



\$1,070,000,000*

The Commonwealth of Massachusetts

General Obligation Bonds

Consolidated Loan of 2025, Series A

**General Obligation Refunding Bonds,
2025 Series A**

Investor Presentation

April 14, 2025



***Preliminary, subject to change.**

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Transaction Summary



\$1,070,000,000* The Commonwealth of Massachusetts (the “Commonwealth”) General Obligation Bonds		
Series	General Obligation Bonds Consolidated Loan of 2025, Series A (“New Money Bonds”)	General Obligation Refunding Bonds, 2025 Series A (“Refunding Bonds”)
Purpose	New money	Refund certain bonds previously issued by the Commonwealth (the “Refunded Bonds”)
Par Amount*	\$600,000,000	\$470,000,000
Interest Payment Dates	April 1 and October 1, beginning October 1, 2025	July 1 and January 1, beginning January 1, 2026
Optional Redemption*	April 1, 2035	July 1, 2035
Ratings (F/M/S)	AA+/Aa1/AA+ (all Stable Outlooks)	
Tax Status	Federal and Commonwealth of Massachusetts Tax-Exempt	
Pricing Dates*	<u>Retail Order Period:</u> Wednesday, April 23, 2025 <u>Institutional Pricing:</u> Thursday, April 24, 2025	
Delivery Date*	Wednesday, May 7, 2025	
Joint Bookrunning Senior Managers	Jefferies LLC and Loop Capital Markets LLC	
Investor Website	www.massbondholder.com	

*Preliminary, subject to change.



Plan of Finance and Preliminary Amortization*

New Money Bonds

- Proceeds are expected to be used to finance or reimburse the Commonwealth for a variety of capital expenditures which are included within the capital investment plan maintained by the Executive Office for Administration and Finance



Refunding Bonds

- Proceeds are expected to be used to current refund the Refunded Bonds, highlighted at right
- The Commonwealth reserves the right to refund any, all or none of the Refunded Bonds, and to refund any bonds not identified at right

Maturity	Preliminary Amortization		
	New Money Bonds (4/1)	Refunding Bonds (7/1)	Aggregate
2028	\$-	\$14,000,000	\$14,000,000
2029	-	33,000,000	33,000,000
2030	-	31,000,000	31,000,000
2031	-	27,000,000	27,000,000
2032	-	25,000,000	25,000,000
2033	-	56,000,000	56,000,000
2034	-	59,000,000	59,000,000
2035	-	61,000,000	61,000,000
2036	-	65,000,000	65,000,000
2037	-	13,000,000	13,000,000
2038	25,000,000	12,000,000	37,000,000
2039	25,000,000	13,000,000	38,000,000
2040	25,000,000	13,000,000	38,000,000
2041	25,000,000	9,000,000	34,000,000
2042	25,000,000	9,000,000	34,000,000
2043	25,000,000	10,000,000	35,000,000
2044	25,000,000	10,000,000	35,000,000
2045	35,000,000	10,000,000	35,000,000
2046	35,000,000	-	35,000,000
2047	35,000,000	-	35,000,000
2048	35,000,000	-	35,000,000
2049	35,000,000	-	35,000,000
2050	35,000,000	-	35,000,000
2051	40,000,000	-	40,000,000
2052	40,000,000	-	40,000,000
2053	65,000,000	-	65,000,000
2054	20,000,000	-	20,000,000
2055	50,000,000	-	50,000,000
Total	\$600,000,000	\$470,000,000	\$1,070,000,000

Summary of Refunded Bonds				
Series	Maturity (7/1)	Par Amount	Interest Rate	CUSIP
2015A Refunding	2028	\$17,315,000	5.00%	57582REK8
2015A Refunding	2029	35,925,000	5.00%	57582RDW3
2015A Refunding	2030	34,890,000	5.00%	57582RDX1
2015A Refunding	2031	8,865,000	5.00%	57582RDY9
2015A Refunding	2032	4,980,000	5.00%	57582REF9
2015A Refunding	2033	59,690,000	5.00%	57582REA0
2015A Refunding	2034	62,460,000	4.50%	57582REB8
2015A Refunding	2035	65,220,000	5.00%	57582REC6
2015A Refunding	2036	69,130,000	5.00%	57582RED4
2015A Refunding	2037	17,800,000	5.00%	57582REH5
2015C	2031	23,065,000	5.00%	57582REV4
2015C	2032	24,755,000	5.00%	57582REL6
2015C	2040	41,375,000	5.00%	57582RET9
2015C	2045	55,000,000	5.00%	57582REW2
Total		\$520,470,000		

Credit Highlights



Economy	<ul style="list-style-type: none">• Broad and diverse economy including significant strength in healthcare, technology and education sectors• Well-trained labor pool experiencing strong wage growth over the last 10 years• Statewide per capita income of \$90,596 was the highest among all states and was 130% of the national per capita income in 2023
Financial Performance	<ul style="list-style-type: none">• Individual income taxes and sales taxes accounted for approximately 82% of total tax revenue in FY 2024• General Fund revenues are stable and diverse, and have grown at 5.3% annually since FY 2015• From \$1.3 billion in FY 2017, the Budget Stabilization Fund (“BSF”) is projected to be \$8.2 billion at the end of FY 2025, a 533% increase• In addition to revenues and other sources of liquidity, the Commonwealth has access to a \$500 million line of credit through May 2026
Governance	<ul style="list-style-type: none">• Strong financial, debt and budget management policies include: (i) estimating consensus revenue; (ii) forecasting multi-year financial plans; (iii) issuing annualized formal debt affordability statements; (iv) planning multi-year capital investments; and (v) ongoing economic and revenue monitoring throughout the Commonwealth• Strong budget gap closing capacity – if there is a revenue shortfall, the Governor has the authority to cut expenses for executive agencies without legislative approval
Leverage	<ul style="list-style-type: none">• Annual administrative limit on the amount of bond-funded capital expenditures, or “bond cap,” to keep the Commonwealth’s debt within affordable levels (FY 2025 bond cap is \$3.117 billion)• Debt is elevated compared to other states in part because of the Commonwealth’s practice of financing projects for highly-rated local governments and its proactive approach to investing in infrastructure• The Commonwealth has been consistently increasing its pension payment annually, including increasing the amount paid relative to its required contribution• Under the current pension funding schedule (updated every three years), appropriation payments increase 9.63% each year until FY 2028, then 4% per annum thereafter through FY 2036, four years before the statutory requirement• As of January 1, 2024, the funded ratio of the pension system based on the actuarial value was 65%

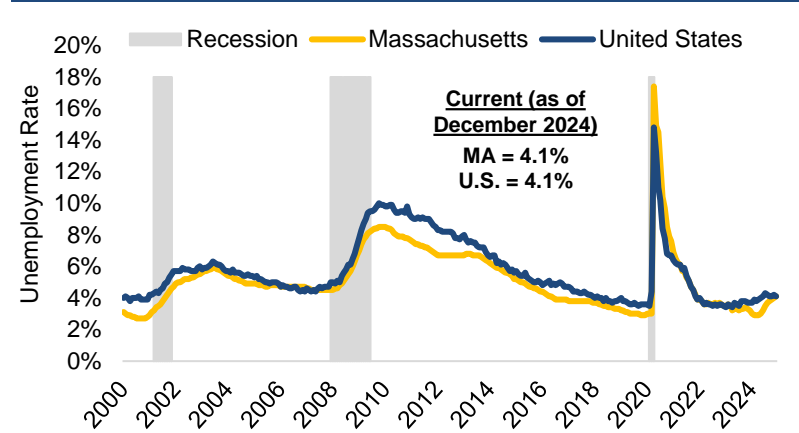


Strong, Diverse, and Resilient Economy

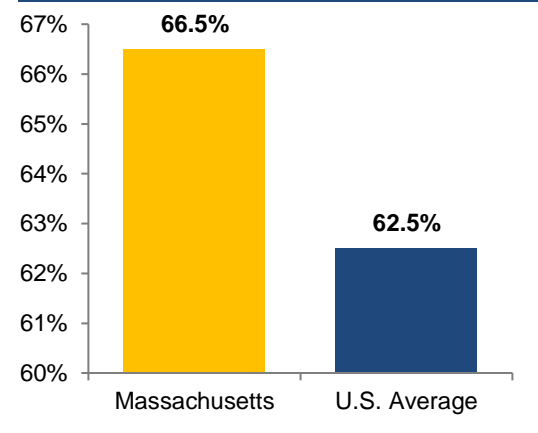
- The Massachusetts economy has generally performed better than the U.S. economy, with the Commonwealth unemployment rate typically below the national rate – especially during and following the period of the Great Recession
- The Commonwealth’s mix of knowledge-based industries and a well-educated workforce, with over 47% of all residents 25 years of age or older earning a bachelor’s degree or higher, has led to high levels of labor force participation and low levels of unemployment in the Commonwealth
- Through December 2024, 66.5% of Massachusetts working-age residents were included in the workforce, higher than the United States’ 62.5% participation rate
- The higher-paying Professional and Business Services sector has returned to well above its pre-pandemic employment levels



