

**BONDHOLDER'S AGREEMENT**

**dated as of**

**January 31, 2018**

**between**

**THE COMMONWEALTH OF MASSACHUSETTS**

**and**

**RBC MUNICIPAL PRODUCTS, LLC**

**Relating to**

**\$120,365,000**

**The Commonwealth of Massachusetts  
General Obligation Refunding Bonds  
(SIFMA Index Bonds)  
2018 Series A**

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## BONDHOLDER'S AGREEMENT

This **BONDHOLDER'S AGREEMENT**, dated as of January 31, 2018 (as amended and supplemented from time to time, this "*Agreement*"), is between **THE COMMONWEALTH OF MASSACHUSETTS** (together with its successors and permitted assigns hereunder, the "*Commonwealth*"), and **RBC MUNICIPAL PRODUCTS, LLC** ("*RBCMPLLC*" and, together with its successors, assignees, designees and nominees hereunder (as hereinafter defined), the "*Purchaser*")

### RECITALS

WHEREAS, pursuant to and in accordance with the Constitution and laws of the Commonwealth, including Chapter 29 of the Massachusetts General Laws, as amended (the "*Enabling Act*"), the Commonwealth is issuing a series of bonds designated as The Commonwealth of Massachusetts General Obligation Refunding Bonds (SIFMA Index Bonds), 2018 Series A (the "*Bonds*"); and

WHEREAS, the Commonwealth has determined that it is in its best interests to cause the Bonds to be sold to the Underwriter (as hereinafter defined) pursuant to the Bond Purchase Agreement (as hereinafter defined) and the Underwriter has agreed to purchase the Bonds, subject to the terms and conditions set forth therein, and the Purchaser intends to purchase the Bonds from the Underwriter and, as a condition to such purchases, the Purchaser has required the Commonwealth to enter into this Agreement; and

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

### ARTICLE I

#### DEFINITIONS

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

"*Accredited Investor*" has the meaning set forth in Section 9.13(b) hereof.

"*Adjusted SIFMA Rate*" has the meaning set forth in the Bond.

"*Affiliate*" means, with respect to a Person, any Person (whether for profit or not-for-profit), which "controls" or is "controlled" by or is under common "control" with such Person. For purposes of this definition, a Person "controls" another Person when the first Person possesses or exercises directly, or indirectly through one or more other affiliates or related entities, the power

to direct the management and policies of the other Person, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract, or otherwise.

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

“*Applicable Spread*” has the meaning set forth in the Bond.

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

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

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

“*Bond Purchase Agreement*” means the Bond Purchase Agreement dated January 30, 2018 between the Commonwealth and the Underwriter, as amended, supplemented, modified or restated from time to time in accordance with the terms thereof.

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

“*Bondholder Representative*” means, (a) on and as of the Closing Date, the Purchaser, and (b) thereafter, upon the receipt from time to time by the Commonwealth of a notice described in Section 9.14 hereof, the Person designated in such notice as the Bondholder Representative as more fully provided in Section 9.14 hereof. The parties hereto acknowledge and agree that, for so long as the Bonds are held by the Purchaser or an Affiliate of the Purchaser or any trust established by the Purchaser or an Affiliate of the Purchaser, the Purchaser shall be the Bondholder Representative.

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

“*Business Day*” has the meaning set forth in the Bonds.

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

“*Closing Date*” means January 31, 2018, or such other date as the Commonwealth, the Underwriter and the Purchaser may determine, subject to the satisfaction, or waiver by the

Underwriter and the Purchaser of all the conditions precedent to closing set forth in Section 7 of the Bond Purchase Agreement.

“*Closing Transcript*” has the meaning set forth in Section 4.03 hereof.

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

“*Commonwealth*” means The Commonwealth of Massachusetts.

“*Commonwealth Information Statement*” means the Commonwealth Information Statement dated December 13, 2017, as supplemented by the Commonwealth Information Statement Supplement dated January 16, 2018 and any subsequent information statement or any supplement thereto issued by the Commonwealth.

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

“*Default Rate*” has the meaning set forth in the Bond.

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

“*Designated Successor*” has the meaning set forth in Section 9.14(a) hereof.

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

“*EMMA*” means Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board.

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

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

“*Event of Taxability*” means a final, non-appealable determination by the Internal Revenue Service or the Department of the Treasury or a court of competent jurisdiction that any interest paid or payable on the Bonds is or is to become includable in the gross income of the recipients thereof or any former recipient thereof for federal income tax purposes as a result of any action or inaction of the Commonwealth.

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

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

“*Fitch*” means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody’s) designated by the Commonwealth with written notice to the Bondholder Representative.

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

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

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



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

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

“*Interest Payment Date*” means, with respect to the Bonds, the first Business Day of each month commencing March 1, 2018.

“*Laws*” means, collectively, the Constitutions of the United States and the Commonwealth, all applicable common law and principles of equity and all international, foreign, federal, state and local laws, statutes, treaties, codes, acts, rules, regulations, guidelines, ordinances, resolutions, orders, writ, judgments, decrees, injunctions, and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all administrative orders, directed duties, requests, licenses, certificates, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

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

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

“*Maturity Date*” means February 1, 2021.

