

*The following is a form of the Master Trust Agreement dated as of January 1, 2015 between the Trust and the Master Trustee (the "Original Master Trust Agreement") that has been conformed to include the amendments to the Original Master Trust Agreement made by the Third Supplemental Trust Agreement dated as of April 1, 2017 between the Trust and the Master Trustee (the "Third Supplement"), which Third Supplement was effective April 13, 2017. Reference should be made to the Original Master Trust Agreement and the Third Supplement for full and complete statements of such and all provisions therein.*

FORM OF  
MASTER TRUST AGREEMENT

between the

MASSACHUSETTS CLEAN WATER TRUST

and

U.S. BANK NATIONAL ASSOCIATION,  
as Master Trustee

Dated as of January 1, 2015,  
as amended through April 13, 2017

Relating to

Massachusetts Clean Water Trust

State Revolving Fund Bonds

**TABLE OF CONTENTS**

|               | <u>Page</u>  |
|---------------|--|
| ARTICLE I     | DEFINITIONS ..... 1  |
| Section 1.1.  | Definitions ..... 1  |
| ARTICLE II    | AUTHORIZATION AND ISSUANCE OF BONDS ..... 11                                     |
| Section 2.1.  | Authority for Trust Agreement ..... 11   |
| Section 2.2.  | Trust Agreement to Constitute Contract ..... 11                                  |
| Section 2.3.  | Authorization of the Bonds ..... 11  |
| Section 2.4.  | General Provisions for Issuance of Bonds ..... 13                                |
| Section 2.5.  | Authorization and Conditions Precedent to Delivery of the Initial Bonds ..... 14 |
| Section 2.6.  | Conditions Precedent to the Delivery of Additional Bonds ..... 14                |
| Section 2.7.  | Special Conditions Precedent to the Delivery of Refunding Bonds ..... 15         |
| Section 2.8.  | Bond Anticipation Notes ..... 16   |
| Section 2.9.  | Creation of Liens: Other Indebtedness ..... 16                                   |
| Section 2.10. | Credit Enhancement/Liquidity Facilities ..... 17                                 |
| Section 2.11. | Qualified Hedge Agreements ..... 17  |
| ARTICLE III   | GENERAL TERMS AND PROVISIONS OF BONDS ..... 18                                   |
| Section 3.1.  | Place and Medium of Payment: Form and Date ..... 18                              |
| Section 3.2.  | Legends ..... 19   |
| Section 3.3.  | Execution and Authentication ..... 19  |
| Section 3.4.  | Interchangeability of Bonds ..... 19   |
| Section 3.5.  | Negotiability, Transfer ..... 19   |
| Section 3.6.  | Transfer of Bonds ..... 20   |
| Section 3.7.  | Regulations With Respect to Exchanges and Transfers ..... 20                     |
| Section 3.8.  | Bonds Mutilated, Destroyed, Stolen or Lost ..... 20                              |
| Section 3.9.  | Preparation of Definitive Bonds; Interim Receipts and Temporary Bonds ..... 20   |
| Section 3.10. | Cancellation of Bonds ..... 21   |
| ARTICLE IV    | REDEMPTION OF BONDS ..... 21   |
| Section 4.1.  | Privilege of Redemption and Redemption Price ..... 21                            |
| Section 4.2.  | Redemption at the Election of the Trust ..... 21                                 |
| Section 4.3.  | Redemption Otherwise Than at the Trust’s Election ..... 21                       |
| Section 4.4.  | Selection of Bonds to be Redeemed by Lot ..... 21                                |
| Section 4.5.  | Notice of Redemption ..... 21  |
| Section 4.6.  | Payment of Redeemed Bonds ..... 22   |
| ARTICLE V     | ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF ..... 22                          |
| Section 5.1.  | The Pledge Effected by this Trust Agreement ..... 22                             |
| Section 5.2.  | Establishment of Funds ..... 23  |
| Section 5.3.  | Application of Bond Proceeds ..... 24  |
| Section 5.4.  | Project Fund ..... 25  |
| Section 5.5.  | Revenue Fund ..... 25  |
| Section 5.6.  | Senior Debt Service Fund ..... 27  |
| Section 5.8.  | Senior Redemption Fund ..... 29  |
| Section 5.9.  | Subordinate Redemption Fund ..... 29   |
| Section 5.12. | Clean Water Equity Fund ..... 31   |
| Section 5.13. | Drinking Water Equity Fund ..... 32  |
| Section 5.14. | Administrative Expense Fund ..... 33   |
| Section 5.15. | Rebate Fund ..... 34   |
| Section 5.16. | Cross-Collateralization ..... 35   |
| Section 5.17. | Investments ..... 35   |
| Section 5.18. | Contract Assistance Fund ..... 36  |
| ARTICLE VI    | PARTICULAR COVENANTS OF THE TRUST ..... 36                                       |
| Section 6.1.  | Powers as to Bonds and Pledge ..... 36   |

|               |  |    |
|---------------|--|----|
| Section 6.2.  | Extension of Payment of Bonds.....                                       | 36 |
| Section 6.3.  | Transfers Out of Master Trust Agreement.....                             | 36 |
| Section 6.4.  | Covenants as to Loans and Contract Assistance Payments .....             | 37 |
| Section 6.5.  | Amendments to Financing Agreements and Loans .....                       | 38 |
| Section 6.6.  | Further Assurance .....  | 39 |
| Section 6.7.  | Accounts and Reports .....   | 39 |
| Section 6.8.  | Tax Covenant.....  | 39 |
| ARTICLE VII   | DEFAULTS AND REMEDIES .....  | 40 |
| Section 7.1.  | Events of Default .....  | 40 |
| Section 7.2.  | Application of Revenues and Other Moneys after Default .....             | 40 |
| Section 7.3.  | Proceedings Brought by Master Trustee.....                               | 42 |
| Section 7.4.  | Restriction on Owners' Action .....                                      | 42 |
| Section 7.5.  | Remedies not Exclusive.....  | 43 |
| Section 7.6.  | Effect of Waiver and Other Circumstances .....                           | 43 |
| Section 7.7.  | No Right of Acceleration.....  | 43 |
| ARTICLE VIII  | THE FIDUCIARIES.....   | 43 |
| Section 8.1.  | Master Trustee .....   | 43 |
| Section 8.2.  | Paying Agents.....   | 43 |
| Section 8.3.  | Responsibilities of Fiduciaries.....                                     | 43 |
| Section 8.4.  | Evidence on Which Fiduciaries May Act .....                              | 44 |
| Section 8.5.  | Compensation .....   | 44 |
| Section 8.6.  | Permitted Acts .....   | 44 |
| Section 8.7.  | Resignation .....  | 44 |
| Section 8.8.  | Removal.....   | 45 |
| Section 8.9.  | Appointment of Successor Fiduciary.....                                  | 45 |
| Section 8.10. | Transfer of Rights and Property to Successor Fiduciary .....             | 46 |
| Section 8.11. | Merger or Consolidation.....   | 46 |
| ARTICLE IX    | SUPPLEMENTAL TRUST AGREEMENTS.....                                       | 46 |
| Section 9.1.  | Supplemental Trust Agreements Effective upon Filing.....                 | 46 |
| Section 9.2.  | Supplemental Trust Agreements Amending Trust Agreement or Bonds.....     | 47 |
| Section 9.3.  | Adoption and Filing of Supplemental Trust Agreement.....                 | 47 |
| ARTICLE X     | AMENDMENTS .....   | 47 |
| Section 10.1. | Mailing.....   | 47 |
| Section 10.2. | Powers of Amendment.....   | 47 |
| Section 10.3. | Consent of Registered Owners .....                                       | 48 |
| Section 10.4. | Modification by Unanimous Action .....                                   | 48 |
| Section 10.5. | Exclusion of Bonds.....  | 48 |
| Section 10.6. | Notation on Bonds .....  | 48 |
| ARTICLE XI    | DEFEASANCE .....   | 49 |
| Section 11.1. | Defeasance.....  | 49 |
| ARTICLE XII   | MISCELLANEOUS .....  | 51 |
| Section 12.1. | Evidence of Signatures of Registered Owners and Ownership of Bonds ..... | 51 |
| Section 12.2. | Preservation and Inspection of Documents.....                            | 51 |
| Section 12.3. | Notices and Directions.....  | 51 |
| Section 12.4. | Parties Interested Herein.....   | 51 |
| Section 12.5. | No Recourse .....  | 51 |
| Section 12.6. | Partial Invalidity .....   | 52 |
| Section 12.7. | Law and Place of Enforcement of this Trust Agreement .....               | 52 |

## MASTER TRUST AGREEMENT

**THIS MASTER TRUST AGREEMENT** (the “Trust Agreement”) is entered into as of the first day of January, 2015 between the MASSACHUSETTS CLEAN WATER TRUST (the “Trust”), a public instrumentality of The Commonwealth of Massachusetts (the “Commonwealth”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as trustee (the “Master Trustee”).

### PRELIMINARY STATEMENT

WHEREAS, the Trust is authorized pursuant to Chapter 275 of the Acts of 1989 of the Commonwealth, including without limitation, Chapter 29C of the General Laws of the Commonwealth, and Chapter 203 of the Acts of 1992 of the Commonwealth, in each case as amended from time to time, to assist local governmental units and eligible borrowers to initiate, construct, improve, maintain and operate Clean Water Projects and Drinking Water Projects and to issue revenue bonds for this purpose;

WHEREAS, the Trust is designated by the Act as the instrumentality of the Commonwealth to establish and administer the Clean Water Program within the Clean Water SRF as contemplated by the Clean Water Act and the Drinking Water Program within the Drinking Water SRF as contemplated by the Drinking Water Act;

WHEREAS, the Trust previously administered its Clean Water Program and Drinking Water Program pursuant to the terms of the Program Resolution and issued the Prior Bonds secured thereby under Prior Bond Resolutions;

WHEREAS, the Trust now desires to provide for the administration of the Clean Water Program and the Drinking Water Program pursuant to the terms of this Trust Agreement and to issue bonds hereunder;

**NOW, THEREFORE**, in consideration of the agreements herein contained, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Trust and the Master Trustee hereby agree as follows:

### ARTICLE I DEFINITIONS

#### Section 1.1. Definitions.

(A) In this Trust Agreement unless a different meaning clearly appears from the context the following terms shall have the meaning set forth below:

“Additional Bonds” shall mean Additional Senior Bonds and Additional Subordinate Bonds of the Trust issued pursuant to Section 2.6 hereof;

“Additional Senior Bonds” shall mean Bonds of the Trust issued pursuant to ARTICLE II hereof and designated as Senior Bonds;

“Additional Subordinate Bonds” shall mean Bonds of the Trust issued pursuant to ARTICLE II hereof and designated as Subordinate Bonds;

“Act” means, collectively, Chapter 275 of the Acts of 1989 of the Commonwealth, including without limitation, Chapter 29C of the General Laws of the Commonwealth, and Chapter 203 of the Acts of 1992 of the Commonwealth, in each case as amended from time to time;

“Administrative Expenses” means the Trust’s expenses of implementing, financing, carrying out and administering its powers, duties and functions that are allocable to the Program as authorized by the Act;

“Administrative Fees” means annual or other periodic fees paid by or for the account of a Borrower to defray Administrative Expenses of the Trust relating to the Program in the amounts set forth in, or determined in accordance with, the applicable Financing Agreement;

“Aggregate Debt Service” for any Fiscal Year means, as of any date of calculation, the sum of the amounts of Debt Service for such year with respect to the Bonds Outstanding;

“Authorized Officer,” with respect to the Trust, means any Trustee of the Trust (or any designee thereof pursuant to the Act), any member of the Trust’s Executive Committee, the Executive Director or the Treasurer of the Trust or any other officer of the Trust authorized by resolution of the Board to perform the act or sign the document in question, and, with respect to any action to be taken by a Borrower or any document to be signed on behalf of a Borrower, means any member, officer or employee of a Borrower authorized to take such action or sign the document in question under the applicable Financing Agreement;

“Beneficial Owner” means the person or entity that is considered to be the beneficial owner of any Bond pursuant to the arrangements for book entry determination of owner;

“Bond” or “Bonds” means any bond or bonds or all bonds, as the case may be, of the Trust, in one or more Series, relating to the Program and issued, authenticated and delivered under this Trust Agreement and any bond or bonds duly issued in exchange or replacement therefor;

“Bond Act” means, collectively, the laws of the Commonwealth, including without limitation the Act, under or pursuant to which any local governmental obligations are issued by a Borrower to the Trust;

“Bond Counsel” means any counsel nationally recognized as experienced in matters relating to bonds issued by states and their political subdivisions selected by the Trust and satisfactory to the Master Trustee;

“Bondowner” and the term “Owner” or “owner” or any similar term, when used with reference to Bonds, means the registered owner of any Bond or the Beneficial Owner, as the case may be;

“Bond Year” means the twelve-month period beginning on the date of original delivery of the Bonds and each successive twelve-month period thereafter unless otherwise defined by the Trust;

“Borrower” means the local governmental unit or other eligible borrower which is the obligor on such Loan, or any body, agency, political subdivision, officer or other instrumentality of the Commonwealth, or any corporation, association, partnership or other entity, as applicable, which shall hereafter succeed to the powers, duties and functions of said local governmental unit or other eligible borrower;

“Borrower Payments” means all payments on account of the principal, interest and premium, if any, due on each Loan including without limitation (1) scheduled payments of principal and interest on such Loan, (2) prepayments of principal or interest and any additional amounts payable upon prepayment of such Loan, and (3) any amounts paid or received with respect to such Loan on account of (i) acceleration of the due date of such Loan, (ii) subject to Section 6.4 hereof, the sale or other disposition of such Loan and any collateral securing the same, (iii) the receipt of proceeds of any insurance or guaranty of such Loan, and (iv) the exercise of any right or remedy granted or available under law or the applicable Financing Agreement upon the occurrence of a default thereunder; provided that Borrower Payments related to Prior Loans shall only include amounts actually transferred to the Master Trustee pursuant to Section 6.9 hereof. To the extent provided in the applicable Financing Agreement, the term “Borrower Payments” shall also mean and include any Contract Assistance Payments that are applied as credit against the payment obligations of the Borrower under such Financing Agreement. The term “Borrower Payments” shall not include any Administrative Fees or Origination Fees;

“Business Day” means any day other than a Saturday, a Sunday or any other day on which banks doing business in the Commonwealth are authorized or required to be closed for business;

“Clean Water Act” means Title VI of the Federal Water Pollution Control Act (Pub. L. 92-500, commonly known as the Clean Water Act), as amended by the Federal Clean Water Act of 1987 (Pub. L. 100-4), as the same may be further amended from time to time, and all regulations of the United States Environmental Protection Agency applicable thereto, as amended from time to time;

“Clean Water Obligation” means a Loan to finance or refinance all or any part of the Cost of a Clean Water Project;

“Clean Water Program” means the program administered by the Trust and the Department in accordance with the Act and this Trust Agreement to fund Projects or finance Loans to Borrowers for Costs of Clean Water Projects;

“Clean Water Project” means a water pollution abatement project;\*

“Clean Water State Revolving Fund” and the term “Clean Water SRF” means the Water Pollution Abatement Revolving Fund established pursuant to Section 2L of Chapter 29 of the General Laws of the Commonwealth;

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and all Treasury Regulations promulgated thereunder to the extent applicable to any Bonds or Loans, as the case may be;

“Commonwealth” means The Commonwealth of Massachusetts;

“Commonwealth Assistance Contract” means the Amended and Restated Agreement for Contract Assistance dated as of December 3, 2014 between the Commonwealth and the Trust, as hereafter further amended from time to time in accordance therewith;

“Commonwealth Matching Grant” means an amount provided to the Trust in accordance with the Clean Water Act or the Drinking Water Act, as applicable, the Act and the Master Funding Agreement as a matching grant to a Federal Capitalization Grant;

“Contract Assistance Determination” shall have the meaning given such term in the Commonwealth Assistance Contract;

“Contract Assistance Payments” means payments, if any, made to the Trust by the Commonwealth in accordance with Section 6 of the Act and the Commonwealth Assistance Contract, together with the earnings, if any, upon investment or deposit of such payments with the Master Trustee, including without limitation any amounts received by the Trust on account of the exercise of any right or remedy granted or available under law or the Commonwealth Assistance Contract upon the occurrence of a default by the Commonwealth thereunder, to be applied by the Trust to pay Debt Service on the Bonds, as more fully described in the applicable Contract Assistance Determination;

“Cost” when used with reference to a Project, means any “cost” thereof (as defined in the Act) approved by the Department including without limitation all costs, whenever incurred, of carrying out a Project (whether or not eligible for financial assistance pursuant to Section 6 of the Act), costs of planning, preparation of studies and surveys, design, construction, expansion, facilities, improvement and rehabilitation, acquisition of real property,