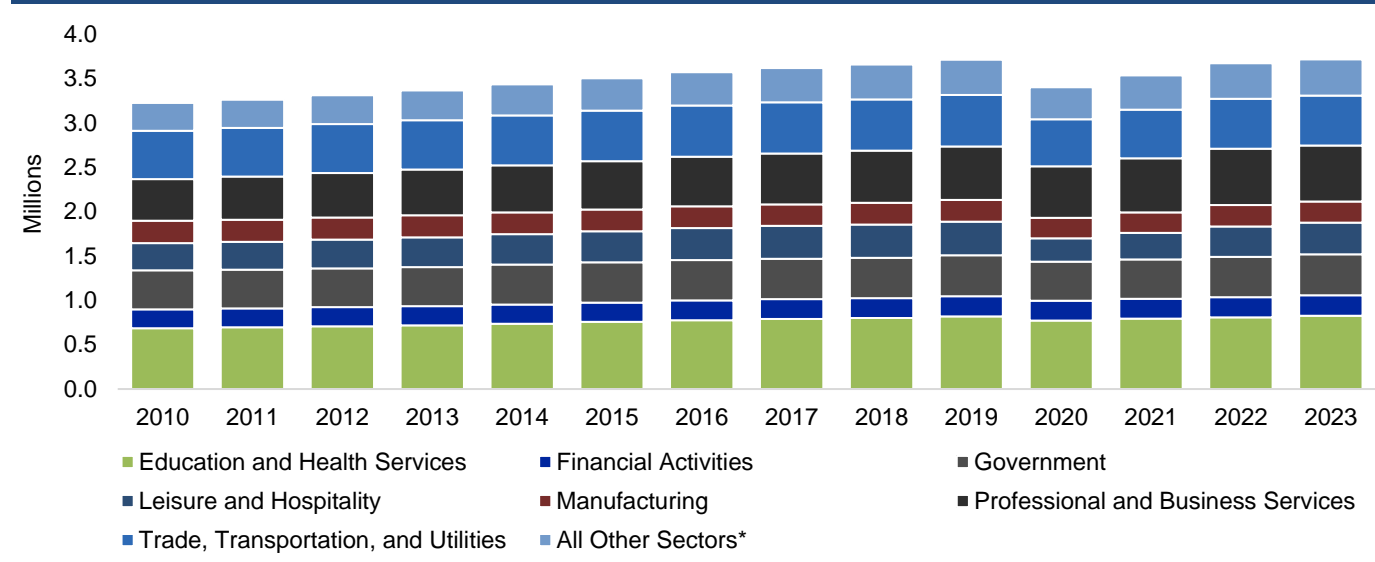
Seasonally-Adjusted Unemployment Rate (December 2024)



Labor Force Participation Rate (December 2024)



Annual Average Employment in Massachusetts by NAICS Supersector (2010-2023)



Source: Commonwealth of Massachusetts Information Statement dated March 27, 2025 – Exhibit A Socioeconomic Indicators for Massachusetts; U.S. Bureau of Labor Statistics.
*Includes Mining and Natural Resources, Construction, Information, and Other Services.

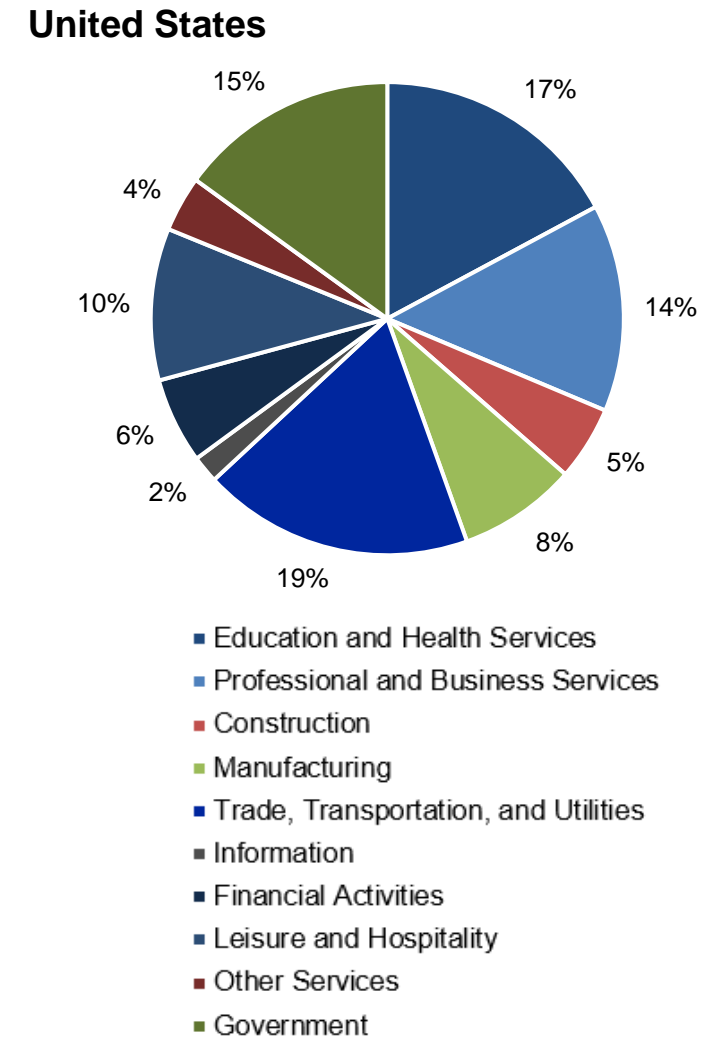
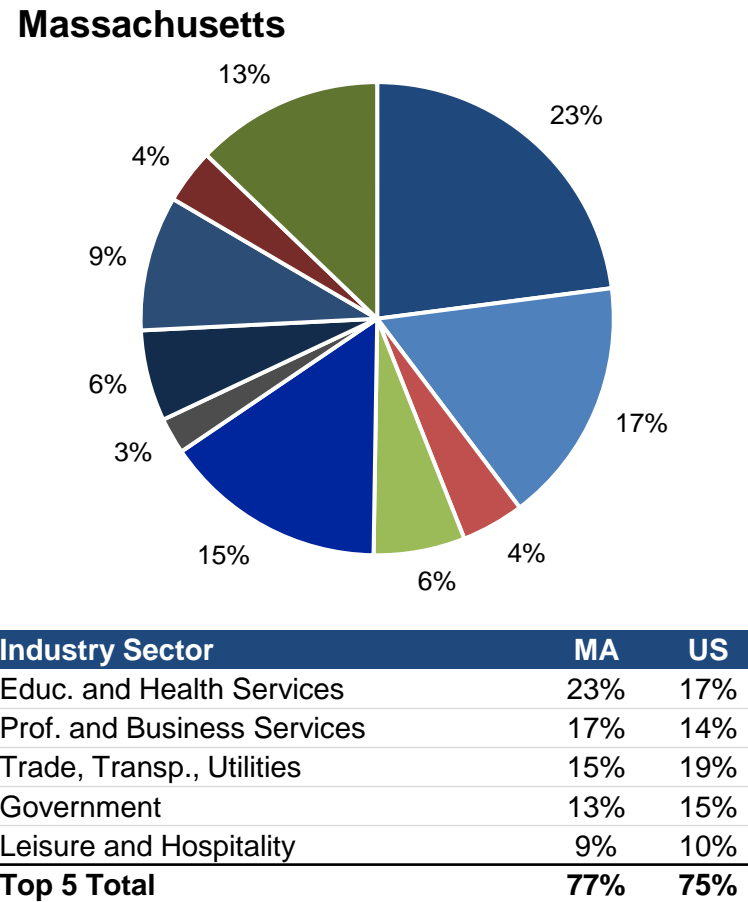


Massachusetts Industry Mix Compared to U.S.

- Massachusetts' industry sector diversification is similar to that of the U.S., with the top 5 sectors comprising approximately 77% of employment compared to approximately 75% of the U.S.
- The Education and Health Services sector has consistently been the top sector in the Commonwealth, with the clusters of leading colleges, universities, and teaching hospitals contributing to Massachusetts being a hub for technology and research
- The Professional and Business Services sector has been increasingly important in the Commonwealth, both as a share of employment and in terms of its contribution to state gross domestic product ("GDP")



Employment Composition of Massachusetts and the United States (as of January 2025)



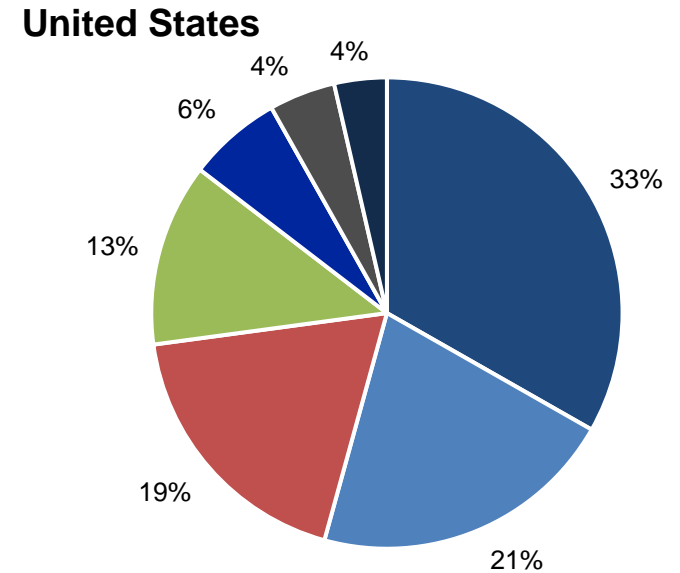
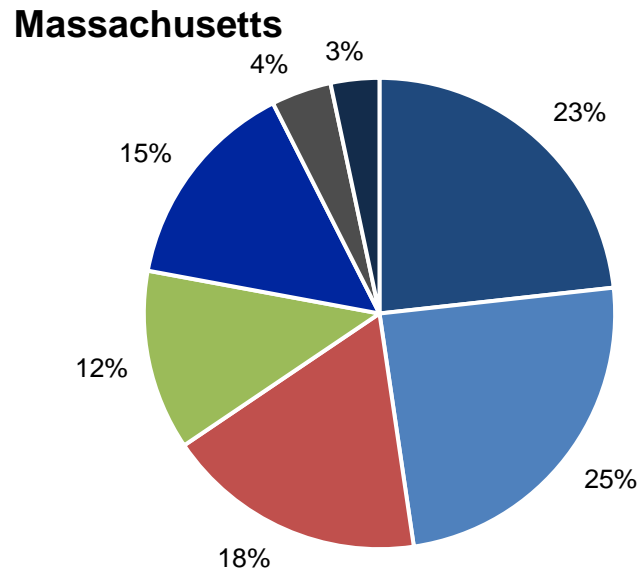
Massachusetts Source: U.S. Bureau of Labor Statistics, as of January 2025 (<https://www.bls.gov/sae/data/>).
 United States Source: U.S. Bureau of Labor Statistics, as of January 2025 (<https://www.bls.gov/web/empsit/ceseeb1b.htm>).
 Note: Not seasonally adjusted.