“*Maximum Lawful Rate*” means the respective maximum, non usurious, lawful rate of interest that may be contracted for, charged or received in connection with the payment obligations of the Commonwealth under the Bonds and this Agreement under Laws currently in effect or, to the extent permitted by law, under Laws that may hereafter be in effect and that allow a higher maximum and non usurious rate of interest than applicable Laws now allow.

“*Maximum Rate*” means the lesser of (a) 18% per annum and (b) the Maximum Lawful Rate.

“*Moody’s*” means Moody’s Investors Service, Inc. and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*Moody’s*” shall be deemed to refer to any other nationally recognized

securities rating agency (other than Fitch or S&P) designated by the Commonwealth with written notice to the Bondholder Representative.

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

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

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

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

“*Parity Debt*” means all General Obligation Debt other than the Bonds.

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

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

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

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

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

“*QIB*” has the meaning set forth in Section 9.13(b) hereof.

“*Rating Agency*” means any or all of S&P, Fitch or Moody’s.

“*RBCCM LLC*” means RBC Capital Markets, LLC and its successors, assignees, designees and nominees.

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

“*Related Documents*” means this Agreement, the Bond Purchase Agreement, the Tax Certificate, the Bonds and other Bond Proceedings, expressly excluding any documents related to the Trust or any credit enhancement provided by the Royal Bank of Canada, RBCCM LLC, RBCM PLLC or any Affiliate thereof.

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

“*Royal Bank*” means Royal Bank of Canada and its successors.

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

“*Set Aside*” has the meaning set forth in Section 9.15 hereof.

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

“*S&P*” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*S&P*” shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or Moody’s) designated by the Commonwealth with written notice to the Bondholder Representative.

“*SIFMA Rate*” has the meaning set forth in the Bond.

“*Tax Certificate*” means the Certificate as to Tax Matters of the Commonwealth dated January 31, 2018.

“*Taxable Date*” means the date as of which interest on the Bonds is first includible in gross income of the Owner (including, without limitation, any previous Owner) thereof as a result of an Event of Taxability.

“*Taxable Period*” has the meaning set forth in Section 3.02(a) hereof.

“*Taxable Rate*” means, with respect to a Taxable Period, the product of (i) the sum of the SIFMA Rate plus the Applicable Spread and (ii) 1.27.

“*Transactions*” means the issuance of the Bonds and, in connection therewith, the purchase of the Bonds by the Underwriter, the purchase of the Bonds by the Purchaser, the execution and delivery by the Commonwealth of the Related Documents, and the performance by the Commonwealth of the Obligations (including payment obligations) hereunder and thereunder.

“*Trust*” means a common law trust established under the laws of the State of New York, a statutory trust under the Delaware statutory trust statute or another type of trust or arrangement established by the Purchaser or an affiliate of the Purchaser.

“*Underwriter*” means RBCCM LLC, as underwriter under the Bond Purchase Agreement.

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

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

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

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

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

## ARTICLE II

### PURCHASE AND DELIVERY OF BONDS

*Section 2.01. Purchase; Acknowledgments of the Commonwealth.* Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Purchaser hereby agrees to purchase from the Underwriter all, but not less than all, of the outstanding \$120,365,000 aggregate principal amount of the Bonds immediately subsequent to the issuance thereof on the Closing Date. Furthermore, on the Closing Date, the initial Adjusted SIFMA Rate effective as of the Closing Date shall be [REDACTED] %.

The principal amount of the Bonds, the dated date therefor, the maturity, the optional redemption provisions and the interest rate per annum are set forth in the Bonds (including the appendices thereto).

The purchase price for the Bonds shall equal the par amount of the Bonds.

The Commonwealth acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction among the Commonwealth, the Underwriter and the Purchaser, (ii) in connection with such transaction, the Purchaser is acting solely as a principal and not as an agent or a fiduciary of the Commonwealth, (iii) the Purchaser has not assumed a fiduciary responsibility in favor of the Commonwealth with respect to the Bonds or the process leading to the purchase of the Bonds by the Purchaser (whether or not the Purchaser, or any Affiliate of the Purchaser, has advised or is currently advising the Commonwealth on other matters) and has no other obligation to the Commonwealth except the obligations expressly set forth in this Agreement, and (iv) the Commonwealth has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the purchase of the Bonds pursuant to the terms of this Agreement.

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

*Section 2.03. Offering Document.* The Bonds are not being offered pursuant to any type of official statement, private placement memorandum or other offering document.

## ARTICLE III

### THE COMMONWEALTH'S OBLIGATIONS

*Section 3.01. Payment Obligations.* (a) The Commonwealth hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of any and all payment obligations owed to the Bondholder Representative and any other Owner hereunder and under the other Related Documents, whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided herein.

(b) The Commonwealth shall pay the principal of and interest on the Bonds in full on the Maturity Date. If the principal of and interest on the Bonds are not paid in full to the Owners on the Maturity Date, then the Commonwealth shall pay or cause to be paid interest on the unpaid principal amount of such Bonds from the Maturity Date until the date all such Bonds are paid in full at a rate per annum equal to the Default Rate, payable on demand.