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\* As defined in the Act, “water pollution abatement project,” means any abatement facilities, including without limitation rehabilitation of abatement facilities to remove, curtail or otherwise mitigate infiltration and inflow, collection system, treatment works and treatment facilities as defined in Section 26A of Chapter 21 of the General Laws of the Commonwealth, and any eligible facilities for implementation of a nonpoint source pollution control management program or estuary conservation and management plan pursuant to the Clean Water Act). *Footnote not in original.*

personal property, materials, machinery or equipment, start-up costs, demolitions and relocations, reserves and working capital, administrative, legal and financing expenses, and other expenses necessary or incidental to the foregoing;

“Costs of Issuance” means any items of expense directly or indirectly payable by or reimbursable to the Trust and related to the authorization, sale and issuance of any Series of Bonds and the investment of the proceeds thereof, including, but not limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of Fiduciaries, legal fees and charges, professional consultants’ fees, costs of credit ratings, premiums for insurance of the payment of Bonds, premiums for insurance insuring the Trust against loss on Loans or insuring the receipt by the Trust of Commonwealth Matching Grants, or Contract Assistance Payments allocable to the Bonds, fees and charges for execution, transportation and safekeeping of Bonds or Loans, costs and expenses of refunding of Bonds or other obligations, fees and expenses payable in connection with any remarketing agreements, tender agent agreements or interest rate indexing agreements and other costs, charges and fees in connection with the original issuance of Bonds;

“Credit Enhancement” shall mean any agreement, including, but not limited to, a policy of bond insurance, surety bond, irrevocable letter of credit, credit agreement, credit facility or guaranty arrangement with a bank, trust company, insurance company, surety bonding company, pension fund or other financial institution that provides increased credit on or security for any Series of Bonds (or portion thereof) or the obligations of the Trust under any Qualified Hedge Agreement and, to the extent authorized by a Supplemental Trust Agreement, provided that either the provider or the party guaranteeing the obligations of the provider has, at the time such agreement is entered into, unsecured obligations rated in the highest short-term Rating Category by each Rating Agency then maintaining a rating on the Bonds Outstanding;

“Debt Service” means, with respect to Bonds Outstanding in any particular period, an amount equal to the sum of (1) all interest payable on such Bonds during such period (other than interest, if any, included in the principal on such Bonds payable in such period) plus (2) the principal of such Bonds payable during such period, as calculated pursuant to Section 2.3 hereof. Unless a notice of redemption of Bonds or a portion thereof shall have been duly given as provided in ARTICLE IV hereof and amounts sufficient to provide for the payment of the Redemption Price and interest on such Bonds are available therefor in the Senior Redemption Fund, Subordinate Redemption Fund, the Senior Debt Service Fund and the Subordinate Debt Service Fund, as applicable, the Debt Service for any particular period for the Bonds shall be calculated on the assumption that no Bonds Outstanding on the date of calculation will cease to be Outstanding except by reason of the payment of each principal on the due date thereof;

“Debt Service Payment Date” shall have the meaning set forth in the applicable Supplemental Trust Agreement;

“Defeasance Obligations” means the securities listed in Clauses (1) - (3) of the definition of Investment Obligations;

“Department” means the Department of Environmental Protection of the Commonwealth, or any body, agency, officer or other instrumentality of the Commonwealth which shall hereafter succeed to the powers, duties and functions of the Department as described in the Act;

“DEP Regulations” means, respectively, the regulations of the Department applicable to the Clean Water Program appearing in 310 CMR 44.00 and the regulations of the Department applicable to the Drinking Water Program appearing in 310 CMR45.00 as such regulations may be amended from time to time; for purposes only of Title 5 Projects, the term “DEP Regulations” shall include the Department’s Community Septic Management Program Description and Requirements, as amended and supplemented from time to time;

“Drinking Water Act” means Title XIV of the Federal Public Health Service Act, commonly known as the Safe Drinking Water Act, 42 USC § 300f et seq. as the same may be further amended from time to time, and all regulations of the United States Environmental Protection Agency applicable thereto as amended from time to time;

“Drinking Water Obligation” means a Loan issued to finance or refinance all or any part of the Cost of a Drinking Water Project;

“Drinking Water Program” means the program administered by the Trust and the Department in accordance with the Act and this Trust Agreement to fund Projects or finance Loans to Borrowers for Costs of Drinking Water Projects;

“Drinking Water Project” means a drinking water project;\*

“Drinking Water State Revolving Fund” and the term “Drinking Water SRF” means the Drinking Water Revolving Fund established pursuant to Section 2QQ of Chapter 29 of the General Laws of the Commonwealth;

“Equity Fund” means collectively the Clean Water Equity Fund and the Drinking Water Equity Fund.

“Event of Default” means an Event of Default as such term is defined in Section 7.1;

“Federal Capitalization Grant” means amounts provided to the Trust under one or more agreements between the Trust and the United States of America acting by and through the United States Environmental Protection Agency to be applied in accordance with the Clean Water Act or the Drinking Water Act, as applicable, to fund loans made or obligations purchased by the Trust;

“Fiduciary” means the Master Trustee and any Paying Agent;

“Financing Agreement” means an agreement between the Trust and a Borrower pertaining to a Loan the making or purchase and repayment thereof, including, without limitation, any “loan agreement” and any other trust agreement, trust indenture, security agreement, bond purchase agreement, reimbursement agreement, guarantee agreement, bond or note resolution, loan order or similar instrument, other than a Regulatory Agreement, pertaining to or securing such Loan;

“Fiscal Year” means the period of twelve calendar months ending with June 30 of any year;

“Fixed Rate Hedge Agreement” shall mean a Qualified Hedge Agreement requiring the Trust to pay a fixed interest rate on a notional amount;

“Fixed Hedge Rate” shall mean the fixed interest rate payable by the Trust on a notional amount under a Fixed Rate Hedge Agreement;

“Funds” and “Accounts” means the funds and accounts established by or pursuant to Article V of this Trust Agreement;

“Grant Agreement,” with respect to any Federal Capitalization Grants or Commonwealth Matching Grants, means the agreements or other instruments, if any, under which such Federal Capitalization Grants or Commonwealth Matching Grants are provided to the Trust for purposes of the Program, including, without limitation, the Master Funding Agreement;

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\* As defined in the Act, “drinking water project,” means a project of a type or category which DEP has determined, consistent with guidance issued by EPA in accordance with the Drinking Water Act, shall facilitate compliance with national primary drinking water regulations under Section 1412 of the Drinking Water Act or otherwise significantly further the health protection objectives of the Drinking Water Act or DEP’s drinking water regulations including, without limitation, the rehabilitation or development of water sources to replace contaminated sources, the installation or upgrade of drinking water treatment or storage facilities, the installation or replacement of transmission and distribution pipes to prevent contamination and the planning and design of eligible projects).  
*Footnote not in original.*



“Hedge Provider” shall mean the counterparty with which the Trust enters into a Qualified Hedge Agreement;

“Interim Loan” means a temporary loan, whether or not interest bearing, provided by the Trust to a Borrower in accordance with a Financing Agreement for all or any part of the Cost of a Project in anticipation of a Loan and funded by the Trust from amounts held in or for the account of the Interim Loan Account of the Clean Water Equity Fund or the Drinking Water Equity Fund under this Trust Agreement;

“Investment Obligation” means any of the investments listed in Exhibit A hereto;

“Investment Obligor” means the issuer or other obligor on an Investment Obligation in which moneys held for the credit of any Fund or Account hereunder have been invested or deposited in accordance herewith;

“Liquidity Facility” shall mean any agreement with a bank, trust company, insurance company, surety bonding company, pension fund, investment banking company or other financial institution under which it agrees to purchase Tender Bonds, provided that either the provider or the party guaranteeing the obligations of the provider has, at the time such agreement is entered into, unsecured obligations rated in the highest short-term Rating Category by each Rating Agency then maintaining a rating on the Bonds Outstanding;

“Loan” means any (i) loan or other form of financial assistance subject to repayment, whether or not interest bearing, provided by the Trust to a Borrower in accordance with a Financing Agreement for the purpose of financing or refinancing all or any part of the Cost of a Project, including any local governmental obligations or other security evidencing or securing any such loan or (ii) local governmental obligations, whether or not interest bearing, purchased by the Trust from a Borrower, all of the proceeds of which are expected at the date of purchase of such local governmental obligations, or on the date of authentication and delivery of the Bonds if earlier (as evidenced by a certificate of an Authorized Officer of the Trust delivered to the Master Trustee), to be applied by the Borrower directly or indirectly to finance or refinance Costs of a Project, which in each case (1) complies, at the time such financial assistance is provided by the Trust or at the time such obligations are purchased from amounts held under this Trust Agreement, with the provisions of the Act and this Trust Agreement, (2) is provided, refinanced or made or purchased with proceeds of Bonds or other moneys held under this Trust Agreement, and (3) is held under this Trust Agreement or (iii) Loan made prior to the date hereof which is not otherwise pledged to Prior Bonds under a Prior Bond Resolution, or (iv) Prior Loans;

“Local Bond Counsel” means an attorney or firm of attorneys (who may also be counsel to the Trust, the Commonwealth or the Master Trustee) nationally recognized as experienced in matters relating to bonds issued by states and their political subdivisions selected by a Borrower and satisfactory to the Trust;

“Master Funding Agreement” means the Amended and Restated Master Funding Agreement dated as of December 3, 2014 among the Trust, the Department, the Secretary and the State Treasurer, as hereafter amended from time to time in accordance therewith;

“Opinion of Counsel” means an opinion signed by an attorney or firm of attorneys selected by the Trust (and who may be Bond Counsel or an attorney in the regular employment of the Trust or the Commonwealth) satisfactory to the Master Trustee;

“Origination Fees” means any fees, other than Administrative Fees, payable by a Borrower in accordance with the applicable Financing Agreement in consideration of, or in payment or reimbursement for, costs incurred by the Trust in connection with the origination of Loans and the issuance of Bonds to fund the same;

“Outstanding,” means, (i) with respect to any Bond issued hereunder, as of any particular date, all Bonds theretofore and thereupon being authenticated and delivered except (1) any Bond canceled by the Master Trustee, or proven to the satisfaction of the Master Trustee to have been canceled by the Trust or by any other Fiduciary at or before said date, (2) except as otherwise provided in Section 11.1 hereof, any Bond for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest, if any, to the maturity or redemption date, shall have theretofore been deposited with the Master Trustee in trust

(whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, of which notice of redemption shall have been given or provided for in accordance with ARTICLE IV, (3) any Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to this Trust Agreement; and (4) any Bond deemed to have been paid as provided in Section 11.1 and (ii) with respect to any Prior Bond, as defined in the applicable Prior Bond Resolution;

“Parity Hedge Agreement” shall have the meaning set forth in Section 2.11 hereof.

“Paying Agent” means initially the Master Trustee and any paying agent for Bonds appointed by or pursuant to Section 8.2, and any successor or successors thereto appointed pursuant to this Trust Agreement;

“Payment Default” as the context requires, means (i) any failure by a Borrower to pay when due all or any part of its Borrower Payment payable on the related Loan pursuant to the applicable Financing Agreement; (ii) any failure by the Commonwealth to pay to the Trust when due all or any part of a Contract Assistance Payment pursuant to the Commonwealth Assistance Contract and the applicable Contract Assistance Determination; (iii) any failure by an Investment Obligor to pay to the Trust when due all or any part of the earnings payable under any Investment Obligation; (iv) any failure by the Trust to pay the principal (including mandatory sinking fund installments) of, and interest and premium, if any, on any of the series of Bonds or Prior Bonds when due or to make any Scheduled Hedge Payments payable under a Parity Hedge Agreement or any Reimbursement Obligation secured on parity with the Bonds;

“Principal Office,” when used with respect to a Fiduciary, means the office where such Fiduciary maintains its principal office or, where different, its principal corporate trust office;

“Prior Bond Resolutions” means collectively, (i) the Trust’s Water Pollution Abatement Project Bond Resolution Pool Loan Program, Series 2 adopted May 11, 1995; (ii) the Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution Pool Program, Series 6 adopted October 19, 2000; (iii) the Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution Pool Program, Series 7 adopted June 27, 2001; (iv) the Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution Pool Program, Series 8 adopted October 30, 2002; (v) the Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution Pool Program, Series 9 adopted October 10, 2003; (vi) the Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution Pool Program, Series 2004A and Series 2004B adopted August 25, 2004; (vii) the Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution Pool Program, Series 10 adopted November 3, 2004; (viii) the Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution Pool Program, Series 11 adopted October 19, 2005; (ix) the Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution Pool Program, Series 12 and Series 2006 adopted November 22, 2006; (x) The Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution (Pool Program) Authorizing the Issuance of State Revolving Fund Bonds, Series 14 adopted March 5, 2009; (xi) Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution Pool Program, Series 2009A adopted July 30, 2009; (xii) the Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution (Pool Program) Authorizing the Issuance of State Revolving Fund Bonds, Series 15 and State Revolving Fund Refunding Bonds, Series 2010A adopted June 28, 2010; (xiii) the Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution (Pool Program) Authorizing the Issuance of State Revolving Fund Bonds, Series 16 and State Revolving Fund Refunding Bonds, Series 2012 adopted May 31, 2012; (xiv) the Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution (Pool Program) Authorizing the Issuance of State Revolving Fund Bonds, Series 17 adopted May 8, 2013; (xv) the Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution Pool Program, Series 2014 adopted May 7, 2014; (xvi) the Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution (New Bedford Program) adopted June 20, 1996; (xvii) the Trust’s Water Pollution Abatement Bond Resolution (MWRA Program) adopted March 4, 1993, as amended and supplemented through August 25, 2004, and (xviii) the Trust’s Water Pollution Abatement and Drinking Water Project Bond Resolution (SESD Loan Program) adopted October 20, 1994, each of (i)-(xviii) as amended and supplemented from time to time and pursuant to which the Trust issued Prior Bonds secured by the pledge thereunder and under the Program Resolution and (xix) any other bond resolution adopted by the Trust to provide for the refunding of Prior Bonds as permitted by the Program Resolution

“Prior Bond Revenues” means, except as otherwise provided in the applicable Prior Bond Resolution, (1) all Borrower Payments and all other receipts, fees, revenues and other payments, other than Administrative Fees, received or to be received by the Trust on account of the Prior Loans and the exercise of the Trust’s rights and remedies under or pursuant to the Financing Agreements applicable thereto, (2) all Contract Assistance Payments related to Prior Loans, (3) all Net Earnings (as defined in the Prior Bond Resolutions) received on investment or deposit of moneys held pursuant to the Prior Bond Resolutions, and paid or to be paid into the revenue funds held or created under the applicable Prior Bond Resolution, (4) any other receipts, fees, grants, appropriations, revenues and other payments received or to be received by the Trust and required by the terms of the Program Resolution or the Prior Bond Resolutions, as applicable, to be deposited in one or more of the Funds and Accounts maintained under or pursuant to the applicable Prior Bond Resolution; specifically excluding from the definition of Prior Bond Revenues, any amounts that are required to be transferred under the Prior Bond Resolutions to the Program Trustee for deposit in any account of the Pool Program Reserve Fund, Deficiency Fund or the Leveraged Bond Fund held under the Program Resolution;

“Prior Bonds” means, as of any date, all bonds then Outstanding of the Trust issued prior to the date hereof under the Prior Bond Resolutions and any bonds issued to refund Prior Bonds under a new bond resolution adopted in accordance with the Program Resolution;

“Prior Loans” means Loans which are held under, and subject to the lien of, the Prior Bond Resolutions or the Program Resolution, which relate to, or secure, Refunded Prior Bonds;

“Program” means the Clean Water Program or the Drinking Water Program, as the context requires, and, collectively, means both said Programs;

“Program Assets” means, for any period, (i) Program Revenues, (ii) all moneys transferred from the Program Trustee to the Master Trustee to be deposited in the Clean Water Equity Fund or the Drinking Water Equity Fund, and (iii) the balance of the Clean Water Equity Fund and Drinking Water Equity Fund at the time of calculation;

“Program Resolution” means the resolution adopted by the Trust on March 4, 1993, as amended through December 3, 2014 entitled “Amended and Restated Resolution Authorizing and Establishing a Water Pollution Abatement and Drinking Water Project Financing Program,” as the same may be further amended or supplemented from time to time in accordance with its terms;

“Program Revenues” means, for any period, (1) Borrower Payments to be received during such period, (2) all earnings received or to be received on investment or deposit of moneys in the Funds and Accounts held pursuant to this Trust Agreement and paid or to be paid into the Revenue Fund, (3) all Contract Assistance Payments paid to the Trust by the Commonwealth that are allocable to the Loans and (4) to the extent not already included in (1), (2) or (3), Prior Bond Revenues;

“Program Trustee” means the trustee appointed by or pursuant to Section 801 of the Program Resolution, and any successor or successors thereto appointed pursuant to the Program Resolution;

“Project” means a Clean Water Project or a Drinking Water Project, as the context requires, and with respect to the Tax-Exempt Bonds, which is also a “capital project” as defined in Treasury Regulations §1.148-1(b) (exclusive of related working capital expenditures);

