

**MASSACHUSETTS DEPARTMENT OF TRANSPORTATION**

**ANNUAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**FOR**

**METROPOLITAN HIGHWAY SYSTEM REVENUE BONDS**

**2010 Series A (Subordinated)**

*57563CAA0, 57563CAB8, 57563CAC6, 57563CAD4, 57563CAE2, 57563CAF9, 57563CAG7*

**2010 Series B (Subordinated)**

*57563CAQ5, 57563CAR3, 57563CAS1, 57563CAT9, 57563CAU6, 57563CAV4, 57563CAW2, 57563CAX0, 57563CAY8,  
57563CAZ5, 57563CBA9, 57563CBB7, 57563CBC5*

**DATED**

**March 27, 2015**

This Annual Report is being delivered under the Continuing Disclosure Agreement, dated April 14, 2010 (the “Continuing Disclosure Agreement”), entered into by the Massachusetts Department of Transportation (“MassDOT”), under the provisions of Rule 15c2-12 of the Securities and Exchange Commission in connection with MassDOT’s Metropolitan Highway System Revenue Bonds (Subordinated), Commonwealth Contract Assistance Secured, 2010 Series A and 2010 Series B (together, the “Bonds”). Reference is made in this Annual Report to the Official Statement for the Bonds, dated April 1, 2010, as supplemented from time to time (the “Official Statement”), which is available through the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”). Terms used in this Annual Report and not defined herein have the same meanings assigned to them in the Official Statement. This Annual Report is being filed by MassDOT with respect to the fiscal year ended June 30, 2014 (“Fiscal Year 2014”).

All information contained herein has been furnished or obtained by MassDOT from MassDOT records and other sources believed to be accurate and reliable. None of the information contained in this Annual Report has been prepared or reviewed by MassDOT’s independent auditors, other than the annual audited financial statements of MassDOT for Fiscal Year 2014 that are filed herewith in accordance with the Continuing Disclosure Agreement. The information contained in this Annual Report is subject to change without notice and delivery of this information shall not, under any circumstances, create any implication that there has been no change in the affairs of MassDOT since the date hereof. Reference should be made to the Official Statement and the operative documents for the Bonds for a full and complete statement of the terms of the Bonds.

### **THIS IS NOT AN OFFERING DOCUMENT**

The information in this Annual Report relates to bond issues of MassDOT that have been sold and distributed in an underwritten public offering described in the related official statement. Each reader of the following information acknowledges that (i) MassDOT is not by this document offering any bonds or other securities, nor soliciting an offer to buy any securities, (ii) this information is not to be construed as any description of MassDOT, or any of MassDOT’s programs, in conjunction with any offering of bonds or securities of MassDOT – such offerings are only made pursuant to the appropriate official statements of MassDOT – nor shall anyone assume from the availability of the following information that the affairs of MassDOT have not changed since the date of this information, (iii) no representation is made as to the propriety or legality of any secondary market trading of the Bonds or other securities of MassDOT by anyone in any jurisdiction, and (iv) MassDOT does not hereby obligate itself in any manner to periodically or otherwise update this information.

The CUSIP Number for each Bond outstanding is listed on the cover page of this Annual Report. No representation is made as to the correctness or accuracy of such CUSIP Numbers.

### **OPERATING RESULTS**

The following table sets forth the calculation of Net Revenues times (a) Senior Net Debt Service, (b) Combined Net Debt Service, and (c) Combined Net Debt Service plus the Capital Reinvestment Requirement. This information is prepared according to the Trust Agreement and not according to GAAP.

**Metropolitan Highway System**  
**Summary of Revenues, Expenses and Debt Service Coverage**  
**For the Fiscal Years 2013 and 2014**  
*(Dollars in thousands)*

	<b>Fiscal Year Ending <u>June 30, 2013</u><sup>1</sup></b>	<b>Fiscal Year Ending <u>June 30, 2014</u><sup>1</sup></b>
<b>Operating Revenues:</b>		
Toll Revenue	\$189,841	\$195,845
Investment Income	660	392
Non-toll Revenue	<u>24,680</u>	<u>17,147</u>
<b>Total Operating Revenues</b>	<u>\$215,181</u>	<u>\$213,384</u>
<b>Operating Expenses</b>	<u>108,499</u>	<u>112,602</u>
<b>Net Revenues</b>	<u>\$106,682</u>	<u>\$100,782</u>
<b>Senior Lien Net Debt Service:</b>		
Principal and Interest	\$78,077	\$78,938
Less:		
Earnings on DSF and DSRF	(484)	(834)
1999 Contract Payments	(25,000)	(25,000)
2009 Contract Payments	(59,580)	(58,911)
Swap related interest cost	<u>9,503</u>	<u>9,597</u>
<b>Senior Net Debt Service</b>	<u>\$ 2,516</u>	<u>\$ 3,790</u>
<b>Subordinate Lien Net Debt Service:</b>		
Principal and Interest	\$13,929	\$14,413
Less:		
Earnings on DSF and DSRF	(1,062)	(1,148)
2009 Contract Payments	(40,420)	(41,089)
Swap related interest cost	<u>27,553</u>	<u>27,824</u>
<b>Subordinated Net Debt Service</b>	<u>\$ 0</u>	<u>\$ 0</u>
Combined Net Debt Service	\$ 2,516	\$ 3,790
Senior Net Debt Service Coverage	42.40	26.59
Combined Net Debt Service Coverage	42.40	26.59
<b>Funds Available to Deposit for Capital Reinvestment</b>	<u>\$96,769</u>	<u>\$87,970</u>
<b>Funds Available to Deposit for General Fund<sup>2</sup></b>	<u>\$7,397</u>	<u>\$9,022</u>

<sup>1</sup> Amounts for Fiscal Years 2013 and 2014 are recorded on the modified accrual basis of accounting and adjusted to conform to the Trust basis of accounting. MassDOT's Metropolitan Highway System operations for the fiscal years ended June 30, 2013 and June 30, 2014 have been subjected to auditing procedures as described in the Independent Auditor's Report filed herewith.

<sup>2</sup> Represents funds available to pay General Fund indebtedness, if any, to pay other General Fund expenses, or to be applied to any lawful purpose of the Metropolitan Highway System operations.

March 27, 2015

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