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

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

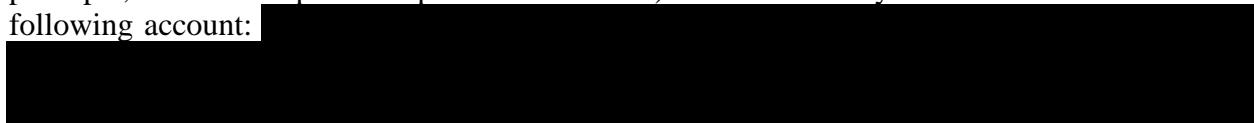
(ii) a fee for each amendment of any Related Document, consent by the Bondholder Representative or any other Owner or waiver by the Bondholder Representative or any other Owner under any Related Document, in each case, in an amount agreed to between the Bondholder Representative and the Commonwealth;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

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

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

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

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



All payments of fees and other amounts to be made by the Commonwealth under this Agreement shall be made not later than 3:00 noon p.m. on the date when due and shall be made in lawful money of the United States of America (in freely transferable U.S. dollars) and in immediately available funds. All payments made after 3:00 p.m. shall be deemed to have been made on the next Business Day following the date when such payment was due.

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

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

*Section 3.02. Event of Taxability.* (a) If an Event of Taxability occurs, the Commonwealth hereby agrees to pay to each Owner on demand therefor (A) an amount equal to the difference

between (I) the amount of interest that would have been paid to such Owner on the Bonds during the period for which interest on the Bonds is includable in the gross income of such Owner if the Bonds had borne interest at the Taxable Rate, beginning on the Taxable Date (the “*Taxable Period*”), and (II) the amount of interest actually paid to the Owner during the Taxable Period, and (B) an amount equal to any interest, penalties or charges owed by such Owner as a result of interest on the Bonds becoming includable in the gross income of such beneficial owner, together with any and all attorneys’ fees, court costs, or other out of pocket costs incurred by such Owner in connection therewith; and

(b) The obligations of the Commonwealth under this Section shall survive the termination of this Agreement and the redemption or other payment in full of the Bonds.

*Section 3.03. Obligations Absolute.* The payment obligations of the Commonwealth under this Agreement and the other Related Documents shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement and the other Related Documents under all circumstances, including the following:

(a) any lack of validity or enforceability of any of the Related Documents or any provision hereof or thereof;

(b) any amendment or waiver of, or any consent to departure from, all or any of the Related Documents;

(c) the existence of any claim, set off, defense or other right which the Commonwealth may have at any time against the Bondholder Representative, any other Owner or any other Person, whether in connection with any of the Related Documents, the Transactions or any unrelated transaction; or

(d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

*Section 3.04. Optional Prepayment.* The Bonds are subject to optional redemption prior to maturity at the election of the Commonwealth, in whole or in part on or after August 1, 2020 at a redemption price equal to 100% of the principal amount of Bonds being redeemed, together with accrued and unpaid interest to the date fixed for redemption. The Commonwealth shall give notice of redemption to the owners of the Bonds not less than 20 days and not more than 60 days prior to the date fixed for redemption. Notice of redemption will be mailed to the registered owner as of the record date, which means, so long as the Bonds remain immobilized at DTC, Cede & Co., as nominee of DTC.



## ARTICLE IV

### CONDITIONS PRECEDENT TO EFFECTIVENESS OF AGREEMENT

*Section 4.01. Documentary Requirements.* This Agreement shall become effective on the Closing Date hereof subject to the satisfaction or waiver by the Purchaser and the Underwriter of the conditions precedent set forth in Section 7 of the Bond Purchase Agreement and the issuance of the Bonds.

*Section 4.02. Failure to Satisfy Conditions Precedent.* If the Commonwealth shall be unable to satisfy the conditions to the obligations of the Purchaser to purchase the Bonds contained in the Bond Purchase Agreement, or if the obligations of the Purchaser to purchase the Bonds shall be terminated for any reason permitted by the Bond Purchase Agreement, this Agreement shall terminate and neither the Purchaser nor the Commonwealth shall be under any further obligation hereunder.

*Section 4.03. Closing Transcript.* Promptly following the Closing Date, the Commonwealth shall provide, at the Commonwealth's expense, the following: executed copies of all documents listed in the Bond Purchase Agreement on CD ROM or another electronic format.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

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

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

*Section 5.02. Necessary Consents.* All authorizations, consents, approvals, licenses, exemptions of or registrations with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, necessary for the valid execution, delivery and performance by the Commonwealth of this Agreement and the other Related Documents have been obtained, except that a legislative appropriation may be required for the payment of amounts due under this Agreement and the other Related Documents, and such execution, delivery and performance did not, does not, and will not violate, conflict with or constitute a default under any constitutional or statutory provision or other law, rule, regulation or order or any agreement or instrument to which the Commonwealth is a party or by which it is bound.