“Qualified Hedge Agreement” shall mean an interest rate exchange, cap, floor or collar agreement between the Trust and a Hedge Provider based upon a notional amount, where either (a) the Hedge Provider, or the party guaranteeing the obligation of the Hedge Provider to make any payments due to the Trust, has unsecured long-term obligations rated, or the hedge agreement itself is rated, in each case as of the date the hedge agreement is entered into, by each Rating Agency then maintaining a rating on the Bonds Outstanding, in one of the two highest Rating Categories of such Rating Agency or (b) the Trust received a Rating Confirmation with respect to such hedge agreement prior to entering into such hedge agreement; provided that with respect to Prior Bonds, it shall have the meaning set forth in the applicable Prior Bond Resolution;

“Qualified Hedge Payments” shall mean, collectively, all Scheduled Hedge Payments and all Termination Hedge Payments payable by the Trust or a Hedge Provider, as the case may be, under a Qualified Hedge Agreement;

“Rating Agency” means a nationally recognized credit rating agency that has assigned and currently maintains a rating on any Bonds Outstanding at the request of the Trust, and any successor to any such agency by merger, conversion, consolidation or otherwise;

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

“Rating Confirmation,” with respect to any action taken or to be taken hereunder, shall mean a letter (or other evidence satisfactory to the Master Trustee) from a Rating Agency to the effect that it will not lower, suspend or otherwise adversely affect any underlying rating then maintained on any Bonds Outstanding, without regards to any Credit Enhancement, as a result of such action;

“Rebate Computation Date” means any date that the arbitrage rebate liability and yield restriction liability with respect to a Tax-Exempt Bond is computed;

“Rebate Installment Computation Date” means any date that the arbitrage rebate liability and yield restriction liability with respect to a Tax-Exempt Bond is computed and if a liability has accrued, an arbitrage rebate payment and/or a yield reduction payment with respect to the applicable Tax-Exempt Bonds is due within 60 days of such Rebate Installment Computation Date;

“Rebate Provision” means Section 148(f) of the Code and, to the extent applicable to a Series of Tax-Exempt Bonds, Treasury Regulation §1.148-5(c);

“Rebate Requirement” means an amount equal to (i) the cumulative sum calculated and determined from time to time in accordance with the requirements of the Rebate Provision that must be paid to the United States pursuant to Section 5.15 hereof, less (ii) the aggregate amount of any payments made to the United States pursuant to the Rebate Provision in accordance with Section 5.15(D) hereof;

“Redemption Price,” when used with respect to a Bond or portion thereof, shall have the meaning set forth in the applicable Supplemental Trust Agreement;

“Refunded Prior Bonds” means all or any portion of Prior Bonds that have been refunded with proceeds of Bonds issued under the Master Trust Agreement;

“Refunding Bonds” means Bonds of the Trust issued pursuant to Section 2.7 hereof;

“Refunding Prior Bonds” means all or any portion of Prior Bonds that refunded or will refund other Prior Bonds;

“Refunding Prior Resolution” means collectively or individually as the context requires, any of the Prior Bond Resolutions pursuant to which Refunding Prior Bonds were or are issued;

“Regulatory Agreement” means an agreement between the Department and a Borrower pertaining to the acquisition, construction, operation and carrying out of a Project financed in whole or in part from the proceeds of a Loan;

“Registered Owner” or “Owner,” when used with reference to any Series of Bonds, shall mean the registered owner of the Bonds as shown on the registration books of the Trust held by the Master Trustee;

“Reimbursement Obligation” has the meaning ascribed to such term in Section 2.10(B);

“Representation Letter” means the letter from the Trust to the Depository Trust Company dated January 6, 2015;

“Revenues” means (1) all Borrower Payments, (2) all earnings received or to be received on investment or deposit of moneys in the Funds and Accounts held pursuant to this Trust Agreement and paid or to be paid into the Revenue Fund, (3) all Contract Assistance Payments paid to the Trust by the Commonwealth which are allocable to the Loans, and (4) any other receipts, fees, grants, appropriations, revenues and other payments received or to be received by the Trust and required by the terms of this Trust Agreement to be deposited in one or more of the Funds and Accounts maintained under or pursuant to this Trust Agreement;

“Scheduled Hedge Payments” except as otherwise provided in the applicable Supplemental Trust Agreement, shall mean the scheduled, periodic payments to be made by the Trust or a Hedge Provider, as the case may be, under a Qualified Hedge Agreement with respect to a notional amount.

“Secretary” means the Secretary of the Executive Office for Administration and Finance of the Commonwealth;

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

“Series Debt Service Reserve Fund Requirement” shall mean, the amount, if any, required to be deposited in the Senior Debt Service Reserve Fund or the Subordinate Debt Service Reserve Fund pursuant to a Supplemental Trust Agreement;

“Sinking Fund Payment” means the amount of moneys designated as such to be paid by the Trust toward the retirement of any particular Bonds at or prior to their respective stated maturities in accordance with the applicable Supplemental Trust Agreement;

“State Treasurer” means the Treasurer and Receiver-General of the Commonwealth;

“Supplemental Trust Agreement” means any trust agreement of the Trust amending or supplementing this Trust Agreement adopted and becoming effective in accordance with the terms of ARTICLE IX;

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

“Termination Hedge Payments,” except as otherwise provided in an applicable Supplement Trust Agreement, shall mean all payments, other than Scheduled Hedge Payments, to be made by the Trust or a Hedge Provider, as the case may be, under a Qualified Hedge Agreement;

“Title 5 Project” means a community septic management loan program, constituting a Clean Water Project, to assist eligible homeowners to upgrade failing septic systems and otherwise to comply with the requirements of 310 CMR 15.000 et seq. through underlying betterment agreements with such homeowners;

“Transfer Requisition” shall have the meaning given such term in the Commonwealth Assistance Contract.

“Trust” means the Massachusetts Clean Water Trust, formerly known as the Massachusetts Water Pollution Abatement Trust, an instrumentality of the Commonwealth organized and existing under the Act, or any body, agency, political subdivision, officer or other instrumentality of the Commonwealth which shall hereafter succeed to the powers, duties and functions of the Trust;

“Trust Estate” has the meaning ascribed to such term in Section 5.1;

“Variable Rate Hedge Agreement” shall mean a Qualified Hedge Agreement requiring the Trust to pay a variable interest rate on a notional amount; and

“Yield” means the yield on any Series of Tax-Exempt Bonds or the yield on any investment under this Trust Agreement, as applicable, calculated as required by Treasury Regulations §§1.148-4 and 1.148-5.

(B) As used in this Trust Agreement, unless a different meaning clearly appears from the context, the terms “drinking water project,” “eligible borrower,” “loan agreement,” “local governmental unit,” and “water pollution abatement project” shall have the meaning set forth in the Act.

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

## **ARTICLE II AUTHORIZATION AND ISSUANCE OF BONDS**

Section 2.1. Authority for Trust Agreement. This Trust Agreement has been executed and delivered pursuant to and in accordance with the Act, the Clean Water Act, the Drinking Water Act and all regulations related thereto.

Section 2.2. Trust Agreement to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall own the same from time to time, this Trust Agreement shall constitute a contract between the Trust, the Fiduciaries and the Registered Owners from time to time of the Bonds, and the pledge made in this Trust Agreement and the covenants and agreements therein set forth to be performed by or on behalf of the Trust shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as otherwise expressly provided in or permitted by this Trust Agreement.

Section 2.3. Authorization of the Bonds.

(A) For the purposes provided herein, Bonds of the Trust are hereby authorized to be issued from time to time in one or more Series without limitation as to amount except as provided in this Trust Agreement or as may be limited by law. All such Bonds shall be entitled “State Revolving Fund Bonds” and may be further designated either as “Senior” or as “Subordinate” and may also be further designated as set forth in the applicable Supplemental Resolution. The Bonds may, if and when authorized by the Trust pursuant to one or more Supplemental Trust Agreements, be issued in one or more Series, and the designation thereof may include such further or alternate appropriate designations added to or incorporated in such title for the Bonds of any particular Series as the Trust may determine. The Bonds shall not be general obligations of the Trust or a pledge of its full faith and credit, but shall be special obligations of the Trust secured solely as provided herein and payable solely from the funds, amounts and other rights and property available and pledged to such payments pursuant to Section 5.1 of this Trust Agreement and the applicable Supplemental Trust Agreement. The Bonds may be issued as Fixed Rate Bonds, Variable Rate Bonds, Tender Bonds, Capital Appreciation Bonds, Deferred Income Bonds or Discount Bonds or any combination thereof in accordance with applicable provisions set forth below and the applicable Supplemental Trust Agreement.

(B) The Trust may issue Bonds (“Fixed Rate Bonds”) hereunder which bear a fixed rate or rates of interest during the term thereof. The applicable Supplemental Trust Agreement shall specify the rate or rates of interest borne by such Fixed Rate Bonds and the Debt Service Payment Dates thereof.

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

(1) the method or methods for determining the interest rate borne by such Variable Rate Bonds and the frequency of change thereof;

(2) the maximum interest rate (the “Variable Rate Ceiling”) payable on such Variable Rate Bonds during the term thereof; and

(3) if deemed desirable by the Trust, provisions with respect to the conversion of such Variable Rate Bonds to Fixed Rate Bonds.

The method or methods for determining the interest rate on Variable Rate Bonds pursuant to (1) above may include the selection of such rate by an indexing agent as provided in an agreement between the Trust and such agent, the utilization of an index or indices as described in the applicable Supplemental Trust Agreement, or such other standard or standards set forth by the Trust in the applicable Supplemental Trust Agreement or any combination of the foregoing.

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

(D) The Trust may provide that any Series of Bonds may include an option exercisable by the Owners thereof to have such Bonds (“Tender Bonds”) either repurchased or redeemed prior to the maturity thereof. The Trust shall provide the Master Trustee and each Rating Agency prior written notice of the Trust’s intention to issue any Tender Bonds hereunder. The applicable Supplemental Trust Agreement shall specify:

(1) the period or periods during which and the circumstances under which such option may be exercised, including provisions for the variation of such periods;

(2) provisions, as the Trust shall deem desirable, with respect to the repurchase of such Bonds and the remarketing thereof, including provisions with respect to the appointment of the remarketing agent therefor; and

(3) provisions, as the Trust shall deem desirable, for the adjustment of the interest rate or maturity of such Tender Bonds upon the exercise of any such option.

Any Tender Bonds which shall have been repurchased pursuant to any remarketing agreement and not otherwise redeemed by the Trust shall continue to be Outstanding Bonds hereunder. To the extent provided in the applicable Supplemental Trust Agreement, Tender Bonds issued hereunder may be secured by a Liquidity Facility providing for the repurchase or payment of any tender price of Tender Bonds which have not been remarketed upon tender of such Tender Bonds and any accrued and unpaid interest due on such Tender Bonds upon the tender date thereof.

(E) The Trust may issue Bonds (“Capital Appreciation Bonds”) which provide for the addition of accrued and unpaid interest to the principal due thereon upon such terms with respect thereto determined by an applicable Supplemental Trust Agreement. The applicable Supplemental Trust Agreement shall specify interest rate or rates for such Capital Appreciation Bonds, the accreted values of any such Capital Appreciation Bonds and the date of payments and accretion.

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

Supplemental Trust Agreement, for the purposes hereof such terms with respect to such Discount Bonds shall have the meaning given in such applicable Supplemental Trust Agreement.

Section 2.4. General Provisions for Issuance of Bonds.

- (A) Bonds of any Series shall be authorized by a Supplemental Trust Agreement which shall specify:
- (1) the authorized principal amount, designation, manner of numbering and lettering and Series of such Bonds;
  - (2) the provisions of Section 2.3(B), (C), (D), (E) and/or (F) applicable to such Series of Bonds;
  - (3) the purpose for which such Bonds are being issued, which shall be one or more of the purposes specified in Sections 2.5, 2.6 or 2.7;
  - (4) the date of such Bonds and the Debt Service Payment Dates thereof;
  - (5) the Redemption Price or Prices and the time or times and other terms of redemption, if any, of any of such Bonds;
  - (6) the amount and date of each Sinking Fund Payment, if any, required to be paid for the retirement of any of such Bonds of like maturity, expressed as an amount payable on a Debt Service Payment Date of such Bonds sufficient to redeem or pay at the applicable Redemption Price thereof on said date a specified principal amount of the Bonds of said maturity;
  - (7) the Series Debt Service Reserve Fund Requirement, if any;
  - (8) the manner in which the proceeds of such Bonds are to be applied, including the Borrowers and Loans to be funded with Bond proceeds;
  - (9) if so determined by the Trust, provisions for sale of such Bonds;
  - (10) the form of such Bonds or the manner of determining the same;
  - (11) specification of record dates or provisions with respect thereto for purposes of determining the Registered Owners to whom interest shall be paid; and
  - (12) any other provisions deemed advisable by the Trust not in conflict with this Trust Agreement.
- (B) Each applicable Supplemental Trust Agreement shall provide for principal installments sufficient to retire all Bonds of the Series authorized not later than the last maturity date of such Series.
- (C) The Bonds of each Series shall be executed by the Trust and delivered to the Master Trustee for authentication and delivery by the Master Trustee to or upon the order of the Trust, but only upon receipt by the Master Trustee of:

- (1) A Bond Counsel's opinion addressed to the Master Trustee (or a letter of reliance thereon) to the effect that (a) the Trust has the right and power to enter into this Trust Agreement and the applicable Supplemental Trust Agreement and each has been duly and lawfully executed on behalf of the Trust; (b) this Trust Agreement and the applicable Supplemental Trust Agreement are in full force and effect and are valid and binding upon the Trust and enforceable in accordance with their terms, and no other authorization for this Trust Agreement and the applicable Supplemental Trust Agreement is required; (c) this Trust Agreement creates the valid pledge which it purports to create of the Trust Estate



in the manner and to the extent provided herein and the applicable Supplemental Trust Agreement; and (d) the Bonds of such Series are valid and binding special obligations of the Trust, enforceable in accordance with their terms and the terms of this Trust Agreement and the applicable Supplemental Trust Agreement, provided that such opinion of Bond Counsel may take an exception on account of the laws of bankruptcy and insolvency and of other laws affecting creditors' rights generally and to the exercise of judicial discretion in accordance with general equitable principles.

(2) A written order of an Authorized Officer as to the authentication and delivery of such Bonds;

(3) This Trust Agreement and the applicable Supplemental Trust Agreement executed by an Authorized Officer on behalf of the Trust and the Master Trustee;

(4) The instruments or agreements evidencing or representing any Credit Enhancement or Liquidity Facility required by the applicable Supplemental Trust Agreement; and

(5) Such further documents and moneys as are required by Sections 2.5, 2.6, 2.7 or Article IX or by the applicable Supplemental Trust Agreement.

Section 2.5. Authorization and Conditions Precedent to Delivery of the Initial Bonds.

(A) Bonds of a Series (the "Initial Bonds") are hereby authorized for such purposes, consistent with this Trust Agreement, as may be specified in the applicable Supplemental Trust Agreement. The Initial Bonds shall be in all respects as described in said Supplemental Trust Agreement.

(B) The Initial Bonds shall be executed by the Trust and delivered to the Master Trustee and by it authenticated and delivered to or upon the order of an Authorized Officer, but only upon receipt by the Master Trustee of:

(1) the documents, moneys and opinions required by Section 2.4(C);

(2) A certificate of an Authorized Officer of the Trust stating that a fully executed copy of this Trust Agreement has been filed in the records of the Trust.

Section 2.6. Conditions Precedent to the Delivery of Additional Bonds.

(A) One or more Series of Additional Bonds may be issued in accordance with this Section for any purpose of the Trust, including without limitation funding Projects or financing Loans under the Clean Water Program or Drinking Water Program contemplated by the Act, making deposits to one or more Funds, paying Costs of Issuance or refunding Outstanding Bonds, Prior Bonds or other obligations of the Trust.

(B) A Series of Additional Bonds shall be executed by the Trust and delivered to the Master Trustee and by it authenticated and delivered to or upon the order of an Authorized Officer, but only upon receipt by the Master Trustee of:

(1) The documents, moneys and opinions required by Section 2.4(C);

(2) A certificate of an Authorized Officer stating that, as of the delivery of such Additional Bonds and application of their proceeds, no Event of Default, as described in Section 7.1, will have happened and will then be continuing and no outstanding Reimbursement Obligations or Scheduled Hedge Payments will then be due and unpaid (unless the providers of the Credit Enhancement or Liquidity Facility to which such Reimbursement Obligations pertain or the Hedge Provider have consented to the issuance of such Additional Bonds);

(3) An amount of cash, Investment Obligations or other moneys, including proceeds of Bonds, such that following the issuance of such Series of Bonds and application of their proceeds, the amount on

deposit in the Senior Debt Service Reserve Fund or Subordinate Debt Service Reserve Fund, if any, shall at least equal the applicable Series Debt Service Reserve Fund Requirement, if any;

(4) If the Additional Bonds are to be issued as Senior Bonds, a certificate of an Authorized Officer of the Trust showing that the projected Program Revenues for the current and each future Fiscal Year is not projected to be less than 105% of the sum of (i) Aggregate Debt Service on Senior Bonds, (ii) Scheduled Hedge Payments under Parity Hedge Agreements and (iii) Reimbursement Obligations secured on a parity with the Senior Bonds for the then current and future Fiscal Year with respect to all Senior Bonds Outstanding including the proposed Additional Senior Bonds.