Education and Health Services Sector

- Education and Health Services sector comprises 23% of the Commonwealth's industry mix, compared to 17% of the U.S.
- Within the Education and Health Services sector, Massachusetts is more balanced across subsectors than the U.S., which is more heavily concentrated toward Hospitals/Ambulatory Health Care Services at 54% compared to Massachusetts at 48%
 - Massachusetts surpasses the rest of the country in Private Colleges, Universities, and Professional Schools at 15%, compared to 6% in the U.S.
 - Massachusetts is home to several of the top teaching hospitals in the world
 - Strong educational presence creates foundation for future economic growth

Breakdown of Education and Health Services Sector by Industry (as of January 2025)



Education and Health Services	MA	US
Hospitals	25%	21%
Ambulatory Health Care Services	23%	33%
Social Assistance	18%	19%
Priv. Colleges, Universities, Prof. Schools	15%	6%
Nursing and Residential Care Facilities	12%	13%
Private Elementary and Secondary Schools	4%	4%
Other Private Educational Services	3%	4%
Total	100%	100%

- Ambulatory Health Care Services
- Hospitals
- Social Assistance
- Nursing and Residential Care Facilities
- Private Colleges, Universities, and Professional Schools
- Private Elementary and Secondary Schools
- Other Private Educational Services

Massachusetts Source: U.S. Bureau of Labor Statistics, as of January 2025 (<https://www.bls.gov/sae/data/>).
 United States Source: U.S. Bureau of Labor Statistics, as of January 2025 (<https://www.bls.gov/web/empst/ceseeb1b.htm>).
 Note: Not seasonally adjusted.

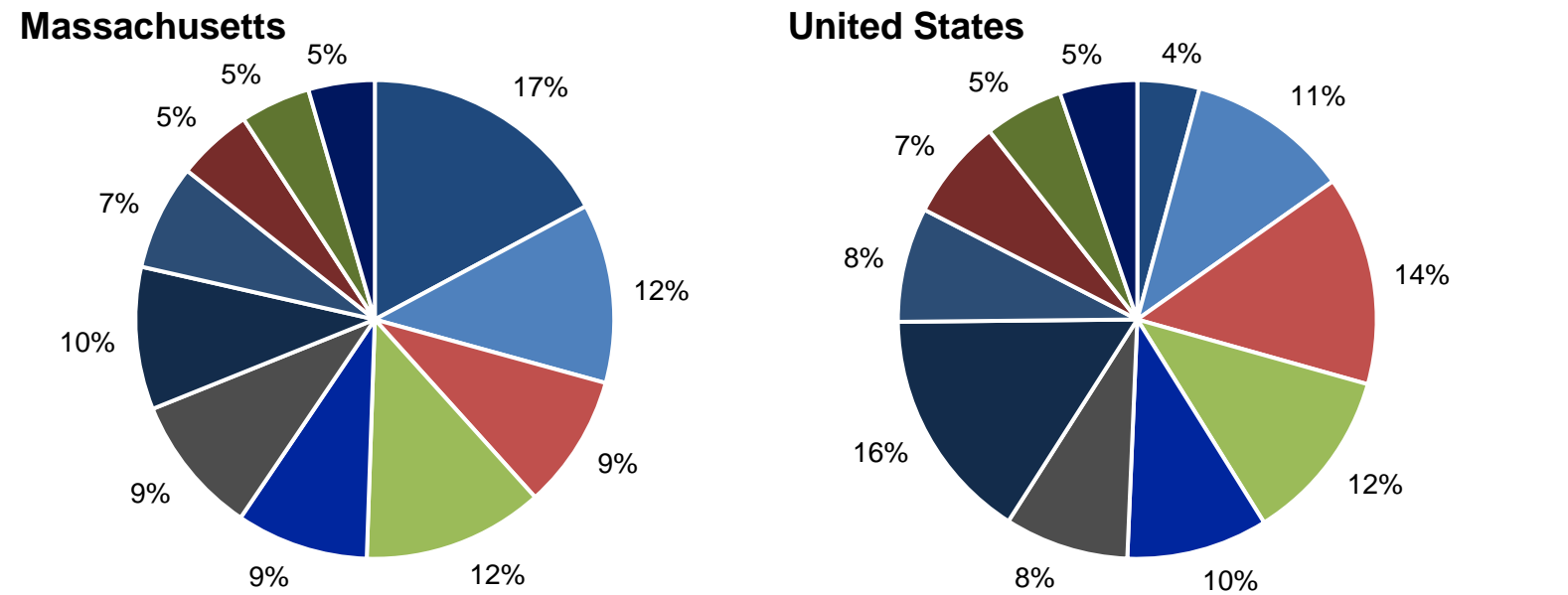


Professional and Business Services Sector

- Professional and Business Services sector comprises 17% of the Commonwealth's industry mix, compared to 14% for the United States
- In recent years, Professional and Business Services moved from being fourth in the state in terms of employment, to second
 - In 2023, the sector accounted for 11% of jobs and was first in the state as a share of GDP, making up 15% of the state GDP
- Leading subsectors in Massachusetts are Scientific Research and Development Services and Computer Systems Design, which benefit from the Commonwealth's well-established Education and Health Services sector



Breakdown of Professional and Business Services Sector by Industry (as of January 2025)



Professional and Business Services	MA	US
Scientific R&D Services	17%	4%
Computer Systems Design	12%	11%
Mgmt. of Companies and Enterprises	12%	12%
Services to Buildings and Dwellings	9%	10%
Employment Services	9%	14%
Other Administrative and Support Waste Mgmt.	10%	16%
Mgmt. Scientific, and Tech. Consulting Services	9%	8%
Other	22%	25%
Total	100%	100%