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

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

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

*Section 5.06. Financial Statements.* The government-wide statement of net assets of the Commonwealth as of June 30, 2017, and the related statement of activities for the fiscal year then ended and the auditors' report with respect thereto, and which are included in the Commonwealth's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the Commonwealth at such date and for such period, and were prepared in accordance with generally accepted accounting principles.

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

*Section 5.08. Incorporation of Representations and Warranties by Reference.* The Commonwealth hereby makes to the Purchaser the same representations and warranties as were made by the Commonwealth in each Related Document, together with the related definitions of terms contained therein, and such representations and warranties are hereby incorporated by reference with the same effect as if each and every such representation and warranty and definition were set forth herein in its entirety. Except as otherwise provided herein, no amendment to or termination of such representations, warranties and definitions contained in the documents set forth above shall be effective to amend or terminate such representations, warranties and definitions incorporated herein by this reference, without the prior written consent of the Bondholder Representative.

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

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

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

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

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

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

*Section 5.15. Security.* The Constitution and the laws of the Commonwealth provide that the interest and principal payments on the Bonds constitute general obligations of the Commonwealth to which the full faith and credit and taxing power of the Commonwealth are pledged on a parity with all other general obligation debt of the Commonwealth to which the full faith and credit of the Commonwealth are pledged. It should be noted, however, that Chapter 62F of the Massachusetts General Laws establishes a state tax revenue growth limit and does not exclude principal and interest payments on Commonwealth debt obligations from the scope of the limit. The other Obligations of the Commonwealth under this Agreement also constitute general obligations of the Commonwealth, subject to the fact that legislative appropriation may be required for the payment thereof. The Commonwealth has not granted any Person holding any general obligation debt, issued or incurred by the Commonwealth, the right to accelerate the

Commonwealth's obligation to repay such debt following the occurrence of an Event of Default with respect to such debt.

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

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

## ARTICLE VI

### COVENANTS

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

*Section 6.01. Reporting Requirements.* The Commonwealth will deliver by posting on the Commonwealth's website, or EMMA or, by email (or such email shall contain a hyperlink providing direct access to) to the Bondholder Representative the following: (i) quarterly revisions of monthly cash flows of the Commonwealth comparing actual performance to budgeted amounts for receipts and disbursements, financial reports, budgets, official statements and similar information issued by it to the public promptly after such issuance but in no event later than 30 days after such issuance to the public; (ii) within the earlier of 270 days after each fiscal year end or promptly when made available by the Commonwealth to the public but in no event later than 30 days after such issuance, annual audited or certified financial statements of the Commonwealth for the fiscal year then ended, commencing with the fiscal year ended June 30, 2018; *provided, however,* if audited financial statements of the Commonwealth are not available by 270 days after any fiscal year end, such audited financial statements shall be delivered as soon as possible thereafter, but in no event later than 350 days after such fiscal year end, and (iii) immediate notice by telephone, promptly confirmed in writing, of any Default or Event of Default. The Commonwealth shall promptly furnish such other information on the financial condition and affairs of the Commonwealth as the Bondholder Representative may reasonably request from time to time.

*Section 6.02. Inspection of Books and Records.* The Commonwealth will permit any officers, employees or agents of the Bondholder Representative (at the Bondholder Representative's expense but at the expense of the Commonwealth after the occurrence and during the continuance of an Event of Default) to discuss with appropriate Commonwealth officials matters reasonably pertinent to an evaluation of the credit of the Commonwealth, all at such reasonable times as the Bondholder Representative may reasonably request.

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

*Section 6.04. Other Obligations.* (a) The Commonwealth agrees that it will perform and comply in all material respects with each and every obligation, covenant and agreement required to be performed or observed by it in or pursuant to the Related Documents, which provisions, as well as the related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety.

(b) The Commonwealth shall not cause or permit the Related Documents to be amended, modified or otherwise supplemented in a manner that (i) adversely affects the rights, interests, security, remedies or obligations of the Purchaser or (ii) could reasonably be expected to result in a Material Adverse Effect, in each case, without the prior written consent of the Bondholder Representative.

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

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

*Section 6.07. Proceeds of Bonds.* The Commonwealth shall not use any of the proceeds of the Bonds, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any “margin stock” within the meaning of Regulation U or X of the FRB. The Commonwealth shall use the proceeds of the Bonds hereunder in compliance with all applicable legal and regulatory requirements of any Governmental Authority (including Regulation U or X of the FRB and the Securities Exchange Act of 1934 and the Securities Act of 1933 and any regulations thereunder).

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

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

*Section 6.10. Filing with EMMA.* By no later than ten (10) Business Days following the Closing Date, the Commonwealth shall post, or caused to be posted, on EMMA, a redacted copy of the executed Agreement.

*Section 6.11. Maintenance of Ratings.* The Commonwealth shall at all times maintain at least one long-term unenhanced rating on any of its General Obligation Debt by any Rating Agency.

