, Kestrel Verifiers is not certifying the materiality of the projects financed by the Social Bonds. It was beyond Kestrel Verifiers' scope of work to review for regulatory compliance and no surveys or site visits were conducted. Furthermore, we are not responsible for surveillance on the project or use of proceeds. Kestrel Verifiers relied on information provided by the Commonwealth and publicly available information. The Opinion delivered by Kestrel Verifiers does not address financial performance of the Social Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of the Commonwealth, or its ability to pay principal and interest when due. This is not a recommendation to buy, sell or hold the Bonds. Kestrel Verifiers is not liable for consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions. This Opinion may not be altered without the written consent of Kestrel Verifiers. Kestrel Verifiers reserves the right to revoke or withdraw this Opinion at any time. Kestrel Verifiers certifies that there is no affiliation, involvement, financial or non-financial interest in the Commonwealth or the projects discussed. We are 100% independent. Language in the offering disclosure supersedes any language included in this Second Party Opinion.

Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.

Appendix A.

UN SDG TARGET DEFINITIONS

Target 1.2

By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

Target 1.3

Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable

Target 1.5

By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters

Target 8.8

Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

Target 10.3

Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

Target 10.4

Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

Target 17.13

Enhance global macroeconomic stability, including through policy coordination and policy coherence

[THIS PAGE INTENTIONALLY LEFT BLANK]