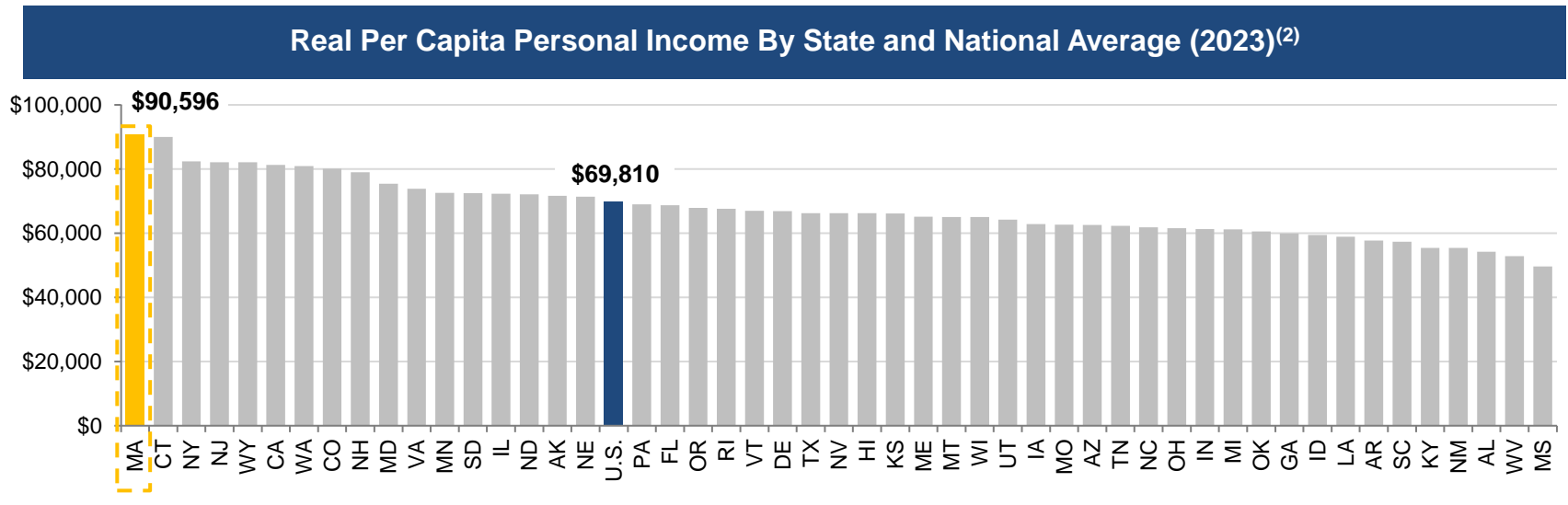
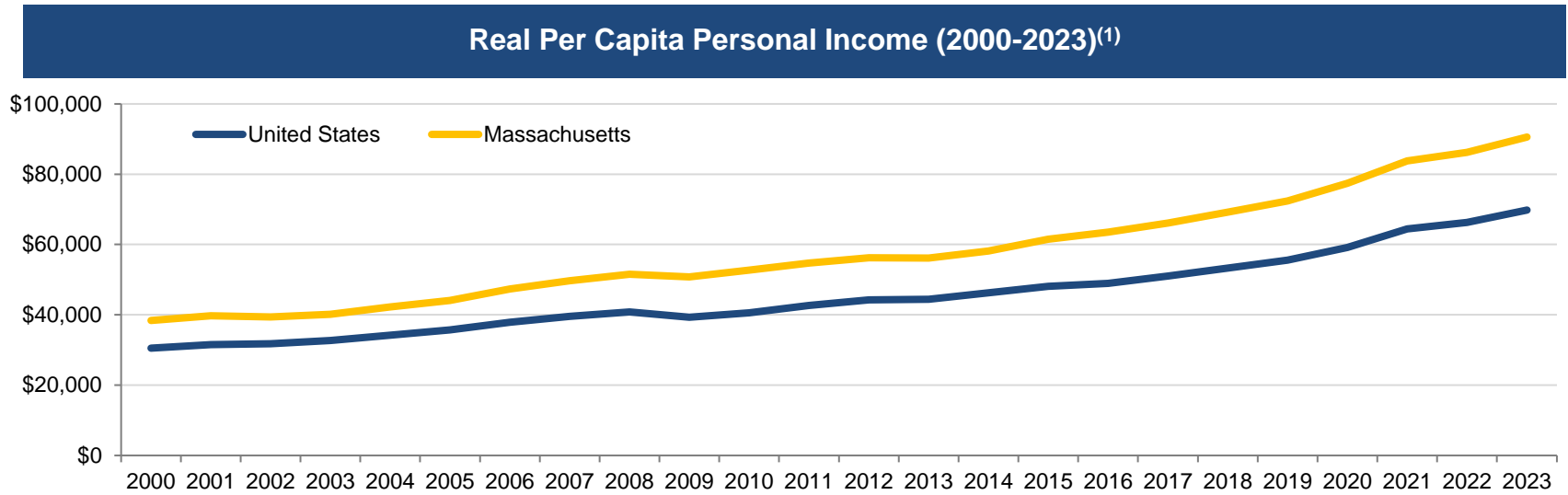
- Scientific Research and Development Services
- Computer Systems Design and Related Services
- Employment Services
- Management of Companies and Enterprises
- Services to Buildings and Dwellings
- Management, Scientific, and Technical Consulting Services
- Other Administrative and Support and Waste Management and Remediation Services
- Architectural, Engineering, and Related Services
- Other Professional, Scientific, and Technical Services
- Legal Services
- Accounting, Tax Preparation, Bookkeeping, and Payroll Services

Massachusetts Source: U.S. Bureau of Labor Statistics, as of January 2025 (<https://www.bls.gov/sae/data/>).
 United States Source: U.S. Bureau of Labor Statistics, as of January 2025 (<https://www.bls.gov/web/empst/ceseeb1b.htm>).
 Note: Not seasonally adjusted.



Consistent Per Capita Income Growth

- Massachusetts has consistently been near the top of the nation in resident income and ranks as one of the wealthiest states based on mean household income and per capita income
- The Commonwealth's real per capita personal income was approximately \$90,596 in 2023, **the highest in the United States**, excluding the District of Columbia



Source: U.S. Bureau of Economic Analysis (<https://apps.bea.gov/itable/?ReqID=70&step=1>), table ID SAINC1. Commonwealth of Massachusetts Information Statement, March 27, 2025.



Strong and Expanding Economic Base

- Massachusetts is home to a number of large, stable employers and entrenched institutions
 - Includes many world-renowned institutions, such as some of the most competitive universities and best teaching hospitals in the world
 - Includes 16 Fortune 500 companies
- While other states grapple with the impacts of business relocations and contractions, Massachusetts boasts consistent and resilient top employers, and continues to attract new corporations



Home to 16 Fortune 500 Companies HQs (2024)



Ten Largest Employers (2023)



Massachusetts is Attracting Both Corporate Expansions and Relocations



- LEGO plans to move its United States headquarters to Boston in 2026
- President of LEGO Group Americas said the move would support the business's long-term growth ambitions

"Boston is ranked one of the best cities in the world to attract and retain talent. This, along with its world-class academic institutions, skilled workforce and great quality of life makes it an ideal location for our U.S. head office. We have exciting plans for the next phase of growth and hope we can retain many of our current team, as well as attract new colleagues."
 –Skip Kodak, LEGO President



- Toast is a restaurant technology platform startup founded in 2011
- Headquartered in Boston, recently opened new office location in the Seaport District

"From the startup tech scene to the restaurant community, we support to the various neighborhoods we've called home, the Boston area has always been welcoming to Toast. We are grateful to the greater Boston community for supporting us throughout the years, and look forward to opening our new, collaborative space."
 –Aman Narang, Toast COO and Co-Founder



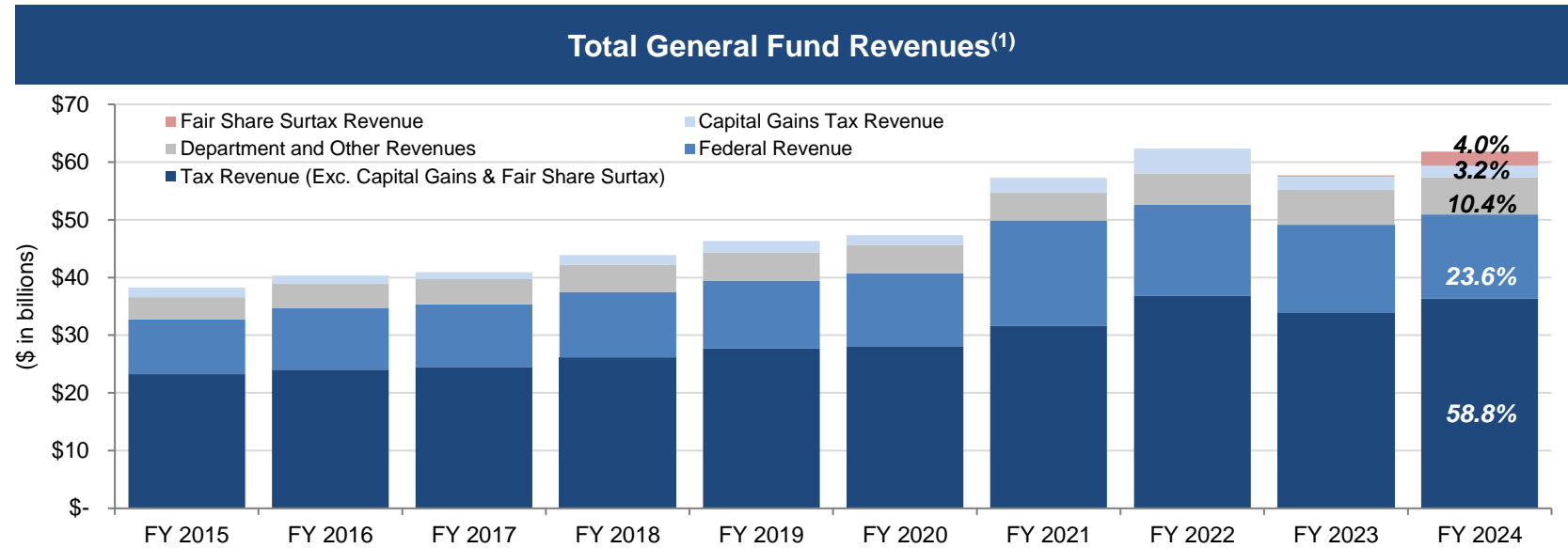
- In March 2025, Nvidia announced plans to partner with Boston-based quantum computing companies to create the Boston-based Nvidia Accelerated Quantum Research Center
- Operations are expected to begin later this year

"NVIDIA's decision to establish a quantum research center in Boston cements our position as a global leader in the next frontier of computing. This investment will not only drive groundbreaking advancements in quantum technology but also create high-quality jobs, strengthen our research ecosystem and attract top talent to our state."
 –Maura Healey, Governor of Massachusetts



Stability in Commonwealth Revenues

- General Fund revenues (excluding capital gains tax revenues and Fair Share Surtax revenues) totaled \$57.4 billion in FY 2024
 - Robust, diverse and stable revenue base
 - Average annual growth of 5.3% since FY 2015 and CAGR of 5.1%
- Capital gains tax revenues provide upside and, in FY 2024, totaled \$2.0 billion
 - Relatively minimal component of total General Fund revenues – 3.2% in FY 2024
 - Upward trend overall (CAGR of 2.0% since 2015)
- The Commonwealth budgets capital gains tax revenues annually to the certified threshold
 - Revenues that exceed the specific threshold annually are required to be transferred to budgetary funds, including the BSF, OPEB and Pension Liability Fund⁽²⁾
 - This budgetary practice hedges against year-over-year volatility in capital gains tax revenues



Capital Gains Tax Revenue (\$'s in Millions)⁽¹⁾

FY	Collections	Certified Threshold	Collections less Certified Threshold
2020	\$1,659	\$1,260	\$399
2021	2,584	1,312	1,271
2022	4,328	1,352	2,976
2023	2,280	1,404	877
2024	2,009	1,479	530
2025	TBD	1,564	TBD
2026	TBD	1,661	TBD

(1) Source for Capital Gains Tax Revenue: Department of Revenue ("DOR"). Source for FY 2020-2024 total Tax Revenues, Federal Revenue, Fair Share Surtax Revenue, and Department and Other Revenues: Commonwealth of Massachusetts Information Statement dated March 27, 2025. Source for FY 2015-2019 total Tax Revenues, Federal Revenue, Fair Share Surtax Revenue, and Department and Other Revenues: Commonwealth of Massachusetts Information Statement dated January 29, 2020. FY 2021 Federal Revenue Includes the one-time transfer of \$4.9 billion from the Coronavirus State and Local Fiscal Recovery Fund.
 (2) Subject to modification by the appropriations acts. In FY 2020, all capital gains were retained in the General Fund.



