

MASSACHUSETTS SCHOOL BUILDING AUTHORITY

Annual Report For the Year ended June 30, 2018

The Massachusetts School Building Authority (the “Authority”) submits this Annual Report for the fiscal year ended June 30, 2018, pursuant to the following:

- the Continuing Disclosure Agreement dated as of March 27, 2007,
- the Continuing Disclosure Agreements dated as of December 22, 2009,
- the Continuing Disclosure Agreement dated as of June 24, 2010,
- the Continuing Disclosure Agreement dated as of July 28, 2011,
- the Continuing Disclosure Agreement dated as of November 3, 2011,
- the Continuing Disclosure Agreement dated as of August 16, 2012,
- the Continuing Disclosure Agreement dated as of October 30, 2012,
- the Continuing Disclosure Agreement dated as of July 2, 2013,
- the Continuing Disclosure Agreement dated as of May 19, 2015,
- the Continuing Disclosure Agreements dated as of December 15, 2015,
- the Continuing Disclosure Agreements dated as of October 26, 2016, and
- the Continuing Disclosure Agreements dated as of February 15, 2018

(together, the “Continuing Disclosure Agreements”) as executed and delivered by the Authority and The Bank of New York Mellon Trust Company, N.A., as successor Trustee, in connection with the issuance of the Authority’s Dedicated Sales Tax Bonds and Notes:

- 2007 Series A (the “2007A Bonds”),
- 2009 Series A (the “2009A Bonds”),
- 2009 Series B (the “2009B Bonds”),
- 2010 Series A (the “2010A Bonds”),
- 2011 Series A (the “2011A Bonds”),
- 2011 Series B (the “2011B Bonds”),
- 2012 Series A (the “2012A Bonds”),
- 2012 Series B (the “2012B Bonds”),
- 2013 Series A (the “2013A Bonds”),
- 2015 Series B (the “2015B Bonds”),
- 2015 Series C (the “2015C Bonds”),
- 2015 Series D (the “2015D Bonds”),
- 2016 Series A (the “2016A Bonds”),
- 2016 Series B (the “2016B Bonds”),
- 2016 Series C (the “2016C Bonds”) together with the 2007A Bonds, 2009A Bonds, 2009B Bonds, 2010A Bonds, 2011A Bonds, 2011B Bonds, 2012A Bonds, 2012B, 2013A Bonds, 2015B Bonds, 2015C Bonds, 2015D Bonds, 2016A Bonds, 2016B Bonds, and 2016C Bonds (the “Bonds”), respectively, and
- 2018 Series A Bonds (the “2018A Bonds

Pursuant to section 4(i) of the Continuing Disclosure Agreements, the following information is the quantitative information for the preceding fiscal year (FY18) of the type presented in the table titled “HISTORICAL COMMONWEALTH SALES TAX RECEIPTS”:

Fiscal Year	Sales Tax Receipts [1][2]	Applicable % of Sales Tax Receipts [2]	% Increase/ (Decrease)
2018	\$5,299,436,522	\$847,979,470	3.8

[1] Preliminary; unaudited. Total sales tax receipts after reimbursements and abatements, less the Statutorily Exempted Revenue. Additionally, the Department of Revenue has provided an adjusted estimate of the Fiscal Year 2019 Sales Tax Receipts as follows:

Fiscal Year	Estimated Sales Tax Receipts [2][3]	Applicable % of Sales Tax Receipts [2][3]	% Increase/ (Decrease)
FY2019	\$5,513,000,000	\$858,900,000	1.3

[2] Source: Massachusetts Department of Revenue.

[3] Projected based on the tax revenue estimate of \$28.392 billion, reflecting an increase from the consensus tax revenue estimate of \$27.594 billion established in January 2018. Year-to-date collections through November 30, 2018 were approximately \$10.746 billion, as compared to approximately \$9.921 billion for the same period in Fiscal Year 2018.