(5) If the Additional Bonds are to be issued as Subordinate Bonds, a certificate of an Authorized Officer of the Trust showing that the Program Revenues for the current and each future Fiscal Year is projected to be not less than 100% of the sum of (i) Aggregate Debt Service on Subordinate Bonds, (ii) Scheduled Hedge Payments under Parity Hedge Agreements and (iii) Reimbursement Obligations secured on a parity with the Subordinate Bonds in the then current or any future Fiscal Year with respect to all Bonds Outstanding including the proposed Additional Subordinate Bonds.

(6) If applicable, the certificate of an Authorized Officer required by Section 2.11(C).

Section 2.7. Special Conditions Precedent to the Delivery of Refunding Bonds.

(A) One or more Series of Refunding Bonds may be issued in accordance with this Section for the purpose of refunding all or any part of the Bonds of one or more Series Outstanding or all or any part of any Series of Prior Bonds.

(B) A Series of Refunding Bonds shall be executed by the Trust and delivered to the Master Trustee and by it authenticated and delivered to or upon the order of an Authorized Officer, but only upon receipt by the Master Trustee of:

(1) The documents, moneys and opinions required by Section 2.4;

(2) A certificate of an Authorized Officer stating that, as of the delivery of such Refunding Bonds and application of their proceeds, (a) no Event of Default as described in Section 7.1 will have happened and will then be continuing, and (b) the amount on deposit in the Senior Debt Service Reserve Account or Subordinate Debt Service Reserve Account applicable to such Refunding Bonds, if any, is at least equal to the applicable Series Debt Service Reserve Fund Requirement, if any;

(3) A certificate of an Authorized Officer setting forth the Aggregate Debt Service for each Fiscal Year in which Bonds are or will be Outstanding (a) computed immediately prior to the delivery of such Refunding Bonds and (b) computed immediately after the delivery of such Refunding Bonds, and showing either that (x) the Aggregate Debt Service in each Fiscal Year in which Bonds will be Outstanding as computed in (b) of this paragraph will not be greater than the Aggregate Debt Service in each such Fiscal Year as computed in (a) of this paragraph or (y) the maximum annual Aggregate Debt Service for all such Fiscal Years as computed in (b) of this paragraph will not be greater than the maximum annual Aggregate Debt Service for all such Fiscal Years as computed in (a) of this paragraph, provided that, in lieu of such certificate, the Authorized Officer may deliver to the Master Trustee either (A) a certificate satisfying the conditions of Section 2.6(B)(4) treating the Refunding Bonds to be issued as Additional Senior Bonds thereunder (if such Refunding Bonds are being issued as Senior Bonds), or (B) a certificate satisfying the conditions of Section 2.6(B)(5) treating the Refunding Bonds to be issued as Additional Subordinate Bonds thereunder (if such Refunding Bonds are being issued as Subordinate Bonds), or (C) a Rating Confirmation; provided that if Refunding Bonds are being issued to refund Prior Bonds, Aggregate Debt Service for purposes of clause (a) shall include Debt Service on the Prior Bonds.

(4) A certificate of an Authorized Officer specifying the Bonds to be refunded and designating the Refunding Bonds as either Senior Bonds or Subordinate Bonds;

(5) If any Bonds are to be redeemed prior to maturity, irrevocable instructions to the Master Trustee, or the bond trustee under the applicable Prior Bond Resolution, satisfactory to it, to give due notice of redemption of the Bonds or Prior Bonds to be redeemed on a redemption date specified in the instructions;

(6) If the Bonds or Prior Bonds to be refunded are not by their terms due to mature or subject to redemption within the next succeeding 60 days, irrevocable instructions to the Master Trustee or the trustee under the applicable Prior Bond Resolution, satisfactory to it, to give due notice as provided in this Trust Agreement or the applicable Prior Bond Resolution;

(7) An amount of money or Defeasance Obligations sufficient pursuant to effect payment at maturity or redemption of the Bonds or Prior Bonds to be refunded pursuant to this Trust Agreement or the applicable Prior Bond Resolution;

(8) If applicable, the certificate of an Authorized Officer required by Section 2.11(C).

Section 2.8. Bond Anticipation Notes. Whenever the Trust shall authorize the issuance of a Series of Bonds, the Trust may by this Trust Agreement, to the extent authorized by the Act or any other law, issue notes (and renewals thereof) in anticipation of such Series. The principal of and interest on notes authorized hereunder and renewals thereof shall be payable from any moneys of the Trust lawfully available therefor, from the proceeds of such notes or from the proceeds of the sale of the Series of Bonds in anticipation of which such notes are issued. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such notes. Notes issued in anticipation of a Series of Senior Bonds may be paid from the proceeds of the sale of a Series of Subordinate Bonds, if the Trust so determines, and the proceeds of such Subordinate Bonds may be pledged for the payment of the principal of and interest on such notes. The Trust may also pledge the Trust Estate to the payment of bond anticipation notes to the extent and in the manner provided in Section 2.9(B), provided that prior to the issuance of any notes secured by such a pledge, the Trust shall (i) certify to the Master Trustee that it reasonably expects that all applicable requirements of this Article II pertaining to the issuance of the Series of Bonds in anticipation of which such notes are to be issued can be satisfied or (ii) deliver a Rating Confirmation to the Master Trustee. For purposes of satisfying the requirements of Section 2.6(B)(4) or (5) and determining the annual amount payable in respect of the Bonds intended to secure the bond anticipation notes, such Bonds shall be treated on the date of calculation as if (i) from the date of issuance thereof, the Trust will be required to pay equal installments of Debt Service on such Bonds over a period extending from the due date thereof through the 30<sup>th</sup> anniversary of the issue date of such Bonds and (ii) interest will accrue at a rate equal to the rate as specified in the Supplemental Trust Agreement prepared for such bond anticipation notes, payable semi-annually.

Section 2.9. Creation of Liens: Other Indebtedness.

(A) Except as otherwise expressly provided herein, the Trust shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, or enter into any Qualified Hedge Agreement, secured by a pledge of or other lien on the Trust Estate held or set aside by the Trust or by the Master Trustee under this Trust Agreement, and shall not otherwise create or cause to be created any lien or charge on such Trust Estate.

(B) Notwithstanding anything herein to the contrary the Trust may at any time or from time to time issue notes or other evidences of indebtedness (and renewals thereof) in anticipation of Bonds to the extent and in the manner provided in Section 2.8, which notes, if so determined by the Trust and to the extent permitted by law, may be payable out of, or secured by a pledge of, the Trust Estate, provided that such payment or pledge shall in all respects be subordinate to the provisions of this Trust Agreement and the pledge created hereby for the benefit of the related Senior Bonds Outstanding hereunder or Subordinate Bonds Outstanding hereunder, as applicable.

(C) The Trust may issue bonds (other than Additional Bonds or Refunding Bonds), notes or other evidences of indebtedness, and may enter into Qualified Hedge Agreements, which are payable out of, or secured by a pledge of, the Trust Estate, provided that such payment or pledge, except as provided in Section 2.10 and Section 2.11 hereof, shall in all respects be subordinate to the provisions of this Trust Agreement and the pledge created hereby for the benefit of the Senior Bonds and Subordinate Bonds Outstanding hereunder.

(D) Nothing in this Section or this Trust Agreement shall prevent the Trust from issuing bonds, notes or other evidences of indebtedness or entering into any Qualified Hedge Agreement, which are payable out of, or secured by a pledge of, the Trust Estate to be derived on and after such date as the pledge of the Trust Estate created by this Trust Agreement has been discharged as provided in Section 11.1 or moneys which have been released from the lien and pledge hereof pursuant to Section 6.3 hereof.

Section 2.10. Credit Enhancement/Liquidity Facilities.

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

(1) the payment of fees, charges and expenses of the issuer in connection with such Credit Enhancement or Liquidity Facility which fees, charges and expenses may be Costs of Issuance or Administrative Expenses; and

(2) the terms and conditions of such Credit Enhancement or Liquidity Facility and the Series of Bonds affected thereby.

(B) The Trust may secure any Credit Enhancement or Liquidity Facility pertaining to a Series of Bonds secured thereby by an agreement providing for the purchase of such Bonds with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified in the applicable Supplemental Trust Agreement. The Trust may also agree with the issuer of any Credit Enhancement or Liquidity Facility to reimburse such issuer from amounts held hereunder or otherwise legally available to the Trust for amounts paid under the terms of such Credit Enhancement or Liquidity Facility together with interest thereon (herein referred to as a "Reimbursement Obligation"). Any Reimbursement Obligation may be secured by a lien on the Trust Estate on a parity with the lien created hereby for the benefit of the related Series of Senior Bonds Outstanding or Subordinate Bonds Outstanding, as applicable, hereunder and, to the extent provided in Section 2.11 hereof, for the benefit of the Hedge Provider of any Parity Hedge Agreement hereunder, subject only to the provisions of this Trust Agreement permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth herein and in the applicable Supplemental Trust Agreement. To the extent provided in the applicable Supplemental Trust Agreement, upon the payment of amounts under any Credit Enhancement which is secured by a lien on the Trust Estate on a parity with the lien created hereby for the related Series of Senior Bonds or Subordinate Bonds, any Reimbursement Obligation arising therefrom may be deemed a Senior Bond Outstanding or Subordinate Bond Outstanding, hereunder, as applicable, or, in the case of any Reimbursement Obligation arising from Credit Enhancement on any Parity Hedge Agreement, a Scheduled Hedge Payments thereon payable in either case from the Senior Debt Service Fund on a parity with the Senior Bonds or the Subordinate Debt Service Fund on a parity with the Subordinate Bonds.

Section 2.11. Qualified Hedge Agreements.

(A) The Trust may from time to time enter into Qualified Hedge Agreements with a Hedge Provider with respect to all or a portion of the Bonds of any Series Outstanding hereunder. Prior to the effective date of any Qualified Hedge Agreement, the Trust shall deliver to the Master Trustee the following:

(1) A fully executed copy of the Qualified Hedge Agreement, together with a certificate of an Authorized Officer stating that such agreement and the Hedge Provider meet the requirements of a Qualified Hedge Agreement and Hedge Provider hereunder; and

(2) A certificate of an Authorized Officer designating the Series of Senior Bonds or Subordinate Bonds or portions thereof subject to the Qualified Hedge Agreement.

(B) To the extent provided in a Supplemental Trust Agreement, the obligations of the Trust under a Qualified Hedge Agreement (herein referred to as a “Parity Hedge Agreement”) to make all or any portion of the Scheduled Hedge Payments required to be made by the Trust thereunder may be secured by a pledge of the Trust Estate on a parity with the pledge thereof created hereunder for the benefit of the Owners of the related Series of Senior Bonds or Subordinate Bonds. Except as otherwise provided in the applicable Supplemental Trust Agreement, if such Parity Hedge Agreement is entered into with respect to Senior Bonds, all Scheduled Hedge Payments to be made by the Trust under any Parity Hedge Agreement shall be payable from amounts deposited in the Senior Debt Service Fund as provided in Section 5.6 hereof on a parity with all other payments therefrom with respect to the Senior Bonds or, if the Parity Hedge Agreement is entered into with respect to Subordinate Bonds, the Subordinate Debt Service Fund as provided in Section 5.7 hereof on a parity with all other payments therefrom with respect to the Subordinate Bonds. The obligations of the Trust to make all or any portion of any Termination Hedge Payments under any Parity Hedge Agreement, and the obligation of the Trust to make any Qualified Hedge Payments under any other Qualified Hedge Agreement, may be secured by a pledge of the Trust Estate, provided that such pledge shall in all respects be subordinate to the pledge created hereby for the benefit of the related Senior Bonds or Subordinate Bonds Outstanding hereunder.

(C) Upon the issuance of any Variable Rate Bonds hereunder which are subject to a Fixed Rate Hedge Agreement, an Authorized Officer shall deliver to the Master Trustee a certificate setting forth the fixed interest rate (the “Fixed Hedge Rate”) payable by the Trust during the term of such Fixed Rate Hedge Agreement on a notional amount of such Variable Rate Bonds.

(D) Upon the issuance of any Fixed Rate Bonds hereunder which are subject to a Variable Rate Qualified Hedge Agreement, an Authorized Officer shall deliver to the Master Trustee a certificate setting forth the interest rate (the “Assumed Hedge Rate”) which such Authorized Officer reasonably determines will be the average interest rate which will be payable during the term of such Variable Rate Hedge Agreement then in effect on a notional amount of such Fixed Rate Bonds.

### **ARTICLE III GENERAL TERMS AND PROVISIONS OF BONDS**

#### **Section 3.1. Place and Medium of Payment: Form and Date.**

(A) The Bonds of each Series shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts at the designated corporate trust office of the Master Trustee, as paying agent for the Bonds, or as is otherwise specified in the applicable Supplemental Trust Agreement. The interest on any Bonds may be paid by check, draft or wire transfer as specified in the applicable Supplemental Trust Agreement. The Trust may make provisions in the applicable Supplemental Trust Agreement with respect to record dates for purposes of determining Registered Owners for purposes of paying interest on any Bond.

(B) The Bonds of each Series shall be issued in the form of fully registered bonds without coupons, payable to a named person or registered assigns, in the denomination of \$5,000 or any whole multiple thereof, or as set forth in the applicable Supplemental Trust Agreement. The Trust may provide in an applicable Supplemental Trust Agreement for the issuance of the Bonds so authorized in book-entry form or in different denominations upon the terms and conditions as set forth therein together with such modifications to this Trust Agreement as are necessary and appropriate for such Series of Bonds.

(C) Except as otherwise provided in the applicable Supplemental Trust Agreement, the Bonds of each Series shall be dated as of the Debt Service Payment Date for the Bonds of such Series next preceding the date of authentication thereof by the Master Trustee, unless such date of authentication shall be a Debt Service Payment Date, in which case they shall be dated as of such date of authentication, provided, however, that if, as shown by the records of the Master Trustee, interest on the Bonds of any Series shall be in default, the Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange may be dated as of the date to which interest has been paid in full on the Bonds surrendered and provided, further, that if the date of authentication shall be on or prior to the first record date for the first Debt Service Payment Date for the Bonds of such Series, or if the date of authentication is after a record date and before the succeeding Debt Service Payment Date, Bonds shall be dated as provided in the

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

Section 3.2. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Trust Agreement as may be necessary or desirable to comply with custom, the rules of any securities exchange, commission or board or brokerage board, or otherwise, as may be determined by the Trust prior to the authentication and delivery thereof.

Section 3.3. Execution and Authentication.

(A) The Bonds shall be executed in the name of the Trust by the manual or facsimile signature of the Executive Director or other Authorized Officer of the Trust, and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or facsimile signature of an Authorized Officer. In case any one or more of the officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been actually authenticated and delivered by the Master Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the Trust by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office at the Trust, although at the date of the Bonds of such Series such persons may not have been so authorized or have held such office.

(B) The Bonds of each Series shall bear thereon a certificate of authentication, in substantially the following form, executed manually by the Master Trustee. Only such Bonds as bear such certificate of authentication shall be entitled to any right or benefit under this Trust Agreement and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Master Trustee. Such certificate of the Master Trustee upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Trust Agreement and the Registered Owner thereof is entitled to the benefits of this Trust Agreement:

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the Massachusetts Clean Water Trust described in the Trust Agreement and in the Supplemental Trust Agreement defined in this bond.

\_\_\_\_\_, as Master Trustee

Date of Authentication:

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory

Section 3.4. Interchangeability of Bonds. Except as otherwise provided in the applicable Supplemental Trust Agreement, Bonds, upon surrender thereof at the principal corporate trust office of the Master Trustee, or, when authorized by the applicable Supplemental Trust Agreement, any Paying Agent or other tender agent specified therein, with a written instrument of transfer satisfactory to the Master Trustee or such Paying Agent or tender agent, duly executed by the Registered Owner or its duly authorized attorney may, at the option of the Registered Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity, interest rate, if any, and tenor of any other authorized denomination.

Section 3.5. Negotiability, Transfer, and Registry. All the Bonds issued under this Trust Agreement shall be negotiable, subject to the provisions for registration and transfer contained in this Trust Agreement or the applicable Supplemental Trust Agreement and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Trust shall maintain and keep, at the designated corporate trust office of the Master Trustee, who shall be registrar for the Bonds, books for the registration and transfer of the Bonds; and upon presentation thereof for such purpose at said office, the Trust shall register or cause to be registered therein, and permit to be transferred thereon,

under such reasonable regulations as it or the Master Trustee may prescribe, any Bond entitled to registration or transfer. In the applicable Supplemental Trust Agreement, the Trust may appoint one or more of the Paying Agents for a Series of Bonds as an alternate registrar or as co registrar for such Series under such terms and conditions as may be provided therein and in the applicable Supplemental Trust Agreement.

Section 3.6. Transfer of Bonds.