Implementation of the Fair Share Surtax

- In November 2022, voters approved the Fair Share Amendment, which institutes a 4% tax (the “Fair Share Surtax”) on personal income above \$1 million annually, adjusted for inflation
- The Fair Share Surtax was first instituted for the tax year beginning January 1, 2023, though the FY 2024 budget was the first budget to include it
- Actual revenues generated from the Fair Share Surtax (“Fair Share Surtax Revenues”) have significantly outpaced budgeted amounts, though the Commonwealth continues to conservatively budget against these revenues as is stipulated in the authorizing legislation
- Constitutionally, Fair Share Surtax Revenues are dedicated solely to transportation and education purposes
- **The Fair Share Surtax takes pressure off other Commonwealth revenue sources for important transportation and education priorities**



Fair Share Surtax Revenues (\$'s in Millions)		
FY	Budgeted Spending Cap	Actual Collections
2023	\$---	\$242
2024	1,000	2,460
2025	1,300	1,071 ⁽¹⁾
2026	1,950	TBD

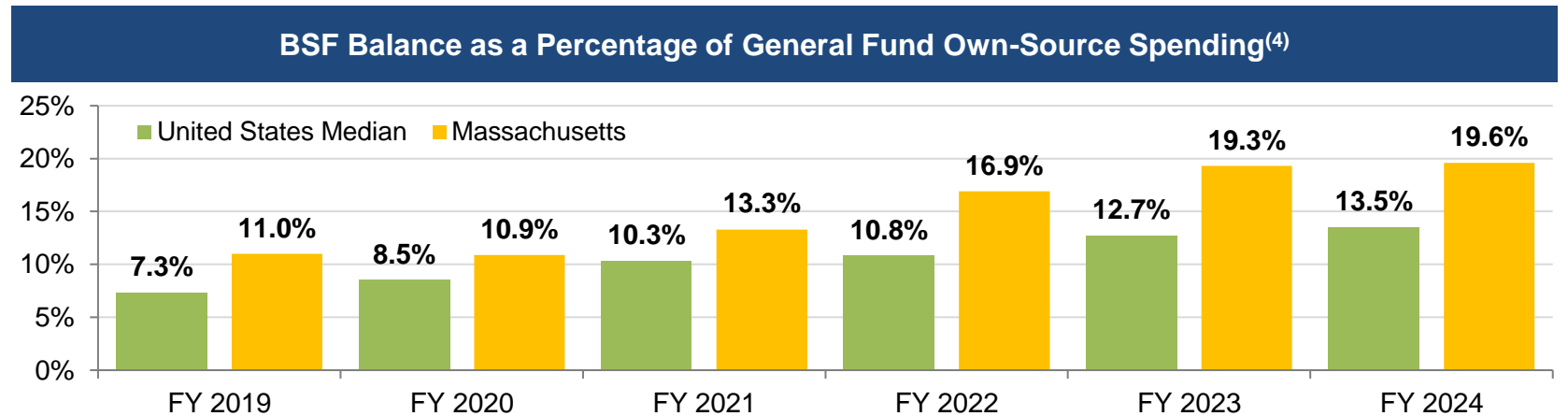
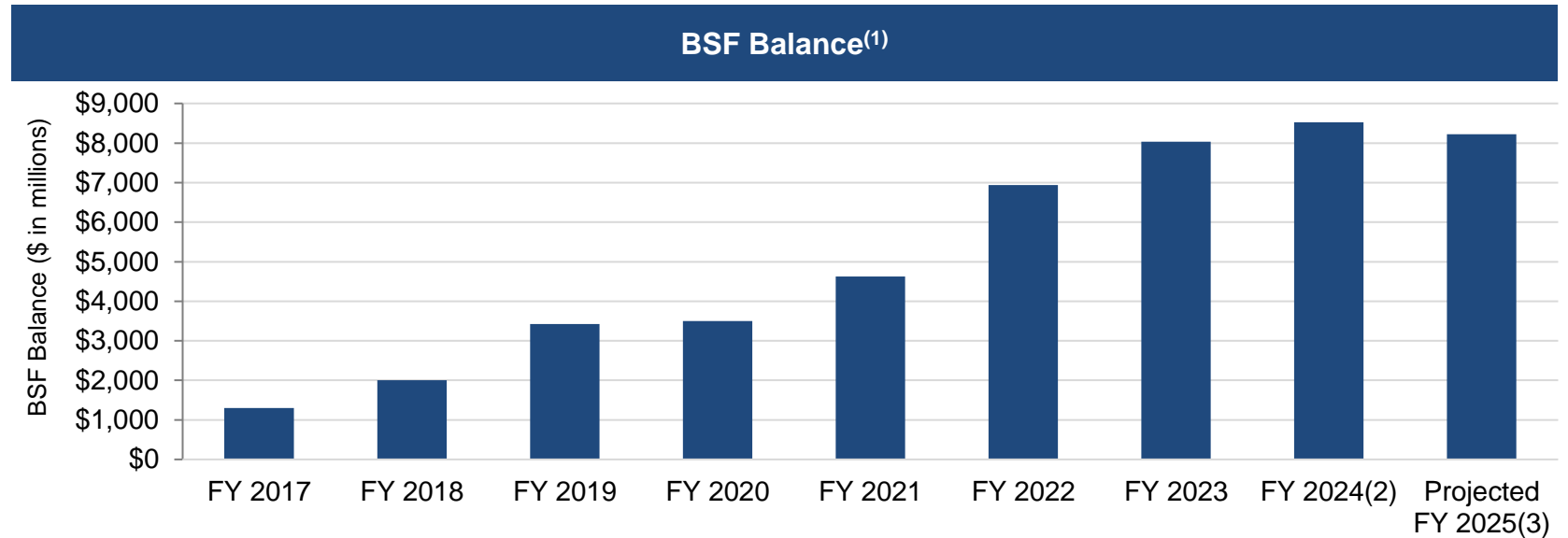
Source: DOR.
 (1) Represents FY 2025 YTD through January 31, 2025.

Fair Share Surtax Revenues in the FY 2026 Budget	
•	Proposed fiscal 2026 budget provides for \$1.95 billion in spending from Fair Share Surtax Revenues <ul style="list-style-type: none"> — \$765 million is allocated to investments in transportation, including \$500 million to stabilize MBTA operations — \$1.185 billion is allocated to investments in education, including early education, universal school meals, K-12 programs and higher education capital improvements



Very Strong BSF Balance

- The Commonwealth has rebuilt its reserves through strong fiscal policies
 - From FY 2017 to FY 2024, the BSF balance increased by 554%, from \$1.3 to \$8.5 billion, which represents 19.6% of General Fund own-source spending
 - In October 2024, \$420.8 million in interest credited to the BSF during FY 2024 was transferred to the Commonwealth Federal Matching and Debt Reduction Fund to support state match contributions for the purposes of competing for federal discretionary grant opportunities, as well as other capital-related expenditures
 - FY 2025 BSF balance is projected to total \$8.2 billion
- Currently, Massachusetts has the third largest BSF in the United States
- State finance law requires that 90% of Capital Gains Tax Revenues collected exceeding a specific threshold be transferred to the BSF subject to adjustment by appropriations acts
- Massachusetts' above-national economic growth has contributed to the build-up of its BSF which, although not ultimately needed, provided insulation amidst the uncertainty of the COVID-19 pandemic, and will continue to insulate the state from any other unexpected uncertainties



(1) Source: Commonwealth of Massachusetts Information Statement dated March 27, 2025.

(2) FY 2024 is unaudited.

(3) Commencing with FY 2024, interest earnings from the BSF are transferred to fund the Commonwealth Federal Matching and Debt Reduction Fund ("CFMDRF") if certain conditions are met. Due to the timing of enactment of the legislation requiring these transfers, the actual transfer for FY 2024 did not occur until FY 2025. Accordingly, \$420.8 million from the FY 2024 closing balance was transferred in FY 2025, which results in a lower projected FY 2025 fund balance relative to FY 2024.

(4) Source: *The Fiscal Survey of States, Fall 2024*, National Association of State Budget Officers.