## **ARTICLE VII**

### **EVENT OF DEFAULTS; REMEDIES**

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

(a) The Commonwealth shall fail to pay or cause to be paid when due (i) any amounts with respect to the principal of or interest or premium, if any, on the Bonds or (ii) any other Obligation (other than the principal of or interest or premium, if any, on the Bonds) and such failure shall continue for three Business Days; or

(b) The Commonwealth shall fail to pay when due and payable any principal of or interest on any General Obligation Debt and such failure shall continue beyond any applicable period of grace specified in any underlying indenture, contract or instrument providing for the creation of or concerning General Obligation Debt; or

(c) (i) Any material provision of this Agreement or the Bonds, relating to the payment of any principal or interest on the Bonds or the security therefor shall at any time for any reason cease to be valid and binding or fully enforceable on the Commonwealth as determined by any Governmental Authority of competent jurisdiction in a final non-appealable judgment, (ii) the Commonwealth shall have taken or permitted to be taken any action or has duly enacted any statute which would result in any material provision of this Agreement or the Bonds relating to the payment of any principal or interest on the Bonds or the security therefor being invalid or unenforceable, or (iii) a senior authorized officer of the Commonwealth shall have contested in writing the validity or enforceability of any material provision of this Agreement or the Bonds relating to the payment of any principal or interest on the Bonds or the security therefor; or

(d) (i) A debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on repayment of debt shall have been declared by the Commonwealth or imposed by a Governmental Authority of competent jurisdiction (whether or not in writing) with respect to the Bonds or all General Obligation Debt of the Commonwealth, or (ii) the Commonwealth shall admit in writing its inability to pay its debts as they mature, or the Commonwealth shall seek any form of debtor relief affecting its General Obligation Debt, or a trustee, custodian, liquidator or receiver shall be appointed with respect to all or substantially all assets of the Commonwealth, or the Commonwealth shall be declared by a court of competent jurisdiction or shall declare itself to be insolvent, or (iii) an order shall have been entered and shall not have been discharged within sixty (60) days from the entry thereof in a case, proceeding or other action commenced against the Commonwealth in a court of competent jurisdiction which (a) seeks issuance of a warrant of attachment, execution or similar process against all or substantially all of the Commonwealth's assets, and (b) commences only after the rendering of a final non-appealable judgment or order by a court against the Commonwealth which has not been paid or otherwise satisfied by the Commonwealth within the time frame specified in such final judgment or order; or

(e) The Commonwealth shall fail to observe or perform any covenant or agreement set forth in clause (ii) of Section 6.01, Section 6.04(b), 6.05, 6.07 or 6.09 hereof; or

(f) The Commonwealth shall fail to observe or perform any other covenant or agreement contained (or incorporated by reference) in this Agreement or in any other Related Document to which it is a party and such failure shall remain unremedied for a period of sixty (60) days after written notice thereof shall have been given to the Commonwealth from the Bondholder's Representative; *provided, however*, that failure to comply with Section 6.08 shall not in any circumstance constitute an Event of Default; or

(g) The long-term unenhanced rating assigned to the Commonwealth's General Obligation Debt shall be withdrawn or suspended for credit related reasons or reduced below "Baa3" (or its equivalent) (in the case of Moody's), "BBB-" (or its equivalent) (in the case of S&P) and "BBB-" (or its equivalent) (in the case of Fitch) by each of the Rating Agencies then rating such debt.

*Section 7.02. Consequences of an Event of Default.* If an Event of Default specified in Section 7.01 hereof shall occur and be continuing, then in addition to any other rights or remedies available to the Bondholder Representative under any other Related Document or under applicable Law, the Bondholder Representative may exercise any one or more of the following rights and remedies (regardless of whether the actions are taken at the same or different times):

(a) The Bondholder Representative may provide written notice to the Commonwealth of the occurrence of such Event of Default (a "*Notice of Default*") and, upon the delivery to the Commonwealth of such Notice of Default, the Bonds and all other amounts payable hereunder shall bear interest at the Default Rate, payable upon demand. In the event the Bondholder Representative has provided a Notice of Default and,

subsequent thereto, the Commonwealth has cured the applicable Event of Default (in the opinion of the Bondholder Representative based on its absolute discretion) or the Purchaser has waived said Event of Default and no other Event of Default has occurred and is continuing, then the Bondholder Representative shall rescind such Notice and the Bonds and all other amounts payable hereunder shall no longer bear interest at the Default Rate; or

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

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

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

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

*Section 7.04. Waivers or Omissions.* No course of dealing and no delay or omission by the Bondholder Representative in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right, remedy or power or be construed to be a waiver of any default on the part of the Bondholder Representative or to be acquiescence therein. No express or implied waiver by the Bondholder Representative of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default. No delay or omission on the part of the Bondholder



Representative in exercising any right hereunder or under other Related Documents, following any Event of Default as aforesaid, or any other option granted to the Bondholder Representative hereunder or under the other Related Documents in any one or more instances, or the acceptance by the Bondholder Representative of any partial payment on account of the Obligations shall constitute a waiver of any such Event of Default, and each such option shall remain continuously in full force and effect.