(A) Each Bond shall be transferable only upon the registration books of the Trust kept by the Master Trustee, by the Registered Owner thereof in person or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Master Trustee duly executed by the Registered Owner or its duly authorized attorney. Upon the transfer of any such Bond the Trust shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity and tenor as the surrendered Bond.

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

Section 3.7. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Trust shall execute and the Master Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Trust Agreement. All Bonds surrendered in any such exchange or transfer shall forthwith be cancelled by the Master Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Trust or the Master Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Trust nor the Master Trustee shall be obligated to make any such exchange or transfer (a) of Bonds of any Series during the 20 days next preceding an interest or principal payment date of the Bonds of such Series or (b) in the case of any proposed redemption of Bonds under this Trust Agreement, of Bonds of any Series selected, called or being called for redemption under this Trust Agreement in whole or in part.

Section 3.8. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Trust shall execute, and thereupon the Master Trustee shall authenticate and deliver, a new Bond of like Series, maturity, principal amount and tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of a substitution for the Bond destroyed, stolen or lost, upon filing with the Master Trustee evidence satisfactory to the Trust and the Master Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Trust and the Master Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Trust and the Master Trustee may prescribe and paying such expenses as the Trust and the Master Trustee may incur including the expenses, if any, of printing and delivering such new Bond. All Bonds so surrendered to the Master Trustee shall be cancelled by it.

Section 3.9. Preparation of Definitive Bonds; Interim Receipts and Temporary Bonds. Until the definitive Bonds of any Series are prepared, the Trust may execute and, upon the direction of the Trust, the Master Trustee shall authenticate and deliver, in lieu of definitive Bonds, one or more interim receipts, or one or more temporary Bonds, substantially of the tenor of such definitive Bonds (but with such registration provisions as the Trust may provide) and with such omissions, insertions and variations as may be appropriate for temporary Bonds. The Trust at its own expense shall prepare and execute and, upon the surrender at the office of the Master Trustee of such interim receipts and of such temporary Bonds for exchange and cancellation, the Master Trustee shall authenticate and, without charge to the Registered Owner thereof, deliver in exchange therefor, definitive Bonds, of the same aggregate principal amount and Series, maturity and tenor as the interim receipts or temporary Bonds surrendered. Until so exchanged, the interim receipts and temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Trust Agreement. All

interim receipts and all temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Master Trustee.

Section 3.10. Cancellation of Bonds. Except as otherwise provided in Section 4.6 hereof, all Bonds redeemed or paid by the Trust shall be cancelled by it and delivered to the Master Trustee and all Bonds purchased, redeemed or paid by the Master Trustee shall be cancelled by it. No such Bonds shall be deemed Outstanding under this Trust Agreement and no Bonds shall be issued in lieu thereof. All such Bonds and all other Bonds cancelled by the Master Trustee pursuant to this Trust Agreement shall upon order of an Authorized Officer be destroyed by the Master Trustee in accordance with applicable law and regulations and the Master Trustee's policies and procedures, and a certificate thereof delivered to the Trust.

#### **ARTICLE IV REDEMPTION OF BONDS**

Section 4.1. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to a Supplemental Trust Agreement shall be redeemable, upon notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms (in addition to and consistent with the terms contained in this Article IV) as may be specified in the applicable Supplemental Trust Agreement.

Section 4.2. Redemption at the Election of the Trust. In the case of any redemption of Bonds otherwise than as provided in Section 4.3, an Authorized Officer shall give written notice to the Master Trustee of the Trust's election so to redeem, and of the redemption date, of the Series and of the principal amounts or Sinking Fund Payments of the Bonds of each maturity of such Series to be redeemed (which Series, maturities, principal amounts and Sinking Fund Payments shall be determined by the Trust in its sole discretion, subject to any limitations with respect thereto contained in any applicable Supplemental Trust Agreement). Such notice shall be given to the Master Trustee at least 35 days prior to the redemption date and as provided in this Article IV or as provided in the applicable Supplemental Trust Agreement. In the event notice of redemption shall have been given as in Section 4.5 provided, the Master Trustee shall, on or before the redemption date, pay out of the moneys available therefor an amount in cash which will be sufficient to redeem on the redemption date, at the Redemption Price thereof, all of the Bonds to be redeemed.

Section 4.3. Redemption Otherwise Than at the Trust's Election. Whenever by the terms of this Trust Agreement and the applicable Supplemental Trust Agreement, Bonds of a Series are required to be redeemed otherwise than at the election of the Trust, the Master Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay out of the moneys available therefor the Redemption Price in accordance with the terms of this Article IV and, to the extent applicable, Section 5.6 with respect to Senior Bonds or Section 5.7 with respect to Subordinate Bonds.

Section 4.4. Selection of Bonds to be Redeemed by Lot. In the event of redemption of less than all the Outstanding Bonds of like Series and maturity, the Master Trustee shall, unless otherwise provided in an applicable Supplemental Trust Agreement, select by lot, in such manner as in its discretion it shall deem appropriate and fair, the numbers of the Bonds of such Series to be redeemed and the portions of any thereof to be redeemed in part. Bonds of denominations of more than \$5,000 may be redeemed either as a whole or in part (which part must be \$5,000 or an integral multiple thereof). For the purposes of this Section 4.4, Bonds, or portions thereof, which have theretofore been selected for redemption shall not be deemed Outstanding.

Section 4.5. Notice of Redemption. When the Master Trustee shall receive notice from the Trust of its election to redeem Bonds pursuant to Section 4.2, and when redemption of Bonds is required by this Trust Agreement and the applicable Supplemental Trust Agreement pursuant to Section 4.3, the Master Trustee shall give notice, in the name of the Trust, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds to be redeemed, and, in the case of registered Bonds to be redeemed in part only, the respective portions of the principal amount thereof (or Sinking Fund Payments) to be redeemed. Except as otherwise provided in the applicable Supplemental Trust Agreement, the Master Trustee shall mail a copy of such notice, postage prepaid not less than 30 days or more than 60 days before



the redemption date, to the Registered Owners of any Bonds or portions of Bonds which are to be redeemed at their last address, if any, appearing upon the registration books of the Trust but failure so to mail any such notice to any one Registered Owner shall not affect the validity of the proceedings for the redemption of Bonds owned by any other Registered Owner to whom such notice has been mailed. Such notice may provide that the redemption of such Bonds is subject to the satisfaction of certain conditions and if such conditions are not satisfied on the redemption date, the Bonds shall not be subject to redemption.

Section 4.6. Payment of Redeemed Bonds.

(A) Notice having been given in the manner provided in Section 4.5, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of a Bond, the Trust shall execute and the Master Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the Registered Owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, at the option of the Registered Owner thereof, Bonds of like Series, maturity and tenor in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be held by the Master Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable. If said moneys shall not be available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(B) Notwithstanding anything in this Trust Agreement to the contrary, in lieu of the redemption of any Bond or portion thereof called for redemption in accordance with this Article IV and the applicable Supplemental Trust Agreement, the Trust may purchase or may direct the Master Trustee to purchase such Bond or portion thereof from the amounts held hereunder available to pay the Redemption Price of such Bond at a purchase price not exceeding such Redemption Price plus accrued interest thereon. Any such Bond or portion thereof so purchased shall be cancelled as provided in Section 3.10 hereof or, at the option of the Trust, may be remarketed or otherwise sold by the Trust at such price or prices and under such terms and conditions as the Trust shall determine in its discretion subject to the provisions hereof and the applicable Supplemental Trust Agreement.

**ARTICLE V  
ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF**

Section 5.1. The Pledge Effected by this Trust Agreement. There are hereby pledged for the payment of the principal and Redemption Price of and interest on Senior Bonds, for the payment of Reimbursement Obligations (to the extent provided in Section 2.10(B) hereof) and for the payment of Scheduled Hedge Payments payable by the Trust on any Parity Hedge Agreement (to the extent provided in Section 2.11(B) hereof), in either case entered into with respect to Senior Bonds, subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in this Trust Agreement, (i) the Revenues and all rights to receive the same, whether existing or coming into existence and whether held or hereafter acquired and including any proceeds thereof, (ii) all rights and interest of the Trust in and to all Loans and Financing Agreements therefor (other than the Trust's rights of indemnification and reimbursement and its right to receive Administrative Fees and Origination Fees thereunder) or otherwise incident thereto and proceeds thereof, (iii) all rights and interest of the Trust under Revenue producing contracts (other than the Master Funding Agreement, any Grant Agreements and the Commonwealth Assistance Contract) and all rights and interest of the Trust incident thereto and proceeds thereof, (iv) all moneys, securities and any investment earnings with respect thereto in all Funds established by or pursuant to this Trust Agreement (except for the Subordinate Debt Service Fund, the Subordinate Debt Service Reserve Fund, the Subordinate Redemption Fund, the Rebate Fund and the Administrative Expense Fund), (v) all Scheduled Hedge Payments and all Termination Hedge Payments payable to the Trust by a Hedge Provider pursuant to a Qualified Hedge Agreement relating to Senior Bonds, and (vi) subject to the lien of the Program Resolution and the Prior Bond Resolutions, the Commonwealth Assistance Contract, whether any of the foregoing is now existing or is hereafter acquired (collectively, the "Senior Trust Estate"). Subject only to the foregoing prior pledge created for the payment of the Senior Bonds, and on the terms and conditions set forth herein

with respect to such prior pledge, there are hereby pledged for the payment of the principal and Redemption Price of and interest on Subordinate Bonds, for the payment of Reimbursement Obligations (to the extent provided in Section 2.10(B) hereof) and for the payment of Scheduled Hedge Payments payable by the Trust on any Parity Hedge Agreement (to the extent provided in Section 2.11(B) hereof), in either case entered into with respect to Subordinate Bonds, subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in this Trust Agreement, (i) the Revenues and all rights to receive the same, whether existing or coming into existence and whether held or hereafter acquired and including any proceeds thereof, (ii) all rights and interest of the Trust in and to all Loans and Financing Agreements therefor (other than the Trust's rights of indemnification and reimbursement and its right to receive Administrative Fees and Origination Fees thereunder) or otherwise incident thereto and proceeds thereof, (iii) all rights and interest of the Trust under Revenue producing contracts (other than the Master Funding Agreement, any Grant Agreements and the Commonwealth Assistance Contract) and all rights and interest of the Trust incident thereto and proceeds thereof, (iv) all moneys, securities and any investment earnings with respect thereto in all Funds established by or pursuant to this Trust Agreement (except for the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Senior Redemption Fund, the Rebate Fund, and the Administrative Expense Fund), (v) all Scheduled Hedge Payments and all Termination Hedge Payments payable to the Trust by a Hedge Provider pursuant to a Qualified Hedge Agreement relating to Subordinate Bonds, and (vi) subject to the lien of the Program Resolution and the Prior Bond Resolutions, the Commonwealth Assistance Contract, whether any of the foregoing is now existing or is hereafter acquired (collectively, the "Subordinate Trust Estate, and together with the Senior Trust Estate, the "Trust Estate"). In accordance with the Act, the foregoing pledge shall be valid and binding and shall be deemed continuously perfected for all purposes of Chapter 106 of the General Laws of the Commonwealth and other applicable laws upon the filing of a copy of this Trust Agreement in the records of the Trust. The Trust Estate so pledged shall immediately be subject to the lien of such pledge without any physical delivery or segregation thereof or further act, and the lien of such pledge shall be valid and binding against any and all parties having a claim of any kind, in tort, contract or otherwise against the Trust, irrespective of whether such parties have notice thereof. The Bonds and any Qualified Hedge Agreement hereunder shall be special obligations of the Trust payable solely from the Trust Estate to the extent provided herein.

Notwithstanding anything to the contrary in this Section 5.1, the pledge of any Revenues and right, title and interest in Loans and Financial Agreements related to Prior Loans is expressly subject and subordinate to the prior pledge and lien granted by the Trust for the benefit of the Owners of the applicable Prior Bonds under the applicable Prior Bond Resolutions, including without limitation the Owners of applicable Refunding Prior Bonds.

Section 5.2. Establishment of Funds.

(A) On or prior to the date hereof, the following Funds shall be established to be held by the Master Trustee:

- (1) Project Fund,
  - (a) Cost of Issuance Account
- (2) Revenue Fund,
- (3) Senior Debt Service Fund,
- (4) Subordinate Debt Service Fund,
- (5) Senior Debt Service Reserve Fund,
  - (a) Clean Water Account,
  - (b) Drinking Water Account,
- (6) Subordinate Debt Service Reserve Fund,

- (a) Clean Water Account,
- (b) Drinking Water Account,
- (7) Senior Redemption Fund,
- (8) Subordinate Redemption Fund,
- (9) Clean Water Equity Fund,
  - (a) Interim Loan Account,
- (10) Drinking Water Equity Fund,
  - (a) Interim Loan Account,
- (11) Administrative Expense Fund,
- (12) Rebate Fund; and
- (13) Contract Assistance Fund.
  - (a) Clean Water Account, and
  - (b) Drinking Water Account.

Funds in (1) – (10) and (13) above are subject to the pledge created hereby.

(B) In addition to the Funds created by paragraph (A) of this Section 5.2, the Trust may by Supplemental Trust Agreement or by a certificate of an Authorized Officer delivered to the Master Trustee create one or more other funds and accounts to be held and maintained hereunder as provided in such Supplemental Trust Agreement or certificate.

(C) Each fund, account and subaccount created from time to time under this Trust Agreement shall have such further designations as the Master Trustee and the Trust deem appropriate in order to properly account for all moneys subject to this Trust Agreement.

(D) For purposes of compliance with the provisions of the Clean Water Act and the Act restricting the use of moneys within the Clean Water SRF, except as otherwise provided in any Grant Agreement, all amounts in the Clean Water Equity Fund or allocable to Clean Water Projects or Clean Water Obligations within any of the Funds created hereunder shall be deemed to be within the Clean Water SRF. For purposes of compliance with the provisions of the Drinking Water Act and the Act restricting the use of moneys within the Drinking Water SRF, except as otherwise provided in any Grant Agreement, all amounts in the Drinking Water Equity Fund or allocable to Drinking Water Projects or Drinking Water Obligations within any of the Funds created hereunder shall be deemed to be within the Drinking Water SRF. As provided in the Master Funding Agreement, the Master Trustee shall hold and apply such Funds and Accounts on the terms and conditions provided herein, in trust subject to the pledge and assignment made hereby, as custodian for, and as agent of, the State Treasurer.

Section 5.3. Application of Bond Proceeds.

(A) Proceeds of any Series of Bonds shall be applied as provided in the applicable Supplemental Trust Agreement to any lawful purpose of the Trust.

(B) Subject to Section 2.7 hereof, the proceeds of any Series of Refunding Bonds shall be applied as provided in the Supplemental Trust Agreement authorizing such Series and in Section 11.1 hereof to the extent applicable to such Series of Refunding Bonds.

Section 5.4. Project Fund.

(A) The Trust shall deposit in the Project Fund such amounts as shall be stated in the applicable Supplemental Trust Agreement, and subject to final allocation as set forth in a certificate of an Authorized Officer. Moneys in the Project Fund shall be disbursed by the Master Trustee pursuant to a written direction of an Authorized Officer of the Trust for Costs of the applicable Projects or the refinancing of such Costs in accordance with the Act, the Clean Water Act, the Drinking Water Act, as applicable, the DEP Regulations and the applicable Financing Agreements and Regulatory Agreements. The Trust shall maintain records as to the amounts allocable to each Borrower and shall only requisition moneys for the account of a particular Borrower to the extent set forth in the applicable Financing Agreement.

(B) The Trust may direct the transfer of moneys between accounts, if any, in the Project Fund pursuant to a written certificate of an Authorized Officer.

(C) When all Costs of a particular Project to be paid from the Project Fund have been so paid, as evidenced by a certificate of an Authorized Officer of the Trust delivered to the Master Trustee, or when otherwise directed herein, any amount remaining unexpended in the Project Fund allocable to such Project shall be either (1) applied to the prepayment of the applicable Loan and transferred by the Master Trustee to either (i) the Senior Redemption Fund or Subordinate Redemption Fund or (ii) applied to Costs of other Projects to the extent permitted under the Clean Water Act or the Drinking Water Act, as applicable, and the DEP Regulations (upon delivery to the Master Trustee of an original executed counterpart of an amendment or supplement to the applicable Financing Agreement and Regulatory Agreement), or (2) applied as a credit against any Borrower Payments then or thereafter due under the applicable Financing Agreement and transferred by the Master Trustee to the Revenue Fund or the Senior Debt Service Fund or Subordinate Debt Service Fund (as directed by the Trust), or (3) any combination of the foregoing, as directed in a certificate of an Authorized Officer of the Trust delivered to the Master Trustee. Notwithstanding the foregoing provisions of this Paragraph (C), no moneys remaining in a Project Fund upon final disbursement therefrom for Costs of the applicable Project may be transferred by the Master Trustee to the Revenue Fund or to the Senior Debt Service Fund or Subordinate Debt Service Fund unless the written direction of an Authorized Officer of the Trust is accompanied by an opinion of Bond Counsel to the effect that such transfer will not adversely affect the exclusion from gross income of interest on any Bonds Outstanding for federal income tax purposes.