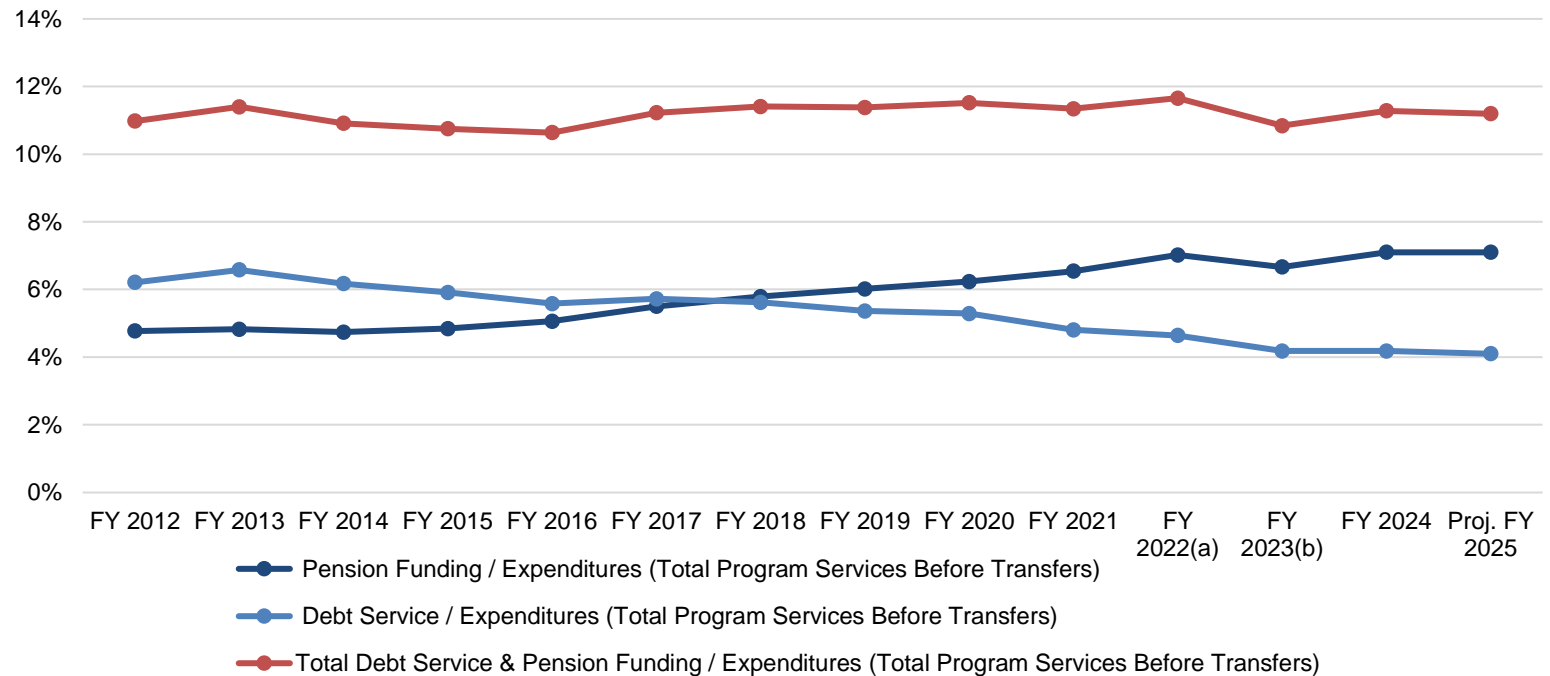


Long-Term Liabilities Have Been Manageable

- The Commonwealth’s debt service represents 4.2% of total expenditures in FY 2024, a reduction from a high of 6.6% in FY 2013
- As debt service as a percent of expenditures decreased, pension funding as a percent of expenditures increased – **combined, these long-term liabilities remained relatively flat**



Pension Funding and Debt Service as % of Expenditures (Total Program Services Before Transfers)



- (a) FY 2022 Pension Funding includes a \$250 million supplemental transfer to the Pension Liability Fund.
- (b) FY 2023 Pension Funding includes a \$100 million supplemental transfer to the Pension Liability Fund and a further \$100 million to fully pay down pension liabilities attributable to the fiscal 2015 early retirement incentive program.

Source for FY 2021–2024 and Projected FY 2025 Pension Funding amounts is the Commonwealth of Massachusetts Information Statement (“IS”) dated March 27, 2025. Annual Required Contributions and Other Pension Contributions table. Debt service and Expenditure amounts are sourced from Budgeted Operating Funds – Statutory Basis table.

Source for FY 2016–2020 Pension Funding amounts is the IS dated January 29, 2020 – Annual Required Contributions and Other Pension Contributions table. Debt service and Expenditure amounts are sourced from Budgeted Operating Funds – Statutory Basis table.

Source for FY 2012–2015 Pension Funding amounts is the IS dated August 8, 2016 – Annual Required Contributions and Other Pension Contributions table. Debt service and Expenditure amounts are sourced from Budgeted Operating Funds – Statutory Basis table.



Conservatively Managed Debt Portfolio

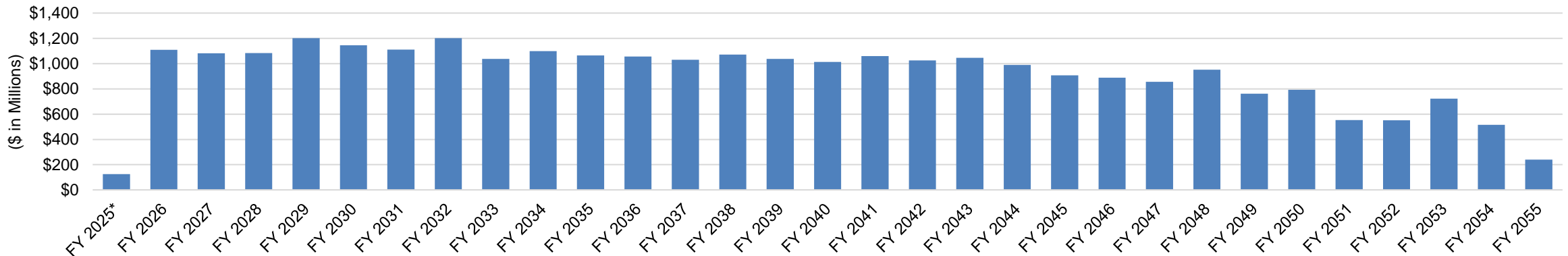
- As of January 31, 2025, total GO debt outstanding was \$28.5 billion:
 - \$28.2 billion or 99.1% was fixed rate
 - \$256.0 million or 0.9% was variable rate
- 39.8% of outstanding principal amortizes through FY 2035
- The Commonwealth has actively managed its debt profile by increasing the ratio of fixed rate debt as interest rates have decreased and utilizing refundings to manage debt service
- There are currently no interest rate swaps outstanding



GO Debt Statistics

Total Debt Outstanding	\$28.5 Billion
Maximum Annual Debt Service	\$2.4 Billion
Final Maturity	12/1/2054 (FY 2055)
% Principal Repaid in 5 Years	20.3%
% Principal Repaid in 10 Years	39.8%
% Principal Repaid in 20 Years	75.9%

GO Principal Amortization



Source: Commonwealth of Massachusetts Information Statement dated March 27, 2025.

*Remaining principal payments in FY 2025.