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

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

## ARTICLE VIII

### INDEMNIFICATION

*Section 8.01. Indemnification.* To the extent permitted by applicable Laws, the Commonwealth hereby indemnifies and holds harmless the Underwriter, the Bondholder Representative and each other Owner (and their respective Affiliates, directors, officers, employees and agents) (each, an “*Indemnitee*”) from and against any and all claims, damages, losses, liabilities, costs or expenses (including reasonable attorneys’ fees) (collectively, the “*Liabilities*”) whatsoever which such Indemnitee may incur (or which may be claimed against such Indemnitee by any Person whatsoever) by reason of or in connection with (a) the issuance of the Bonds by the Commonwealth and/or the purchase of the Bonds by the Underwriter and/or the Purchaser, (b) any breach by the Commonwealth of any representation, warranty, covenant, term or condition in, or the occurrence of any default under, this Agreement, the Bonds or the other Related Documents, including all reasonable fees or expenses resulting from the settlement or defense of any claims or liabilities arising as a result of any such breach or default, (c) involvement of such Indemnitee in any suit, investigation, proceeding, inquiry or action as a consequence, directly or indirectly, of the Underwriter’s and/or the Purchaser’s purchase of the Bonds and with respect to the Related Documents, or (d) any invalidity or alleged invalidity of the Bonds or the failure of the interest on the Bonds to be exempt from federal or state income tax; provided the Commonwealth shall not be required to indemnify such Indemnitee for any Liabilities to the extent, but only to the extent, such Liabilities are caused by the willful misconduct or gross negligence of such Indemnitee as determined in a final, non-appealable determination by a court

of competent jurisdiction. Nothing in this Section is intended to limit the Commonwealth's payment of the Obligations.

*Section 8.02. Reimbursement; Interest.* If the Bondholder Representative or any Owner shall incur any Expenses or pay any Liabilities payable by the Commonwealth pursuant to the terms hereof or any other Related Document in connection with the Bonds or the other Related Documents or the rights and remedies provided under the Related Documents (regardless of whether or not any of the Related Documents expressly provide for an indemnification by the Commonwealth against such Expenses or Liabilities), the Bondholder Representative's and such other Owner's payment of such Expenses and Liabilities shall constitute advances to the Commonwealth which shall be paid by the Commonwealth to the Bondholder Representative and such other Owner, as applicable, on demand, together with interest thereon from the date incurred until paid in full at the rate of interest then applicable to the Bonds. Notwithstanding the foregoing, in any action or proceeding under any Related Document to recover or collect the Obligations, mandatory provisions of law governing the recovery of costs, disbursements and allowances shall prevail unaffected by this Section.

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

## ARTICLE IX

### MISCELLANEOUS

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

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

*Section 9.02. Amendments and Waivers; Enforcement.* The Bondholder Representative and the Commonwealth may from time to time enter into agreements amending, modifying or supplementing the Related Documents or changing the rights of the Bondholder Representative

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

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

If to the Commonwealth:

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
Attention: [REDACTED]  
Telephone: [REDACTED]  
Facsimile: [REDACTED]  
Email: [REDACTED]

If to the Bondholder Representative:

[REDACTED]  
[REDACTED]  
[REDACTED]  
Attention: [REDACTED]  
Telephone: [REDACTED]  
Facsimile: [REDACTED]  
Email: [REDACTED]

and

Attention: [REDACTED]  
Facsimile: [REDACTED]  
Email: [REDACTED]

and

Email: [REDACTED]

With a copy to:

[REDACTED]

Attention: [REDACTED]  
Telephone: [REDACTED]  
Facsimile: [REDACTED]  
Email: [REDACTED]

and:

[REDACTED]

Attention: [REDACTED]  
Facsimile: [REDACTED]  
Email: [REDACTED]  
[REDACTED]

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

*Section 9.04. Right of Setoff.* (a) Upon the occurrence of any Event of Default, the Bondholder Representative may, at any time and from time to time, without notice to the Commonwealth or any other Person (any such notice being expressly waived), set off and appropriate and apply against and on account of any Obligations, without regard to whether or not the Bondholder Representative has made any demand therefor, any and all deposits (general or special, including but not limited to deposits made pursuant to this Agreement and Debt evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts, such as restricted donor accounts) and any other Debt at any time held or owing by the Bondholder

Representative or any Affiliate of the Bondholder Representative to or for the credit or the account of the Commonwealth.

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

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

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

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

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

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

*Section 9.07. No Advisory or Fiduciary Responsibility.* In connection with all aspects of the Transactions (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Commonwealth acknowledges and agrees that: (a)(i) the arranging, structuring and other services regarding this Agreement and the other Related Documents provided by the Bondholder Representative and any Affiliate of the Bondholder Representative are arm's length commercial transactions between the Commonwealth and its

Affiliates on the one hand, and the Bondholder Representative and its Affiliates on the other hand, (ii) the Commonwealth has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate in connection with the Transactions, and (iii) the Commonwealth is capable of evaluating, and understands and accepts, the terms, risks and conditions of the Transactions; (b)(i) the Bondholder Representative and each Affiliate of the Bondholder Representative is and has been acting solely as a principal and has not been, is not, and will not be acting as an agent or fiduciary for the Commonwealth or any other Person and (ii) neither the Bondholder Representative nor any Affiliate of the Bondholder Representative has any obligation to the Commonwealth with respect to the Transactions, except those obligations expressly set forth herein; and (c) the Bondholder Representative and each Affiliate of the Bondholder Representative may be engaged in a broad range of transactions that involve interests that differ from those of the Commonwealth, and neither the Bondholder Representative nor any Affiliate of the Bondholder Representative has any obligation to disclose any of such interests to the Commonwealth. To the fullest extent permitted by applicable Laws, the Commonwealth hereby waives and releases any claims that it may have against the Bondholder Representative and each Affiliate of the Bondholder Representative with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of the Transactions.