(D) Notwithstanding anything in this Section to the contrary, upon the written direction of an Authorized Officer of the Trust, the Master Trustee shall transfer the amount on deposit in the Project Fund allocable to a particular Borrower to the Senior Debt Service Fund or Subordinate Debt Service Fund, as applicable, any amounts necessary for the payment of any Borrower Payments due and unpaid on the related Loan or any other outstanding Loan to the same Borrower to the extent that at such time no moneys are available therefor in any other Funds and Accounts established hereunder or under the applicable Financing Agreement.

Section 5.5. Revenue Fund.

(A) Except as otherwise provided herein, all Program Revenues, including without limitation all Borrower Payments and Contract Assistance Payments shall promptly upon receipt by the Trust be deposited in the Revenue Fund. The Master Trustee shall also deposit in the Revenue Fund any amounts directed to be so deposited or transferred to such Fund under any provision of this Trust Agreement, and other amounts transferred to the Master Trustee in accordance with the provisions hereof, and shall hold for the account of the Revenue Fund all Loans.

(B) On or before each Debt Service Payment Date for the Outstanding Bonds, the Master Trustee shall apply the balance on deposit in the Revenue Fund as follows and in the following order of priority, provided that, if the Trust by Supplemental Trust Agreement shall have created one or more additional funds and accounts or subaccounts within Funds and Accounts in accordance with Section 5.2 hereof, the Trust may by Supplemental Trust Agreement modify the priority set forth in any clause of this Paragraph (B) other than the priority of Clauses (1) through (5) of this Paragraph (B)):

(1) To the Senior Debt Service Fund, if and to the extent required so that the balance therein shall equal the sum of (a) all due and unpaid interest and all interest to become due on such Debt Service Payment Date on the Senior Bonds Outstanding; (b) all due and unpaid principal and all principal to become due on such Debt Service Payment Date on the Senior Bonds Outstanding; and (c) all Scheduled Hedge Payments due under Parity Hedge Agreements and Reimbursement Obligations due with respect to Senior Bonds;

(2) To the Subordinate Debt Service Fund, if and to the extent required so that the balance therein shall equal the sum of (a) all due and unpaid interest and all interest to become due on such Debt Service Payment Date on the Subordinate Bonds Outstanding; and (b) all due and unpaid principal and all principal to become due on such Debt Service Payment Date on the Subordinate Bonds Outstanding; and (c) all Scheduled Hedge Payments due under Parity Hedge Agreements and Reimbursement Obligations due with respect to Subordinate Bonds;

(3) To the Rebate Fund, if and to the extent required so that the amount therein shall equal the Rebate Requirement, if any, as most recently calculated in accordance with Section 5.15 hereof;

(4) To the Clean Water Account or the Drinking Water Account, as applicable, within the Senior Debt Service Reserve Fund (as directed by the Trust), to the extent and in the amount of any draws on the applicable Account theretofore made as provided herein due to a Payment Default, but only to the extent of Program Revenues received and deposited in the Revenue Fund in satisfaction of such Payment Default;

(5) To the Clean Water Account or the Drinking Water Account, as applicable, within the Subordinate Debt Service Reserve Fund (as directed by the Trust), to the extent and in the amount of any draws on the applicable Account theretofore made as provided herein due to a Payment Default, but only to the extent of Program Revenues received and deposited in the Revenue Fund in satisfaction of such Payment Default;

(6) To the Senior Redemption Fund or Subordinate Redemption Fund, as directed by an Authorized Officer of the Trust, all or any portion of the remaining balance in the Revenue Fund; and

(7) To the Clean Water Equity Fund or the Drinking Water Equity Fund, upon the order of the Trust, all or any portion of the remaining balance in the Revenue Fund as requested in writing by the Trust, but only upon receipt by the Master Trustee of a certificate of an Authorized Officer of the Trust to the effect that following such payment expected Program Revenues and other funds available for the purpose will be sufficient to pay in the current and each subsequent Fiscal Year Aggregate Debt Service when due and all required deposits, if any, into all Funds and Accounts established and maintained hereunder.

(C) As long as no Event of Default shall have occurred and be continuing, the Master Trustee shall be entitled to rely without inquiry on a certificate of an Authorized Officer of the Trust as to the proper amounts to be deposited in the various Funds and Accounts as required by this Section. The Trust agrees to furnish the Master Trustee with such a certificate prior to each time the Master Trustee is required or directed to allocate amounts from the Revenue Fund. The Master Trustee shall retain copies of such certificates while there are any such Bonds Outstanding and shall also maintain appropriate records of the interest or other income earned on investment or deposit of all such amounts while held hereunder in any Fund or Account.

(D) Notwithstanding anything in this Section to the contrary, so long as there shall be held in the Senior Debt Service Fund an amount sufficient to fully pay all Senior Bonds Outstanding and any Scheduled Hedge Payments and Reimbursement Obligations secured on parity with the Senior Bonds in accordance with their terms (including principal amount or Redemption Price and interest) no deposits shall be required to be made into the Senior Debt Service Fund. Notwithstanding anything in this Section to the contrary, so long as there shall be held in the Subordinate Debt Service Fund an amount sufficient to fully pay all Subordinate Bonds Outstanding and any Scheduled Hedge Payments and Reimbursement Obligations secured on parity with the Subordinate Bonds in accordance with their terms (including principal amount or Redemption Price and interest) no deposits shall be required to be made into the Subordinate Debt Service Fund.

Section 5.6. Senior Debt Service Fund.

(A) The Master Trustee shall pay out of the Senior Debt Service Fund (i) on or before each Debt Service Payment Date for a Series of Senior Bonds the amount required for the interest and principal payable on such date, (ii) on or before each redemption date for a Series of Senior Bonds, other than a redemption date on account of Sinking Fund Payments, the amount required for the payment of interest and Redemption Price on such Series of Senior Bonds then to be redeemed and (iii) on or before each Debt Service Payment Date for a Series of Senior Bonds the amount, if any, required for all Scheduled Hedge Payments payable by the Trust on such date under any Parity Hedge Agreement and any Reimbursement Obligations due with respect to such Series of Senior Bonds; provided that in each case the Trust may direct the Master Trustee to make such payments on such date prior to the due date as the Trust determines to the extent amounts are available therefor in such Fund. The Master Trustee shall apply such amounts to the payment of such interest and principal, Scheduled Hedge Payments and Reimbursement Obligations on and after the due dates thereof. If on any Debt Service Payment Date for a Series of Senior Bonds the amount accumulated in the Senior Debt Service Fund for any of the purposes specified above calculated with respect to all Senior Bonds then Outstanding exceeds the amount required therefor, the amount of such excess shall thereupon be transferred to the Revenue Fund. The Master Trustee shall also pay out of the Senior Debt Service Fund accrued interest included in the purchase price of Senior Bonds purchased under any provision of this Trust Agreement or an applicable Supplemental Trust Agreement.

(B) Amounts accumulated in the Senior Debt Service Fund with respect to any Sinking Fund Payment (together with amounts accumulated therein with respect to interest on the Senior Bonds for which such Sinking Fund Payment was established) may, and if so directed by an Authorized Officer shall, be applied by the Master Trustee prior to the 45th day preceding the due date of such Sinking Fund Payment, to (i) the purchase of Senior Bonds of the Series and maturity for which such Sinking Fund Payment was established, at prices not exceeding the applicable sinking fund Redemption Price plus interest on such Senior Bonds to the first date on which such Senior Bonds could be redeemed (or, in the case of a Sinking Fund Payment due on the maturity date, the principal amount thereof plus interest to such date), such purchases to be made in such manner as the Trust shall arrange, or (ii) the redemption, pursuant to Section 4.2, of such Senior Bonds then redeemable by their terms. The applicable Redemption Price or principal amount (in the case of maturing Bonds) of any Senior Bonds so purchased or redeemed shall be deemed to constitute part of the Senior Debt Service Fund until such Sinking Fund Payment date for the purpose of calculating the amount of such Fund. As soon as practicable after the 45th day preceding the due date of any such Sinking Fund Payment, the Master Trustee shall proceed (by giving notice as provided in Section 4.5) to call for redemption on such due date Senior Bonds of the Series and maturity for which such Sinking Fund Payment was established (except in the case of Senior Bonds maturing on a Sinking Fund Payment date) in such amount as shall be necessary to complete the retirement of the principal amount of the Senior Bonds of such Series and maturity as specified for such Sinking Fund Payment in the applicable Supplemental Trust Agreement and whether or not the balance in the Senior Debt Service Fund is sufficient to pay all such Senior Bonds. The Master Trustee shall pay out of the Senior Debt Service Fund, on or before such redemption date or maturity date, the amount required for the redemption of the Senior Bonds so called for redemption or for the payment of such Senior Bonds then maturing, and such amount shall be applied to such redemption or payment.

(C) In satisfaction, in whole or in part, of any amount required to be paid into the Senior Debt Service Fund which is attributable to a Sinking Fund Payment, there may be delivered on behalf of the Trust to the Master Trustee Senior Bonds of the Series and maturity entitled to such payment. All Senior Bonds so delivered to the Master Trustee in satisfaction of a Sinking Fund Payment shall reduce the amount thereof by the amount of the aggregate of the sinking fund Redemption Prices of such Senior Bonds.

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

(E) On each Debt Service Payment Date for any Bonds Outstanding, in the event amounts on deposit in the Senior Debt Service Fund are insufficient to pay Debt Service on the Senior Bonds due on such Debt Service Payment Date, or any Scheduled Hedge Payments or Reimbursement Obligations then due with respect to Senior Bonds, the Master Trustee shall promptly transfer the amount necessary to make up such deficiency, first, from the amounts on deposit in the Senior Redemption Fund, second, from the amounts on deposit in the Senior Debt Service

Reserve Fund, and third, from the amounts on deposit in the Clean Water Equity Fund (relating to any deficiencies with respect to Clean Water Obligations) or the Drinking Water Equity Fund (relating to any deficiencies with respect to Drinking Water Obligations).

Section 5.7. Subordinate Debt Service Fund.

(A) The Master Trustee shall pay out of the Subordinate Debt Service Fund (i) on or before each Debt Service Payment Date for a Series of Subordinate Bonds the amount required for the interest and principal payable on such date, (ii) on or before each redemption date for the Subordinate Bonds, other than a redemption date on account of Sinking Fund Payments, the amount required for the payment of interest and Redemption Price on such Series of Subordinate Bonds then to be redeemed and (iii) on or before each Debt Service Payment Date for a Series of Subordinate Bonds the amount, if any, required for all Scheduled Hedge Payments payable by the Trust on such date under any Parity Hedge Agreement or Reimbursement Obligations with respect to Subordinate Bonds; provided that in each case the Trust may direct the Master Trustee to make such payments on such date prior to the due date as the Trust determines to the extent amounts are available therefor in such Fund. The Master Trustee shall apply such amounts to the payment of such interest and principal and Scheduled Hedge Payments on and after the due dates thereof. If on any Debt Service Payment Date for a Series of Subordinate Bonds the amount accumulated in the Subordinate Debt Service Fund for any of the purposes specified above calculated with respect to all Subordinate Bonds then Outstanding exceeds the amount required therefor, the amount of such excess shall thereupon be transferred to the Revenue Fund. The Master Trustee shall also pay out of the Subordinate Debt Service Fund accrued interest included in the purchase price of Subordinate Bonds purchased under any provision of this Trust Agreement or an applicable Supplemental Trust Agreement.

(B) Amounts accumulated in the Subordinate Debt Service Fund with respect to any Sinking Fund Payment (together with amounts accumulated therein with respect to interest on the Subordinate Bonds for which such Sinking Fund Payment was established) may, and if so directed by an Authorized Officer shall, be applied by the Master Trustee prior to the 45th day preceding the due date of such Sinking Fund Payment, to (i) the purchase of Subordinate Bonds of the Series and maturity for which such Sinking Fund Payment was established, at prices not exceeding the applicable sinking fund Redemption Price plus interest on such Subordinate Bonds to the first date on which such Subordinate Bonds could be redeemed (or, in the case of a Sinking Fund Payment due on the maturity date, the principal amount thereof plus interest to such date), such purchases to be made in such manner as the Trust shall arrange, or (ii) the redemption, pursuant to Section 4.2, of such Subordinate Bonds then redeemable by their terms. The applicable Redemption Price or principal amount (in the case of maturing Bonds) of any Subordinate Bonds so purchased or redeemed shall be deemed to constitute part of the Subordinate Debt Service Fund until such Sinking Fund Payment date for the purpose of calculating the amount of such Fund. As soon as practicable after the 45th day preceding the due date of any such Sinking Fund Payment, the Master Trustee shall proceed (by giving notice as provided in Section 4.5) to call for redemption on such due date Subordinate Bonds of the Series and maturity for which such Sinking Fund Payment was established (except in the case of Subordinate Bonds maturing on a Sinking Fund Payment date) in such amount as shall be necessary to complete the retirement of the principal amount of the Subordinate Bonds of such Series and maturity as specified for such Sinking Fund Payment in the applicable Supplemental Trust Agreement and whether or not the balance in the applicable Subordinate Debt Service Account of the Subordinate Debt Service Fund is sufficient to pay all such Subordinate Bonds. The Master Trustee shall pay out of the Subordinate Debt Service Fund, on or before such redemption date or maturity date, the amount required for the redemption of the Subordinate Bonds so called for redemption or for the payment of such Subordinate Bonds then maturing, and such amount shall be applied to such redemption or payment.

(C) In satisfaction, in whole or in part, of any amount required to be paid into the Subordinate Debt Service Fund which is attributable to a Sinking Fund Payment, there may be delivered on behalf of the Trust to the Master Trustee Subordinate Bonds of the Series and maturity entitled to such payment. All Subordinate Bonds so delivered to the Master Trustee in satisfaction of a Sinking Fund Payment shall reduce the amount thereof by the amount of the aggregate of the sinking fund Redemption Prices of such Subordinate Bonds.

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

(E) On each Debt Service Payment Date for any Bonds Outstanding, in the event amounts on deposit in the Subordinate Debt Service Fund are insufficient to pay Debt Service on the Subordinate Bonds due on such Debt Service Payment Date, or any Scheduled Hedge Payments or Reimbursement Obligations then due with respect to Subordinate Bonds, the Master Trustee shall promptly transfer the amount necessary to make up such deficiency, first, from the amounts on deposit in the Subordinate Redemption Fund, second, from the amounts on deposit in the Subordinate Debt Service Reserve Fund, and third, (after application of funds under Section 5.6(E)) from the amounts on deposit in the Clean Water Equity Fund (relating to any deficiencies with respect to Clean Water Obligations) or the Drinking Water Equity Fund (relating to any deficiencies with respect to Drinking Water Obligations).

Section 5.8. Senior Redemption Fund.

(A) The Trust may deposit in the Senior Redemption Fund any moneys, including Revenues, not otherwise required by this Trust Agreement to be deposited or applied pursuant to Section 5.5(B)(6).

(B) If at any time the amount on deposit and available therefor in the Senior Debt Service Fund is insufficient to pay the principal of, interest and premium, if any, on the Senior Bonds then due the Master Trustee shall withdraw from the Senior Redemption Fund and deposit in the Senior Debt Service Fund the amount necessary to meet the deficiency (other than amounts held therein for the redemption of Senior Bonds for which a notice of redemption shall have been given). Subject to the foregoing, amounts in the Senior Redemption Fund may be applied by the Trust to the redemption of Senior Bonds in accordance with Section 4.2 and the applicable Supplemental Trust Agreement or to the purchase of Senior Bonds at prices not exceeding the applicable Redemption Prices (plus accrued interest) had such Senior Bonds been redeemed (or, if not then subject to redemption, at the applicable Redemption Prices when next subject to redemption), such purchases to be paid for by the Master Trustee at such times and in such manner as arranged and directed by an Authorized Officer.

Section 5.9. Subordinate Redemption Fund.

(A) The Trust may deposit in the Subordinate Redemption Fund any moneys, including Revenues, not otherwise required by this Trust Agreement to be deposited or applied after application of such funds pursuant to Section 5.5(B)(6).

(B) If at any time the amount on deposit and available therefor in the Subordinate Debt Service Fund is insufficient to pay the principal of, interest and premium, if any, on the Subordinate Bonds then due, the Master Trustee shall withdraw from the Subordinate Redemption Fund and deposit in the Subordinate Debt Service Fund the amount necessary to meet the deficiency (other than amounts held therein for the redemption of Subordinate Bonds for which a notice of redemption shall have been given). Subject to the foregoing, amounts in the Subordinate Redemption Fund may be applied by the Trust to the redemption of Subordinate Bonds in accordance with Section 4.2 and the applicable Supplemental Trust Agreement or to the purchase of Subordinate Bonds at prices not exceeding the applicable Redemption Prices (plus accrued interest) had such Subordinate Bonds been redeemed (or, if not then subject to redemption, at the applicable Redemption Prices when next subject to redemption), such purchases to be paid for by the Master Trustee at such times and in such manner as arranged and directed by an Authorized Officer.

Section 5.10. Senior Debt Service Reserve Fund.