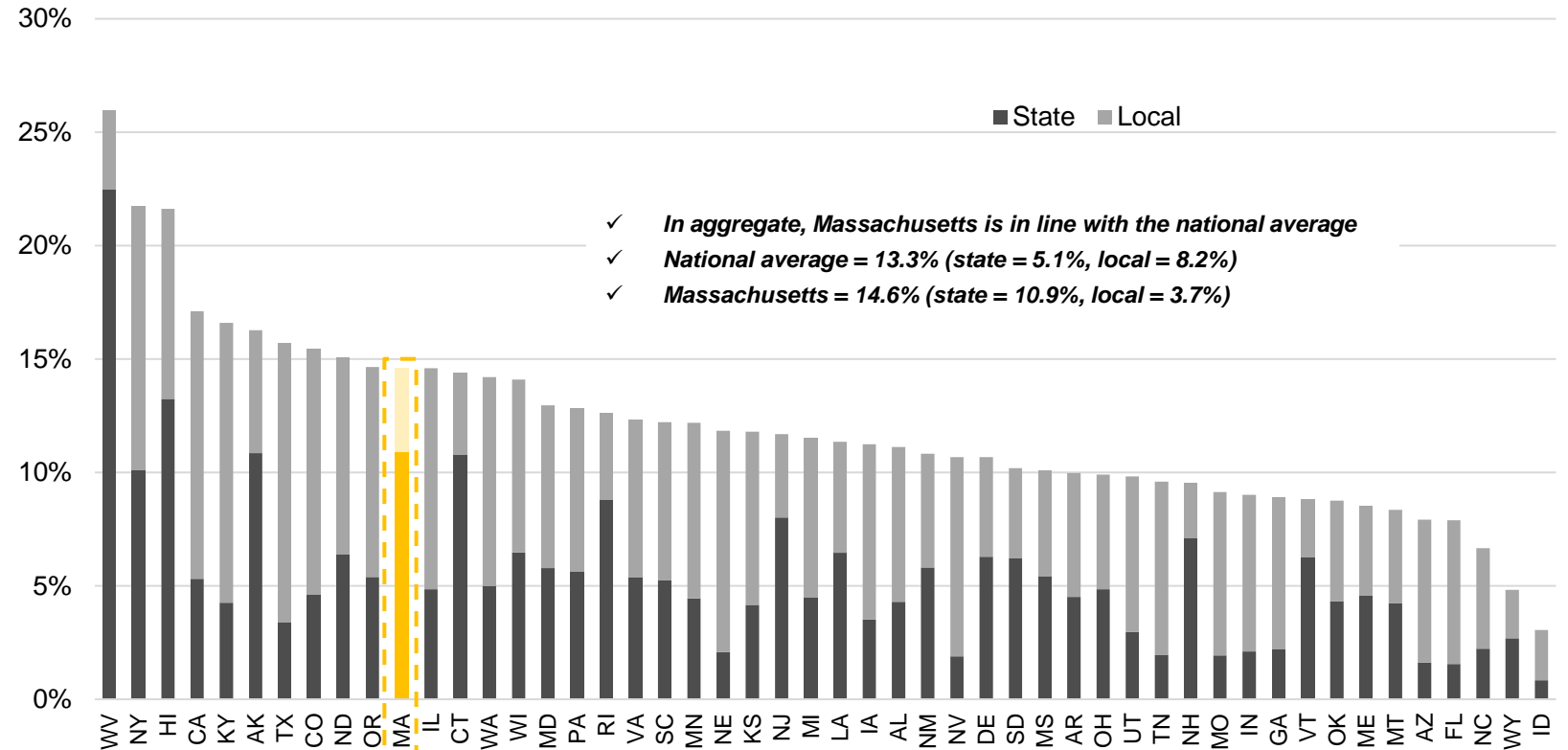


Combined State/Local Debt Burden is Moderate

- Unlike many other state GO credits, Massachusetts issues debt for both state-level and local level purposes
- The Commonwealth makes substantial payments to cities, towns, and school districts to mitigate the impact of local property tax limits on local programs and services – as a result, 100% of rated municipalities carry a “A” rating or better, 98% carry a “A+” rating or better, and 90% are rated “AA” or better
- For this reason, Massachusetts’ level of GO debt is higher relative to other states nationally
- However, according to the U.S. Census Bureau and the U.S. Bureau of Economic Analysis, the Commonwealth is the 8th lowest in the nation for local debt as a percentage of personal income
- To adequately address the fundamental differences in how individual states borrow to finance their capital projects and services to residents and to measure the “true leverage” borne by its residents, state and local level debt should be considered



State and Local Debt as a Percentage of State Personal Income (2022)

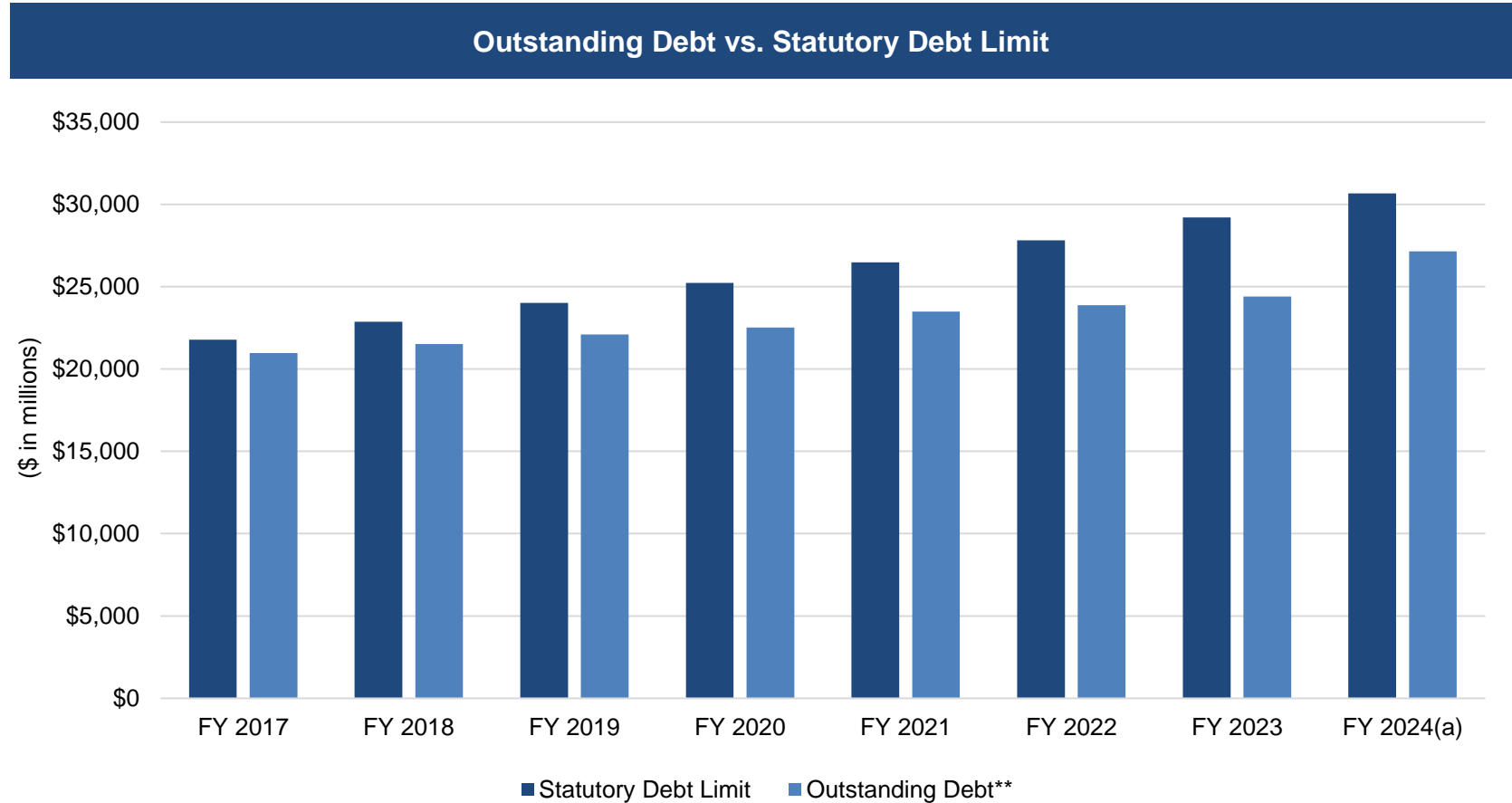


Source for State and Local Debt Data: U.S. Census, State and Local Government Finance Historical Datasets and Tables, Table 1 (State and Local Government Finances by Level of Government and by State). Represents data for 2022.
 Source for Personal Income Data: U.S. Bureau of Economic Analysis (<https://apps.bea.gov/itable/?ReqID=70&step=1>), table ID SAINC1. Represents data for 2022.



Outstanding Debt vs. Statutory Debt Limit

- There are statutory limits on debt issuance, and outstanding debt has consistently been below such limits
- For direct debt, the limit increases each year to 105% of the prior year's limit
- Established debt affordability policy sets an annual borrowing limit at a level within 8% of budgeted revenues
- Debt outstanding as a % of the statutory debt limit has decreased from 96.3% in FY 2017 to 88.5% for FY 2024



Source: Commonwealth of Massachusetts Information Statement dated March 27, 2025.

(a) Amounts are as of June 30, 2024, unaudited.

** Outstanding Debt does not include: Special Obligation Debt, Accelerated Bridge Program, Rail Enhancement Program, Federal Grant Anticipation Notes, MBTA Forward Funding, Transportation Infrastructure Fund, School Building Assistance.



FY 2025-2029 Capital Investment Plan

- The Commonwealth annually releases a five-year Capital Investment Plan (“CIP”) which guides key investments in the state’s infrastructure
- The Executive Office for Administration and Finance sets an annual administrative limit on the amount of GO Bond-funded capital expenditures, known as the “bond cap”
- Purpose of the bond cap is to keep Commonwealth debt within affordable levels
- The largest spending component of the Commonwealth’s CIP is transportation-related projects managed through MassDOT



FY 2025-2029 CIP (\$'s in Millions) ⁽¹⁾	
Agency	Bond Cap
MassDOT	\$1,098.8
Capital Asset Management (DCAMM)	721.6
Housing and Livable Communities (EOHLC)	398.7
Energy and Environmental Affairs (EOEEA)	302.6
Economic Development (EOED)	269.3
Technology Services and Security (EOTSS)	174.8
Administration and Finance (A&F)	93.7
Public Safety ⁽²⁾	31.8
Education ⁽³⁾	25.9
Total	\$3,117.2

(1) Actual capital spending is subject to variance from budget due to the nature of the projects and the programs comprising the plan.

(2) Includes vehicles and equipment; does not include public safety facilities, which are funded by the Commonwealth through DCAMM.

(3) Does not include higher education facilities’ projects, which are funded by the Commonwealth through DCAMM.