*Section 9.08. Purchaser Representations.* The Purchaser represents to and agrees with the Commonwealth that: (1) it is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “1933 Act”); (2) it has sufficient knowledge and experience in financial and business matters to be able to evaluate the risk and merits of the investment represented by the Bonds and it is able to bear the economic risks of such investment; (3) no offering memorandum or official statement has been prepared with respect to the Bonds and it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and it has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Commonwealth, the Commonwealth’s financial condition and the security for the Bonds so that, as a reasonable investor, it has been able to make its decision to purchase the Bonds; and further, that, except with respect to the Commonwealth Information Statement as of its date and the information provided to the Purchaser in accordance with this paragraph, it has not relied upon the Commonwealth for any information in connection with its purchase of the Bonds; (4) it understands that the Bonds are secured in the manner set forth in the applicable Bond, and it has received and reviewed to its satisfaction a copy of the Bonds; and (5) it is purchasing the Bonds with an intent to transfer the Bonds to an Affiliate at par for deposit into a Trust; *provided, further*, that it may sell or transfer in accordance with Section 9.12 hereof. The Purchaser further acknowledges and agrees that the Commonwealth has not taken, and will not take, any action to qualify the Bonds for offering and sale under the securities or blue sky laws of any jurisdiction of the United States.

*Section 9.09. Entire Agreement.* The Related Documents to which the Commonwealth is a party constitute the entire understanding and agreement between the Commonwealth, the Purchaser and the Bondholder Representative with respect to the Transactions and the Bonds, and supersede all prior or contemporaneous written or oral understandings, courses of dealing and agreements among the Commonwealth, the Purchaser and the Bondholder Representative with respect to the matters addressed in such Related Documents. In particular, and without limitation,

the Related Documents supersede any commitment by the Purchaser to extend credit to the Commonwealth or to purchase the Bonds and all such agreements or commitments are merged into such Related Documents. Except as incorporated in writing into such Related Documents, there are no representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the Related Documents.

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

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

*Section 9.12. Parties in Interest.* (a) This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Commonwealth, the Bondholder Representative and each Owner and no other person shall acquire or have any right hereunder or by virtue hereof. Notwithstanding any other provision of any of the Related Documents to the contrary, each Owner may, without the consent of the Commonwealth, assign, pledge as security, participate or sell the Bonds or a beneficial interest in the Bonds, subject to applicable securities laws restrictions, if any, as provided in Section 9.13; *provided,* such assignee is deemed to have made to the Commonwealth such representations and agreements as contained in the investor letter delivered on the Closing Date. Bonds shall be sold or assigned in Authorized Denominations.

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

*Section 9.13. Successors and Assigns.* (a) This Agreement is a continuing obligation and shall be binding upon the Commonwealth and its permitted successors and assigns, and shall inure

to the benefit of the Bondholder Representative, the Owners and their respective permitted successors, transferees and assigns.

(b) The Commonwealth may not assign or otherwise transfer or delegate any of its rights or obligations hereunder or under the other Related Documents without the prior written consent of the Bondholder Representative in its sole and absolute discretion. Notwithstanding any other provision of any of the Related Documents to the contrary, any Owner may, without the consent of the Commonwealth, assign, pledge or grant as security, participate, transfer, redeliver or sell the Bonds or a beneficial interest in the Bonds, subject to any applicable securities laws restrictions, or its rights or interests under the Bonds and/or this Agreement, in order to secure the obligations of the Purchaser, such Affiliate of the Purchaser or such Owner, including (y) any pledge or assignment to secure obligations to any state or local governmental entity or with respect to public deposits and (z) any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment by the Purchaser shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or assignee for the Purchaser as a party hereto. Any sale of the Bonds or a beneficial interest in the Bonds pursuant to this Section shall be to (i) any Person which is an Affiliate of the Owner, (ii) a trust or other custodial arrangement established by the Owner or one of its Affiliates, the owners of any beneficial interest in which are limited to any qualified institutional buyer, as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “1933 Act”) (a “QIB”), or accredited investor, within the meaning of Rule 501 of Regulation D under the 1933 Act (an “Accredited Investor”), in each case, that is not a natural Person or (iii) a QIB or Accredited Investor”, in each case, that is not a natural Person.