(A) The Master Trustee shall promptly deposit in the Senior Debt Service Reserve Fund such amounts as set forth in a Supplemental Trust Agreement, if any.

(B) The Master Trustee shall promptly deposit in the Senior Debt Service Reserve Fund any amounts transferred pursuant to Section 5.5(B)(4) hereof in order to reimburse the Senior Debt Service Reserve Fund for transfers to the Senior Debt Service Fund to provide for payment of principal of and interest on the Bonds, a Scheduled Hedge Payment or Reimbursement Obligation due to a Payment Default.

(C) The Master Trustee shall make the following transfers and payments from the Senior Debt Service Reserve Fund:



(1) Upon receipt thereof by the Master Trustee all earnings derived from the investment or deposit of moneys in the Senior Debt Service Reserve Fund shall be transferred by the Master Trustee to the Revenue Fund;

(2) If on any Debt Service Payment Date for any Senior Bonds Outstanding, after the transfer of amount pursuant to Section 5.5 hereof, the amounts on deposit and available in the Senior Debt Service Fund and the Senior Redemption Fund are insufficient to pay Debt Service on the Senior Bonds and any Scheduled Hedge Payment or Reimbursement Obligations then payable by the Trust with respect to Senior Bonds, the Master Trustee shall promptly withdraw the amount of such deficiency from amounts on deposit in the Senior Debt Service Reserve Fund (or the balance in the Senior Debt Service Reserve Fund if the aggregate amount therein is less than such deficiency), as directed by the Trust, and shall deposit such amount in the Senior Debt Service Fund. Notwithstanding anything in this Trust Agreement to the contrary, in making any such transfers due to a deficiency resulting from a Payment Default attributable to the Clean Water Obligations, amounts, if any, in the Senior Debt Service Reserve Fund allocable to Clean Water Obligations shall be applied to such purpose before any amounts in the Senior Debt Service Reserve Fund allocable to Drinking Water Obligations are so applied and, in making any such transfers or retentions due to a deficiency resulting from a Payment Default attributable to the Drinking Water Obligations, amounts, if any, in the Senior Debt Service Reserve Fund allocable to Drinking Water Obligations shall be applied to such purpose before any amounts in the Senior Debt Service Reserve Fund allocable to Clean Water Obligations are so applied; and

(3) Unless otherwise directed in the applicable Supplemental Trust Agreement, upon the written direction of the Trust on the Business Day on which principal on any Series of Senior Bonds is due and paid or duly provided for in accordance with the terms of such Series of Senior Bonds, the Master Trustee shall transfer to the Clean Water Equity Fund or the Drinking Water Equity Fund, an amount such that the aggregate amount remaining in the Senior Debt Service Reserve Fund allocable to such Series of Bonds shall be equal to the Series Debt Service Reserve Requirement calculated on such Business Day.

(D) As long as no Event of Default shall have occurred and be continuing, the Master Trustee shall be entitled to rely without inquiry on a certificate of an Authorized Officer of the Trust as to the proper amounts to be deposited in or withdrawn from the Senior Debt Service Reserve Fund as required by this Section. The Trust shall furnish the Master Trustee with such a certificate prior to each time the Master Trustee is required or directed to deposit amounts in or withdraw amounts from the Fund. The Master Trustee shall retain copies of such certificates while any of the Bonds of such Series remain outstanding.

Section 5.11. Subordinate Debt Service Reserve Fund.

(A) The Master Trustee shall promptly deposit in the Subordinate Debt Service Reserve Fund such amounts as set forth in a Supplemental Trust Agreement, if any.

(B) The Master Trustee shall promptly deposit in the Subordinate Debt Service Reserve Fund any amounts transferred to the Subordinate Debt Service Reserve Fund pursuant to Section 5.5(B)(4) hereof in order to reimburse the Subordinate Debt Service Reserve Fund for transfers to the Subordinate Debt Service Fund to provide for payment of principal of and interest on the Subordinate Bonds, a Scheduled Hedge Payment or Reimbursement Obligation due to a Payment Default related to the applicable Series of Subordinate Bonds.

(C) The Master Trustee shall make the following transfers and payments from the Subordinate Debt Service Reserve Fund:

(1) Upon receipt thereof by the Master Trustee all earnings derived from the investment or deposit of moneys in the Subordinate Debt Service Reserve Fund shall be transferred by the Master Trustee to the Subordinate Debt Service Fund or as otherwise directed in the Supplemental Trust Agreement;

(2) If on any Debt Service Payment Date for any Subordinate Bonds Outstanding, after the transfer of amount pursuant to Section 5.5 hereof, the amounts on deposit and available in the Subordinate Debt Service Fund and the Subordinate Redemption Fund are insufficient to pay Debt Service on the Subordinate Bonds and any Scheduled Hedge Payments or Reimbursement Obligations then payable by the Trust with respect to Subordinate

Bonds, the Master Trustee shall promptly withdraw the amount of such deficiency from amounts on deposit in the Subordinate Debt Service Reserve Fund (or the balance in the Subordinate Debt Service Reserve Fund if the aggregate amount therein is less than such deficiency), as directed by the Trust, and shall deposit such amount in the Subordinate Debt Service Fund. Notwithstanding anything in this Trust Agreement to the contrary, in making any such transfers due to a deficiency resulting from a Payment Default attributable to the Clean Water Obligations, amounts, if any, in the Subordinate Debt Service Reserve Fund allocable to Clean Water Obligations shall be applied to such purpose before any amounts in the Subordinate Debt Service Reserve Fund allocable to Drinking Water Obligations are so applied and, in making any such transfers or retentions due to a deficiency resulting from a Payment Default attributable to the Drinking Water Obligations, amounts, if any, in the Subordinate Debt Service Reserve Fund allocable to Drinking Water Obligations shall be applied to such purpose before any amounts in the Subordinate Debt Service Reserve Fund allocable to Clean Water Obligations are so applied; and

(3) Unless otherwise directed in the applicable Supplemental Trust Agreement, upon the written direction of the Trust on the Business Day on which principal on any Series of Subordinate Bonds is due and paid or duly provided for in accordance with the terms of such Series of Subordinate Bonds, the Master Trustee shall transfer to the Clean Water Equity Fund or the Drinking Water Equity Fund, an amount such that the aggregate amount remaining in the Subordinate Debt Service Reserve Fund allocable to such Series of Subordinate Bonds shall be equal to the Series Debt Service Reserve Requirement calculated on such Business Day.

(D) As long as no Event of Default shall have occurred and be continuing, the Master Trustee shall be entitled to rely without inquiry on a certificate of an Authorized Officer of the Trust as to the proper amounts to be deposited in or withdrawn from the Subordinate Debt Service Reserve Fund as required by this Section. The Trust shall furnish the Master Trustee with such a certificate prior to each time the Master Trustee is required or directed to deposit amounts in or withdraw amounts from the Fund. The Master Trustee shall retain copies of such certificates while any of the Bonds of such Series remain outstanding.

Section 5.12. Clean Water Equity Fund.

(A) Except as otherwise provided herein or in any Supplemental Trust Agreement, upon the written direction of an Authorized Officer of the Trust, the Master Trustee shall deposit the following amounts in the Clean Water Equity Fund upon receipt thereof by the Master Trustee:

- (1) all Federal Capitalization Grants and Commonwealth Matching Grants allocable to the Clean Water SRF and amounts drawn thereon;
- (2) any other amounts paid to the Trust (or paid to the Commonwealth and appropriated to the Trust) representing financial assistance provided pursuant to the Clean Water Act for purposes of deposit in the Clean Water SRF;
- (3) any other amounts appropriated to the Trust by the Commonwealth for purposes of the Clean Water SRF;
- (4) all amounts transferred to the Clean Water Equity Fund from the Clean Water Deficiency Account in the Deficiency Fund held under the Program Resolution in accordance with Section 308 of the Program Resolution;
- (5) all amounts transferred to the Clean Water Equity Fund from the Drinking Water Equity Fund as permitted hereby;
- (6) all amounts paid to or for the account of the Trust by Borrowers on account of interest on any Interim Loan made in anticipation of any Loan allocable to the Clean Water SRF;
- (7) all other amounts required by any provision of this Trust Agreement to be deposited in the Clean Water Equity Fund; and

(8) any other amounts paid to the Master Trustee by the Trust for deposit in the Clean Water Equity Fund.

(B) Subject to the uses permitted by this Section, funds, securities, investments and other property held from time to time in the Clean Water Equity Fund are available for, and pledged to, the payment of Debt Service on the Bonds when due and the payment of any other amounts required to be paid from time to time from the Funds and accounts held under this Trust Agreement as provided in Section 5.6(E) and Section 5.7(E). Notwithstanding the limitations in Section 6.3 hereof and the preceding sentence, the Trust may from time to time pledge and grant a security interest in all or any of the assets of the Clean Water Equity Fund to any other Person in connection with the programmatic uses permitted by the Act or the Clean Water Act, which pledge may be on a parity with, or subordinate to, the pledge made under this Trust Agreement.

(C) The available moneys in the Clean Water Equity Fund may be used (i) to make Loans or Interim Loans for Clean Water Projects and Title 5 Projects, (ii) subject to the limitations in Section 6.3 and Section 6.4, to reimburse the Trust for Interim Loans or Loans pursuant to existing Financing Agreements funded from moneys or assets in the Clean Water Program, (iii) to make up deficiencies in any Fund hereunder, or (iv) to make deposits and provide other subsidies and assistance in connection with the Program and other programs of the Trust pursuant to applicable law, upon such terms as the Trust may determine, including deposits into the Senior Debt Service Reserve Fund or Subordinate Debt Service Reserve Fund as set forth in the applicable Supplemental Trust Agreement.

(D) Subject to the limitations set forth in Section 6.3 hereof, if there is a shortfall in amounts needed to pay scheduled principal (upon maturity or a scheduled sinking fund payment only) of or interest on Prior Bonds under the applicable Prior Bond Resolution or Scheduled Hedge Payments due with respect to a Series of Prior Bonds which is not otherwise cured as provided the applicable Prior Bond Resolution or Program Resolution, the Trust shall direct the Master Trustee to transfer to the applicable Prior Bond trustee from the Clean Water Equity Fund, if applicable, an amount necessary cure such shortfall.

(E) Unless otherwise specified in a Supplemental Trust Agreement or other resolution of the Trust, the Trust shall not be required to maintain any minimum balance in the Clean Water Equity Fund and the Trust makes no covenant to any Bondowner or any other party that funds or other assets will be available in the Clean Water Equity Fund in the event of a deficiency on any Debt Service Payment Date.

Section 5.13. Drinking Water Equity Fund.

(A) Except as otherwise provided herein or in any Supplemental Trust Agreement, upon the written direction of an Authorized Officer of the Trust, the Master Trustee shall deposit the following amounts in the Drinking Water Equity Fund upon receipt thereof by the Master Trustee:

(1) all Federal Capitalization Grants and Commonwealth Matching Grants allocable to the Drinking Water SRF and amounts drawn thereon;

(2) any other amounts paid to the Trust (or paid to the Commonwealth and appropriated to the Trust) representing financial assistance provided pursuant to the Drinking Water Act for purposes of deposit in the Drinking Water SRF;

(3) any other amounts appropriated to the Trust by the Commonwealth for purposes of the Drinking Water SRF;

(4) all amounts transferred to the Drinking Water Equity Fund from the Drinking Water Deficiency Account in the Deficiency Fund held under the Program Resolution in accordance with Section 308 of the Program Resolution;

(5) all amounts transferred to the Drinking Water Equity Fund from the Clean Water Equity Fund as permitted hereby;

(6) all amounts paid to or for the account of the Trust by Borrowers on account of interest on any Interim Loan made in anticipation of any Loan allocable to the Drinking Water SRF;

(7) all other amounts required by any provision of this Trust Agreement to be deposited in the Drinking Water Equity Fund; and

(8) any other amounts paid to the Master Trustee by the Trust for deposit in the Drinking Water Equity Fund.

(B) Subject to the uses permitted by this Section, funds, securities, investments and other property held from time to time in the Drinking Water Equity Fund are available for, and pledged to, the payment of debt service on the Bonds when due and the payment of any other amounts required to be paid from time to time from the Funds and accounts held under this Trust Agreement as provided in Section 5.6(E) and Section 5.7(E). Notwithstanding the limitations in Section 6.3 hereof and the preceding sentence, the Trust may from time to time pledge and grant a security interest in all or any of the assets of the Drinking Water Equity Fund to any other Person in connection with the programmatic uses permitted by the Act or the Drinking Water Act, which pledge may be on a parity with, or subordinate, to the pledge made under this Trust Agreement.

(C) The available moneys in the Drinking Water Equity Fund may be used (i) to make Loans or Interim Loans for Drinking Water Projects, (ii) subject to the limitations in Section 6.3 and Section 6.4, to reimburse the Trust for Interim Loans or Loans pursuant to existing Financing Agreements funded from moneys or assets in the Drinking Water Program, (iii) to make up deficiencies in any Fund hereunder, or (iv) to make deposits and provide other subsidies and assistance in connection with the Program and other programs of the Trust pursuant to applicable law, upon such terms as the Trust may determine, including deposits into the Senior Debt Service Reserve Fund or Subordinate Debt Service Reserve Fund as set forth in the applicable Supplemental Trust Agreement.

(D) Subject to the limitations set forth in Section 6.3 hereof, if there is a shortfall in amounts needed to pay scheduled principal (upon maturity or a scheduled sinking fund payment only) of or interest on Prior Bonds under the applicable Prior Bond Resolution or Scheduled Hedge Payments due with respect to a Series of Prior Bonds which is not otherwise cured as provided the applicable Prior Bond Resolution or Program Resolution, the Trust shall direct the Master Trustee to transfer to the applicable Prior Bond trustee from the Drinking Water Equity Fund, if applicable, an amount necessary cure such shortfall.

(E) Unless otherwise specified in a Supplemental Trust Agreement or other resolution of the Trust, the Trust shall not be required to maintain any minimum balance in the Drinking Water Equity Fund and the Trust makes no covenant to any Bondowner or any other party that funds or other assets will be available in the Drinking Water Equity Fund in the event of a deficiency on any Debt Service Payment Date.

Section 5.14. Administrative Expense Fund.

(A) The Trust shall deposit in the Administrative Expense Fund:

(1) all amounts transferred from the Clean Water Equity Fund or the Drinking Water Equity Fund upon written direction of the Trust;

(2) all Administrative Fees received pursuant to any Financing Agreement;

(3) except as otherwise provided in the applicable Financing Agreement, all Origination Fees payable with respect to any Loan or Interim Loan;

(4) all Origination Fees payable with respect to any Interim Loan; and

(5) any other amounts received by the Trust for such purpose.

(B) Amounts deposited and held in the Administrative Expense Fund shall be applied by the Trust from time to time to the payment or reimbursement of Administrative Expenses.

Section 5.15. Rebate Fund.

(A) Pursuant to the requirements of Section 148(f) of the Code, the Trust shall pay to the United States at the times and in the manner provided in this Section Section 5.15 an amount determined in accordance with said Section 148(f) equal to the sum of (i) the excess of the amount earned on all Nonpurpose Investments (hereinafter defined) allocable to a Series of Tax-Exempt Bonds (other than investments attributable to an excess described in this clause) over the amount which would have been earned if such Nonpurpose Investments were invested at a rate equal to the Yield on such Bonds, plus (ii) any income attributable to the investment of the excess described in clause (i) above. The Trust further covenants to pay such amount to the United States whether or not the amount on deposit in the Rebate Fund and available therefor is sufficient for such payment, and to establish such accounting procedures as are required to determine the amount of such excess investment earnings.

(B) In addition to the payments, if any, to the United States pursuant to Section 148(f) of the Code as provided in Paragraph (A) of this Section 5.15, pursuant to the requirements of Section 148 of the Code and Treasury Regulation §1.148-5(c) the Trust shall also pay to the United States at the times and in the manner provided in this Section 5.15 any amount required to be so paid in accordance with Treasury Regulation §1.148-5(c) in order that a Series of Tax-Exempt Bonds shall comply with any Yield limitation on proceeds of such Bonds (within the meaning of the Code) provided in Section 148 of the Code. The Trust further covenants to pay such amount to the United States whether or not the amount on deposit in the Rebate Fund and available therefor is sufficient for such payment and to establish such accounting procedures as are required to determine the amount, if any, so payable.

(C) Within 60 days of the end of each Bond Year (or any earlier date that may be necessary to make a required payment to the United States under Paragraph (D) of this Section 5.15), the Trust shall furnish to the Master Trustee a certificate of an Authorized Officer, upon which the Master Trustee may conclusively rely, setting forth the Rebate Requirement for such Bond Year, which certificate shall identify the Rebate Requirement with respect to each Series of Tax-Exempt Bonds for such Bond Year and shall specify appropriate accounting procedures to identify investment earnings on such amounts.