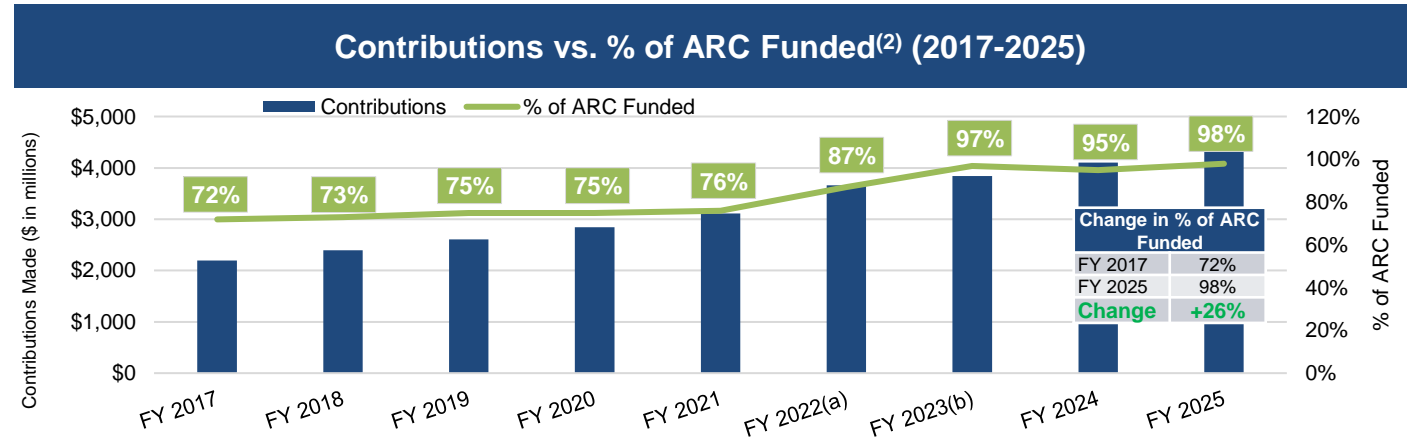
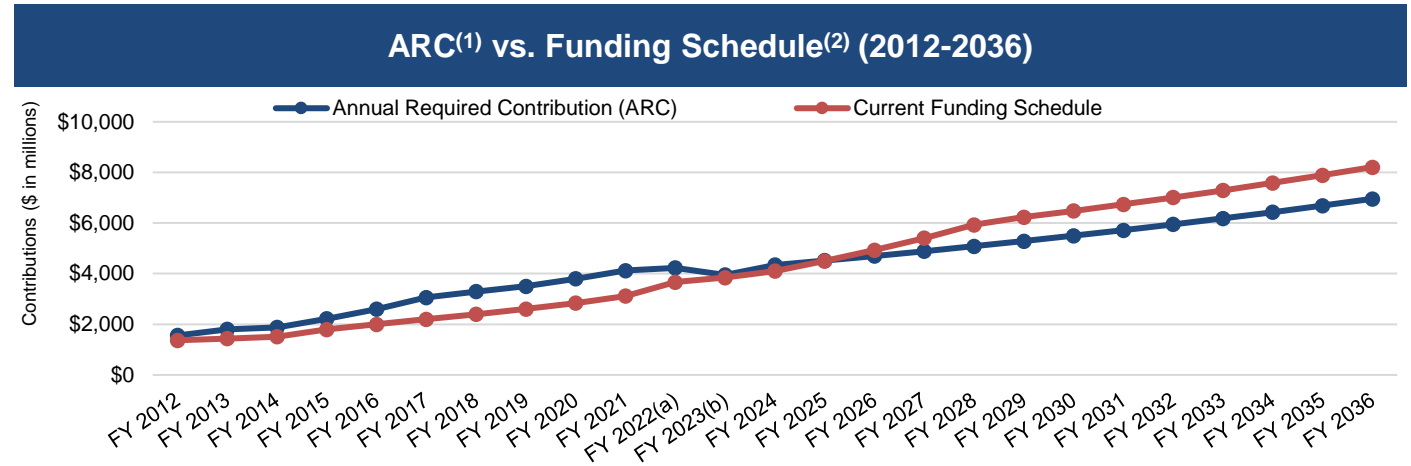
State Agencies' CIP Investment Goals

- **MassDOT** – Centers around the safety and reliability of its system, the modernization of its assets, and the strategic enhancement of transportation options through the Commonwealth; also incorporates strategies to align with the Commonwealth’s goals to reduce greenhouse gas emissions
- **DCAMM** – Addresses facility needs for state agencies across all branches of government includes new construction, major renovations, minor improvements and building repairs; a key focus to every major project in the Commonwealth’s portfolio is decarbonization
- **EOHLC** – Focuses on investments related to housing production and preservation, public housing reinvestments, and housing vulnerable populations; designed to increase affordable and mixed-income housing, address problematic properties, and fund the deep needs of the state-aided housing portfolio
- **EOEEA** – Helps protect communities from extreme weather and rising seas, and provides investments to grow our clean energy economy; includes investments in programs that support communities as they plan for the future
- **EOED** – Multi-faceted approach to driving competitiveness and economic opportunity for businesses, communities and residents of Massachusetts
- **EOTSS** – Aims to deliver citizen-centric digital services, improve the performance of government technology, modernize IT infrastructure, protect data, enhance the Commonwealth’s cybersecurity posture, and support the Commonwealth’s equity and accessibility goals



Demonstrated Commitment to Maintaining Pension Funding Schedule

- By statute, the Commonwealth revises its pension funding schedule every 3 years
 - The next funding schedule will be adopted in early 2026
 - Current funding schedule was filed in January 2023, based on the actuarial valuation published January 1, 2022
 - Under the current pension funding schedule, appropriation payments increase 9.63% each year until FY 2028, then 4% per annum thereafter through FY 2036, four years before the statutory requirement
- The Commonwealth has increased annual pension contributions in recent years, and contributed \$4.1 billion in FY 2024 and FY 2025 projected contribution is \$4.5 billion
 - Average annual increase in contributions of nearly 9% from FY 2012 to 2024
 - In each FY since 2017, the Commonwealth has maintained or increased its contributions as a percentage of the annual required contribution ("ARC")
- Assumption changes affected the percentage of the ARC funded in certain FYs
 - The Commonwealth has consistently reduced its investment return assumption from 8.25% in the January 2012 valuation to 7.00% for the January 2024 valuation
- As of January 1, 2024, the funded ratio of the Commonwealth's pension system improved to 65.0% from 56.7% as of January 1, 2017



(a) FY 2022 Pension Funding includes a \$250 million supplemental transfer to the Pension Liability Fund.
 (b) FY 2023 Pension Funding includes a \$100 million supplemental transfer to the Pension Liability Fund and a further \$100 million to fully pay down pension liabilities attributable to the fiscal 2015 early retirement incentive program.

Source for FY 2025 and after Pension Funding amounts is the Commonwealth of Massachusetts Information Statement ("IS") dated March 27, 2025 – Current Funding Schedule for Pension Obligations table. FY 2021 – FY 2024 are sourced from Annual Required Contributions and Other Pension Contributions table.

Source for FY 2015-2019 Pension Funding amounts is the IS dated January 29, 2020 – Annual Required Contributions and Other Pension Contributions table.

Source for FY 2012-2014 Pension Funding amounts is the IS dated August 8, 2016 – Annual Required Contributions and Other Pension Contributions table.

(1) Projected ARC is based on January 1, 2024 valuation and a 4% amortization. Actual ARCs will differ based on the results of each successive actuarial valuation.

(2) Funding schedule amounts reflect the most recent funding schedule filed by the Secretary of Administration and Finance on January 13, 2023.

Governmental Framework



Statutory Fiscal Discipline

Consensus Revenue Forecasting

- The Administration and Legislature must publicly collaborate on tax forecasting, with expert input (M.G.L. c. 29, s. 5B)
- The Commonwealth uses internal resources and outside economic forecasting firms to develop the consensus revenue forecast

Balanced Budget Requirement

- The Budget must be balanced at filing and enactment, and at the signing of any appropriation act (M.G.L. c. 29, s. 6E)
- The Legislature and the Governor approve a balanced budget each fiscal year
- The Administration must flag and address material revenue shortfalls within days of discovery (M.G.L. c. 29, s. 9C)

Statutory Buffers to Revenue Volatility

- Capital gains tax revenues collected that exceed a specific threshold are transferred – 90% to BSF, 5% to OPEB and 5% to Pension Liability
- The Legislature must expressly intervene if there is a need to redirect funds away from reserves (M.G.L. c. 29, s. 5G)

Cash Management

- Cash flow projections are prepared and submitted quarterly to the Legislature



Institutionalized Practices

Consistent and Disciplined Budgeting Approach

- Standardized approach to budgeting for essential and predictable costs
- Demonstrated commitment to strengthen pension and OPEB by consistently increasing funding

Created a Structural Surplus

- Aligned spending and revenue growth and eliminated reliance on non-recurring revenue sources
- Buffered the budget from volatility of capital gains and used surplus funds to strategically address high priorities like childcare, K-12 education, pension, and tax relief, while maintaining structural balance

Prudent Capital Management

- Maintains statutory debt limit on debt issuance: for direct debt, the annual limit increases each year to 105% of the prior year's limit
- Established debt affordability policy sets limit on annual debt service of 8% of budgeted revenues
- Debt Affordability Committee provides an estimate of total amount of new Commonwealth debt that can be prudently issued for the next fiscal year
- Maintains a rolling 5-year Capital Improvement Plan (includes annual capital budget)
- Track record of risk mitigation and actively managing the debt portfolio through various economic cycles



Transaction Timeline and Contacts

April 2025						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Green shading notes key transaction date.

Financing Schedule*	
Date	Event
Monday, April 14 th	Mail Preliminary Official Statement
Wednesday, April 23 rd	Retail Order Period
Thursday, April 24 th	Institutional Order Period
Wednesday, May 7 th	Closing

* Preliminary, subject to change.

Representatives from the Commonwealth are available for one-on-one discussions; for additional information or to schedule a one-on-one call, please contact:

The Commonwealth of Massachusetts	
<p>Sue Perez <i>Deputy Treasurer of Debt Management</i> Tel.: 617-367-9333 x816 sperez@tre.state.ma.us</p>	<p>Christina Marin <i>Director of Investor Relations and Debt Management</i> Tel.: 617-367-9333 x494 christina.l.marin@tre.state.ma.us</p>

For more information, please visit: www.massbondholder.com