The following information is the quantitative information for the outstanding bonds, including the impact of a defeasance executed in May 2018 of the type presented in the table titled "AGGREGATE DEBT SERVICE REQUIREMENTS":

AGGREGATE DEBT SERVICE AND SINKING FUND DEPOSIT REQUIREMENTS

Fiscal Year Ending June 30	Outstanding Senior Bonds (1)			Outstanding Subordinate			Aggregate Bond Debt Service and Sinking Fund Deposits	Senior Debt Service Reserve Fund Releases (2)	Aggregate Debt Service and Sinking Fund Deposits Net of Senior DSRF Releases
	Principal	Interest	Total Senior Debt Service (1)	Principal and Sinking Fund Payments (3)	Interest	Sub-Total Sinking Fund and Interest			
FY2019	131,495,000	235,102,674	366,597,674	18,041,585	33,914,193	51,955,778	438,553,452	(17,250,000)	421,303,452
FY2020	118,120,000	248,562,699	366,682,699	17,793,646	33,710,943	51,504,589	418,187,288	-	418,187,288
FY2021	121,955,000	242,793,774	364,750,774	17,985,535	33,519,693	51,505,228	416,256,002	-	416,256,002
FY2022	129,315,000	236,778,624	366,093,624	17,021,585	33,319,193	50,340,778	416,434,402	-	416,434,402
FY2023	128,675,000	230,894,124	359,569,124	18,341,585	33,166,943	51,508,528	411,077,652	-	411,077,652
FY2024	130,060,000	224,056,349	354,116,349	15,338,646	32,948,693	48,487,339	402,603,688	-	402,603,688
FY2025	153,553,000	217,162,499	370,697,499	21,669,535	32,870,193	54,540,728	425,236,227	-	425,236,227
FY2026	159,050,000	209,364,374	368,414,374	24,336,585	32,485,443	56,822,028	425,236,402	-	425,236,402
FY2027	165,800,000	201,145,999	366,945,999	15,669,714	31,967,443	47,637,157	414,583,156	-	414,583,156
FY2028	178,985,000	192,697,624	371,682,624	19,634,101	23,271,263	42,905,364	414,587,988	-	414,587,988
FY2029	180,553,000	183,807,346	364,344,346	11,300,000	19,165,132	30,465,132	394,807,678	-	394,807,678
FY2030	189,410,000	174,936,088	364,346,088	5,825,000	15,122,250	20,947,500	385,293,588	-	385,293,588
FY2031	412,195,000	160,548,378	572,743,378	8,440,000	14,831,250	23,271,250	596,014,628	(200,098,680)	395,915,948
FY2032	228,010,000	144,843,120	372,853,120	8,655,000	14,409,250	23,064,250	395,917,370	-	395,917,370
FY2033	239,390,000	133,464,800	372,854,800	9,085,000	13,976,500	23,061,500	395,916,300	-	395,916,300
FY2034	242,645,000	122,659,514	364,304,514	18,090,000	12,522,250	31,612,250	395,916,764	-	395,916,764
FY2035	255,320,000	108,978,761	364,298,761	19,000,000	13,617,750	31,617,750	395,915,511	-	395,915,511
FY2036	268,315,000	95,977,188	364,292,188	29,690,000	11,667,750	41,357,750	405,649,938	(9,737,065)	395,912,873
FY2037	290,580,000	82,322,881	372,902,881	11,975,000	10,183,250	22,158,250	395,061,131	-	395,061,131
FY2038	406,450,000	64,689,571	471,139,571	15,695,000	9,584,500	12,524,500	483,664,071	(100,198,314)	383,465,757
FY2039	160,270,000	49,743,015	210,013,015	15,695,000	9,437,500	25,132,500	235,145,515	-	235,145,515
FY2040	189,005,000	41,283,913	230,288,913	16,320,000	8,809,700	25,129,700	255,418,613	(38,000,000)	217,418,613
FY2041	159,930,000	33,138,825	193,068,825	16,975,000	8,156,900	25,131,900	218,200,725	-	218,200,725
FY2042	246,820,000	23,269,375	272,089,375	17,650,000	7,477,900	25,127,900	257,217,275	(79,055,000)	178,162,275
FY2043	177,990,000	15,081,100	193,071,100	18,360,000	6,771,900	25,131,900	218,203,000	(58,475,000)	159,728,000
FY2044	48,045,000	6,422,250	54,467,250	20,100,000	6,037,500	26,747,500	81,214,750	-	81,214,750
FY2045	50,195,000	4,271,050	54,466,050	21,795,000	4,930,225	26,745,225	64,144,113	(11,100,000)	53,044,113
FY2046	35,375,000	2,073,125	37,398,125	22,940,000	3,805,988	26,746,988	54,486,213	(5,055,000)	49,431,213
FY2047	27,135,000	604,575	27,739,575	25,145,000	2,601,638	26,746,638	26,744,025	(20,906,621)	6,837,404
FY2048				25,410,000	1,334,025	26,744,025			26,744,025
	<u>\$ 324,605,000</u>	<u>3,707,653,812</u>	<u>8,932,230,812</u>	<u>\$11,033,517</u>	<u>\$15,637,407</u>	<u>1,026,670,924</u>	<u>9,958,901,736</u>	<u>(339,873,680)</u>	<u>9,419,028,056</u>