*Section 9.14. Bondholder Representative.* (a) The Purchaser is the Bondholder Representative on the Closing Date. The Bondholder Representative may designate any nominee, designee or agent to act for and in the name of the Bondholder Representative by written notice to the Commonwealth and any such duly designated nominee, designee or agent shall thereupon be empowered to act for and on behalf of the Bondholder Representative and exercise the rights, powers, privileges and responsibilities of the Bondholder Representative in each of the Related Documents. The current Bondholder Representative shall give written notice to the Commonwealth and the Paying Agent (if other than the Commonwealth) of any successor Bondholder Representative. Any successor Bondholder Representative shall be one or more Owner(s) of the Bonds, one or more Affiliate(s) thereof or one or more Person(s) who establish(es) a trust into which such Bonds are deposited (each, a “Designated Successor”). Upon delivery of written notice to the Commonwealth and the Paying Agent (if other than the Commonwealth), the Designated Successor shall thereupon constitute the Bondholder Representative and shall succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Bondholder Representative hereunder and under the Related Documents. Collectively, the Designated Successors must own a majority of the aggregate principal amount of the Bonds Outstanding. If there is more than one Designated Successor, the Bondholder Representative shall give notice to the Commonwealth and the Paying Agent (if other than the Commonwealth) that the Designated Successors constitute the Bondholder Representative and such Designated Successors shall thereupon constitute the Bondholder Representative and shall succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Bondholder Representative hereunder and under the Related Documents. Any predecessor Bondholder



Representative shall be discharged from its duties and obligations hereunder, *provided* that the predecessor Bondholder Representative shall continue to be entitled to the benefits of Article III, Article VIII and Section 9.15 and of each other provision of the Related Documents granting a right of indemnity or reimbursement in favor of the Bondholder Representative.

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

(c) Any Purchaser of the Bonds shall provide prior or contemporaneous written notice to the Commonwealth of the sale of the Bonds to a subsequent Purchaser, *provided* that failure to give such notice shall not in any way impair or otherwise affect such sale.

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

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

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

*Section 9.16. Standard of Conduct by Bondholder Representative; Liability of Bondholder Representative.* (a) Except as expressly provided therein, nothing contained in any Related Document shall limit the right of the Bondholder Representative or any other Owner to exercise its and their business judgment or to act, in the context of the granting or withholding of any

advance or consent under any of the Related Documents, in a subjective manner, whether or not objectively reasonable under the circumstances, so long as the Bondholder Representative's or any such other Owner's exercise of its business judgment or action is made or undertaken in good faith. The Commonwealth and the Bondholder Representative intend by the foregoing to set forth and affirm their entire understanding with respect to the standard pursuant to which the Bondholder Representative's or any other Owner's duties and obligations are to be judged and the parameters within which the Bondholder Representative's or any such other Owner's discretion may be exercised hereunder and under the other Related Documents. As used herein, "good faith" means honesty in fact in the conduct and transaction concerned.

(b) The Commonwealth hereby unconditionally and irrevocably releases and discharges the Bondholder Representative and each other Owner and each of their respective Affiliates and the officers, directors, employees and agents of each of them from any liability or responsibility for any of the following: (i) any use that may be made of the proceeds of the Bonds or for any acts or omissions of the Paying Agent (if other than the Commonwealth), the Commonwealth, or any other Person in connection with the Bonds or the use of the Bond proceeds; (ii) any of the acts, omissions, agreements, circumstances or conditions covered by the indemnification provided in Article VIII; (iii) any act or omission of the Bondholder Representative or any other Owner; and (iv) any other circumstances whatsoever in connection with the Transactions or the exercise by the Bondholder Representative or any other Owner of any of its or their rights under any of the Related Documents; *provided* that, the Commonwealth shall have a claim against the Bondholder Representative or such other Owner, and the Bondholder Representative or such other Owner shall be liable to the Commonwealth, to the extent, but only to the extent, of any direct, actual damages, but expressly not for any lost profits or any consequential, special, indirect or punitive damages (the right to recover or receive lost profits, consequential, special, indirect or punitive damages being hereby waived), suffered by the Commonwealth and not required to be mitigated by the Commonwealth under applicable Laws, which direct, actual damages are determined by a final and nonappealable judgment of a court of competent jurisdiction to have been directly caused by the Bondholder Representative's or such other Owner's willful misconduct or gross negligence in connection with the administration of this Agreement.

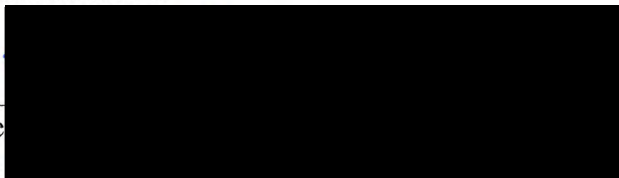
*Section 9.17. Waiver of Rule of Construction.* The Commonwealth hereby waives any and all provisions of law to the effect that an ambiguity in a contract or agreement should be interpreted against the party responsible for its drafting.

[Remainder of page intentionally left blank; signature page immediately follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

**THE COMMONWEALTH OF  
MASSACHUSETTS**

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



**RBC MUNICIPAL PRODUCTS, LLC**

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

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

THE COMMONWEALTH OF  
MASSACHUSETTS

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

RBC MUNICIPAL PRODUCTS, LLC

By:   
Name:   
Title: 