- (1) Net of Interest Subsidy Payments. See "Sources of Payment and Security for the 2018B Bonds - Additional Revenues and Dedicated Payments."
- (2) Aggregate debt service on Senior Bonds for Fiscal Years (FY) 2019, 2031, 2036, 2038, 2040, 2042, 2043, 2045, 2046, and 2047 will be funded in part by releases from the Senior DSRF; amounts shown reflect per amounts of securities held in the respective accounts.
- (3) Amounts include annual sinking fund deposits made by the Authority with respect to the 2010A Bonds and the 2011A Bonds in accordance with the applicable Supplemental Trust Agreements. The sinking fund deposit amounts included reflect the accretion of treasury strip investments purchased with prior fiscal years' sinking fund payments, which reduced the required deposit amount in FY 2018 by approximately \$3.2 million. As of June 30, 2018, the accreted value of the investments in the Subordinated Sinking Fund Accounts for the 2010A Bonds and the 2011A Bonds was approximately \$79.9 million and \$58.6 million, respectively.

CUSIP NUMBERS*

This Annual Report relates to Bonds issued by the Authority. The records available to the Authority indicate that the Bonds have the following six-digit issuer identification CUSIP number:

576000

* The Authority is not a subscriber to the CUSIP Service Bureau and has no means to verify the accuracy of these CUSIP numbers or to determine if such numbers have changed as a result of events in the secondary market. In accordance with the terms of the Bonds, failure to use CUSIP numbers in any notice to bondholders, or any error or omission with respect thereto, does not constitute an event of default or any similar violation by the Authority with respect to the Bonds.

The Authority acknowledges the copyright position of Standard & Poor's and the American Bankers Association with respect to CUSIP numbers and the CUSIP numbering system.

DISCLAIMER

All information contained herein has been furnished or obtained by the Authority from sources believed to be accurate and reliable. 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 the Authority 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 the Authority's Bonds that have been sold and distributed in an underwritten public offering as described in the Official Statement. Each reader of the information contained herein acknowledges that (i) the Authority is not now by this report 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 the Authority or its programs in conjunction with any offering of bonds or securities of the Authority - such offerings are only made pursuant to the appropriate official statement of the Authority - nor shall anyone assume from the availability of the following information that the affairs of the Authority (or its programs) 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 by anyone in any jurisdiction and (iv) the Authority does not hereby obligate itself in any manner to periodically or otherwise update this information.