(D) Within 60 days after the close of the fifth Bond Year or each Rebate Installment Computation Date following the date of issue of a Series of Tax-Exempt Bonds and within 60 days after the close of each fifth Bond Year and each Rebate Installment Computation Date thereafter, the Master Trustee shall pay from the Rebate Fund to the United States on behalf of the Trust the full amount then required to be paid under the Rebate Provision as certified and directed by the Trust in a certificate of an Authorized Officer delivered to the Master Trustee not less than ten Business Days prior to the due date of such payment. Within 60 days after each Series of Tax-Exempt Bonds have been paid in full, the Master Trustee shall pay to the United States from the Rebate Fund on behalf of the Trust the full amount then required to be paid under the Rebate Provision as certified by the Trust in a certificate of an Authorized Officer delivered to the Master Trustee not less than ten Business Days prior to the due date of such payment. Each such payment shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201 or any successor location specified by the Internal Revenue Service, accompanied by Form 8038-T (or other similar information reporting form).

(E) In the event that, at the time of any required payment from the Rebate Fund, the amount in the Rebate Fund available for such payment shall be insufficient to make such payment, the Trust shall pay the amount of the deficiency from any moneys available in the Equity Fund.

(F) In the event that on any Debt Service Payment Date or any Rebate Computation Date of Tax-Exempt Bonds the amount on deposit in the Rebate Fund exceeds the Rebate Requirement (calculated as of such Interest Payment Date or each Rebate Computation Date), the Master Trustee, at the written direction of an Authorized Officer, may withdraw such excess amount and deposit it in the Revenue Fund.

(G) For purposes of this Section 5.15, the term "Nonpurpose Investments" shall have the meaning given in Section 148(f) of the Code and in Treasury Regulations §§1.148-1 and 1.148-3. Nonpurpose Investments

shall be valued in accordance with Treasury Regulation §1.148-5 for purposes of this Section 5.15 at market for the purposes of this Section 5.15. In determining the aggregate amount earned on Nonpurpose Investments, any gain or loss on the disposition of such Investments shall be taken into account.

(H) The Trust and the Master Trustee shall keep such records as will enable them to fulfill the responsibilities under this Section and the Rebate Provision and shall retain such records for at least six years following final payment of a particular Series of Tax-Exempt Bonds.

(I) Notwithstanding anything in this Trust Agreement to the contrary, the Trust shall not be required to comply with any provision with respect to Bonds contained in this Section 5.15 in the event the Trust receives an opinion of Bond Counsel that compliance with such provision is no longer required to satisfy the requirements of the Code such that interest on such Series of Bonds shall be and remain excludable from gross income for federal income tax purposes or that compliance with some other provision in lieu of a provision specified in this Section is required to or will satisfy the requirements of the Code, in which case compliance with such other provisions specified in such opinion shall constitute compliance with the provisions specified in this Section. The Trust shall adopt a Supplemental Trust Agreement reflecting the deletion or substitution of any such provision in this Section in accordance with Article IX hereof.

Section 5.16. Cross-Collateralization. Notwithstanding anything herein to the contrary, the Trust may deliver at any time to the Master Trustee a certificate of an Authorized Officer pursuant to which the Trust may direct the transfer of funds or the allocation of liabilities (i) within the Clean Water Equity Fund or a Clean Water Account of any Fund to the Drinking Water Equity Fund or a Drinking Water Account of any Fund or (ii) within the Drinking Water Equity Fund or a Drinking Water Account of any Fund to the Clean Water Equity Fund or a Clean Water Account of any Fund. The only limitations on the transfer of funds shall be as set forth in the Act, the Clean Water Act and the Drinking Water Act. In addition, any moneys, funds, revenues or other assets in any funds, accounts or subaccounts created herein may be used to pay Debt Service with respect to any Bonds (except as limited by this Trust Agreement) in a manner consistent with the Act, the Clean Water Act and the Drinking Water Act.

Section 5.17. Investments.

(A) Except as otherwise provided in Section 11.1 hereof, money held for the credit of any Fund under this Trust Agreement shall, to the fullest extent practicable, be invested, either alone or jointly with moneys in any other Fund, by or at the direction of an Authorized Officer, in Investment Obligations which shall mature or be redeemable at the option of the owner thereof, on such dates and in such amounts as may be necessary to provide moneys to meet the payments required to be made from such Funds, provided that if moneys in two or more funds or accounts are commingled for purposes of investments, the Master Trustee shall maintain appropriate records of the Investment Obligations or portions thereof which it makes and which are held for the credit of such Fund. Except as otherwise provided by an applicable Supplemental Trust Agreement, Investment Obligations purchased as an investment of moneys in any Fund shall be deemed at all times to be a part of such Fund and all income thereon shall accrue to and be deposited in such Fund and all losses from investment shall be charged against such Fund, provided that all income earned on investment or deposit of the Senior Debt Service Reserve Fund shall be credited to and deposited upon receipt in the Revenue Fund and all income earned on investment or deposit of the Subordinate Debt Service Reserve Fund shall be credited to and deposited upon receipt in the Subordinate Debt Service Fund or as otherwise directed in a Supplemental Trust Agreement.

(B) In computing the amount in any Fund hereunder for any purpose, Investment Obligations shall be valued at amortized cost. As used herein the term “amortized cost,” when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days between the date of purchase and the maturity date; and (i) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (ii) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price. Notwithstanding the foregoing, Investment Obligations in a Senior Debt Service Reserve Fund or Subordinate Debt Service Reserve Fund shall be valued at amortized cost for all purposes of this Trust Agreement unless and until a withdrawal from such Fund shall be

required in accordance with this Trust Agreement, as applicable, in which event such investments shall thereafter be valued at amortized cost or market, whichever is lower, until the balance in such Fund, on the basis of such valuation, shall equal the applicable Series Debt Service Reserve Fund Requirement. Unless otherwise provided in this Trust Agreement, Investment Obligations in any Fund hereunder shall be valued at least once in each Fiscal Year on the last day thereof.

Section 5.18. Contract Assistance Fund.

(A) Upon the written direction of an Authorized Officer of the Trust, the Master Trustee shall deposit the following amounts in the Contract Assistance Fund upon receipt thereof by the Master Trustee (1) to the Clean Water Account or the Drinking Water Account, as applicable (as directed by the Trust), all amounts received from the Commonwealth pursuant to a Transfer Requisition and (2) any other amounts paid to the Master Trustee and directed by the trust to be deposited in the Contract Assistance Fund.

(B) Upon the written direction of an Authorized Officer of the Trust, the Master Trustee shall apply available moneys in the Contract Assistance Fund (1) pursuant to the Act, to provide subsidies or other financial assistance for specified Loans or Interim Loans and (2) as otherwise authorized or permitted by the Act.

(C) Unless otherwise specified in a Supplemental Trust Agreement or other resolution of the Trust, the Trust shall not be required to maintain any minimum balance in the Contract Assistance Fund.

**ARTICLE VI  
PARTICULAR COVENANTS OF THE TRUST**

The Trust covenants and agrees with the Master Trustee and the Owners of the Bonds as follows:

Section 6.1. Powers as to Bonds and Pledge. The Trust is duly authorized under the Act and all applicable laws to create and issue the Bonds and to adopt this Trust Agreement and to pledge and grant a security interest in the Loans, Revenues and other property purported to be pledged by this Trust Agreement in the manner and to the extent provided in this Trust Agreement. The Loans, Revenues and other property so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Trust Agreement except to the extent expressly permitted hereby. The Trust shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Trust Estate and other property pledged under this Trust Agreement and all the rights of the Owners under this Trust Agreement against all claims and demands of all persons whomsoever. Nothing in this Section shall be deemed to limit the right of the Trust, and the Trust hereby expressly retains the right, to create a pledge, lien or other charge on the Trust Estate pledged hereunder junior and subordinate to the pledge and lien created hereby; provided that such lien shall be subject to the transfers required by Section 5.6(E) and Section 5.7(E) hereof.

Section 6.2. Extension of Payment of Bonds. The Trust shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of claims for interest shall be extended, such Bonds or claims for interest shall not be entitled in case of any default under this Trust Agreement to the benefit of this Trust Agreement or to any payment out of any assets of the Trust or the funds (except funds held in trust for the payment of particular Bonds or claims for interest pursuant to this Trust Agreement) held by the Fiduciaries, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing in this Section shall be deemed to limit the right of the Trust to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 6.3. Transfers Out of Master Trust Agreement. Any moneys held by the Master Trustee pursuant to this Trust Agreement may be transferred out of the Funds, accounts and subaccounts of this Trust Agreement in accordance with the provisions for such Funds and Accounts set forth herein and free and clear of the lien of this Trust Agreement at the written direction of an Authorized Officer upon delivery to the Master Trustee of

a written report setting forth that the removal of such moneys would not reduce the amount of Program Assets available in the then current or any future Fiscal Year to less than 115% of Aggregate Debt Service in the then current or any future Fiscal Year with respect to all Bonds Outstanding, Scheduled Hedge Payments and any Reimbursement Obligations.

Section 6.4. Covenants as to Loans and Contract Assistance Payments.

(A) The Trust shall at all times comply with applicable law, including the Act, the Clean Water Act and the Drinking Water Act.

(B) No Loan shall be made or acquired by the Trust from the proceeds of the Bonds or other moneys available therefor hereunder and no Bonds shall be issued by the Trust for the purpose of providing funds with which to make Loans unless the Loans shall (1) comply with the terms, conditions, provisions and limitations of the Act, the Clean Water Act or the Drinking Water Act, as applicable, any applicable Grant Agreement and this Section, (2) finance or refinance the Projects that have been approved by the Department in accordance with the DEP Regulations and (3) have been approved by the Trust. Each Loan funded by the Trust hereunder from the proceeds of Bonds other moneys available therefor under this Trust Agreement, shall be secured, shall be in the amounts and shall otherwise have such terms and conditions as specified herein.

(C) Except as otherwise permitted by this Trust Agreement, the Loans made or purchased with the proceeds of the Bonds shall have scheduled Borrower Payments thereon which, together with all other Program Revenues reasonably anticipated to be available for such purpose, shall be at least sufficient in aggregate amount and in time of receipt to pay in the current and each subsequent Fiscal Year all Aggregate Debt Service when due with respect to the Bonds, plus any Scheduled Hedge Payments and Reimbursement Obligations due.

(D) The Trust shall duly and properly service all Loans and enforce the payment and collection of all Borrower Payments and all other payments, if any, thereon or shall cause such servicing to be done by a servicing agent evidencing, in the judgment of the Trust, the capability and experience necessary to adequately service Loans.

(E) The Trust shall do all such acts and things necessary to receive and collect Borrower Payments and other Revenues as may be consistent with sound banking practices and principles and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Trust for the enforcement of, all terms, covenants and conditions of all Loans (and the related Financing Agreements), the Commonwealth Assistance Contract and all Investment Obligations, including the prompt payment of all Borrower Payments and other Revenues due the Trust thereunder. The Trust shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Trust and of the Bondowners under or with respect to each Loan and all related Financing Agreements, the Commonwealth Assistance Contract and all Investment Obligations, provided that, subject to the terms of the applicable Financing Agreement and the rights of the Department thereunder and under the applicable Regulatory Agreement, the Trust shall have the power and authority to settle a Payment Default on any Loan or under the Commonwealth Assistance Contract or any Investment Obligation on such terms as the Trust shall determine to be in the best interests of the Trust and the Bondowners and to forbear from taking action with respect to enforcement of a Loan or any related Financing Agreement, or under the Commonwealth Assistance Contract or any Investment Obligation if it determines such forbearance to be in the best interests of the Trust and the Bondowners.

(F) Whenever it shall be necessary in order to protect and enforce the rights of the Trust under a Loan, the Commonwealth Assistance Contract or any Investment Obligation and to protect and enforce the rights and interest of Bondowners under this Trust Agreement, the Trust shall take or cause to be taken steps to enforce the applicable Financing Agreement, the Commonwealth Assistance Contract or such Investment Obligation and to enforce any lien or security interest or other right created by such Loan or under the related Financing Agreement, the Commonwealth Assistance Contract or such Investment Obligation or otherwise available to the Trust under the Act, including without limitation the exercise of the rights provided in Section 11 of the Act with respect to local aid distributions payable by the Commonwealth to a Borrower or any member or other service recipient thereof or any parent governmental unit of any member or other service recipient thereof.



(G) Subject to the provisions of the Clean Water Act or the Drinking Water Act, as applicable, and the applicable Financing Agreement and subject to Section 6.3 (unless a Loan is in default), the Trust may release from the pledge of this Trust Agreement any Loan or any participation or other interest therein, or transfer any such Loan to itself free and clear of the pledge of this Trust Agreement, or substitute or add a Loan to the lien of this Trust Agreement, provided that prior to such release, transfer, substitution or addition the Trust files with the Master Trustee a certificate of an Authorized Officer showing that following such release, transfer, substitution or addition anticipated Program Revenues (excluding the portion of any Borrower Payments representing the repayment of principal on the Loans not funded from Bond proceeds) available to pay Aggregate Debt Service, Scheduled Hedge Payments under Parity Hedge Agreements and Reimbursement Obligations secured on a parity with the Bonds in the current and each subsequent Fiscal Year will not be less than the Aggregate Debt Service payable by the Trust in the current and each subsequent Fiscal Year.

(H) The Trust may consent or agree to or permit amendment or modification of the Commonwealth Assistance Contract or any Investment Obligation which the Trust determines to be in the best interests of the Trust and the Bondowners; provided that no such amendment or modification shall be effective until the Trust files with the Master Trustee a certificate of an Authorized Officer showing that following such amendment or modification anticipated Program Revenues available to pay Aggregate Debt Service in the current and each subsequent Fiscal Year when due will not be less than the amount of Program Revenues anticipated to be available for such purpose if the Commonwealth Assistance Contract or such Investment Obligation is not so amended or modified.

Section 6.5. Amendments to Financing Agreements and Loans.

(A) Without notice to or the consent of any of the Bondowners, the Trust may, with prior written notice to the Master Trustee, execute and deliver one or more amendments to or supplements to the Financing Agreements pertaining to any of the Loans for any of the following purposes:

- (1) To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provisions in such Financing Agreement or Loan;
- (2) To insert any provisions therein, not contrary to or inconsistent with the instrument as theretofore in effect, clarifying matters or questions arising under the instrument or to effect any amendment thereof permitted by the terms of such instrument as theretofore in effect;
- (3) To insert, repeal or amend any provision in such instruments to comply with the Clean Water Act or the Drinking Water Act, as applicable, and the Act; or
- (4) If the Trust determines that such amendment or modification will not have a material adverse impact, taking into account the reasonable expectations with respect to such Loan immediately prior to such amendment or modification, on the Trust's ability to pay Aggregate Debt Service in the current and each subsequent Fiscal Year.

(B) Without limiting the generality of the foregoing provisions of this Section 6.5, subsequent to the issuance of any Refunding Bonds under the Trust Agreement for the purpose of refunding Prior Bonds, the Trust, with prior written notice to the Master Trustee and the applicable prior bond trustee, if any, may amend or otherwise modify the schedule of Borrower Payments, Contract Assistance Payments and Equity Earnings (as defined in the applicable Prior Bond Resolution) allocable to any Prior Loans funded by the proceeds of, or securing, the Refunded Prior Bonds to reflect the final allocation of debt service savings resulting from the issuance of the Refunding Bonds and the refunding of the Refunded Prior Bonds, provided that (i) such Borrower Payments, Contract Assistance Payments and Equity Earnings relating to Prior Loans, as so modified, shall be at least sufficient in aggregate amount and in time of receipt, together with all other amounts expected to be available therefor under the Prior Bond Resolutions, to pay in the current and each subsequent Fiscal Year the sum of all principal and premium of or interest when due on the Outstanding Prior Bonds and any applicable Outstanding Refunding Prior Bonds; (ii) the amounts anticipated to be transferred to the Master Trustee pursuant to Section 6.9 hereof after such modifications, together with all other anticipated Program Revenues (excluding the portion of any Borrower Payments representing the repayment of principal on the Loans not funded from Bond proceeds), in the current and each subsequent Fiscal Year will not be less than the Aggregate Debt Service payable by the Trust in the current and each subsequent Fiscal

Year with respect to all Outstanding Bonds; (iii) such amendment or other modification will not adversely affect the ratings then assigned to any Prior Bonds or the Bonds by any Rating Agency; and (iv) such amendment or other modification will not adversely affect the exclusion of interest on any Prior Bonds or the Bonds from gross income for federal income tax purposes, all as evidenced by a certificate of an Authorized Officer of the Trust to such effect delivered to the Master Trustee and upon which the Master Trustee may conclusively rely.

(C) Except as provided in paragraph (A) or (B) of this Section 6.5, the Trust shall not execute and deliver any amendment to or supplement of a Financing Agreement pertaining to any Loan, unless such amendment or supplement shall have been consented to by or on behalf of the Bondowners to the same extent and in the same manner as if such amendment or supplement were a Supplemental Trust Agreement to which the provisions of ARTICLE IX hereof apply.

Section 6.6. Further Assurance. At any and all times the Trust shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all such further Supplemental Trust Agreement, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for better assuring, conveying, granting, assigning or confirming all and singular the rights, Revenues, Loans and other moneys, securities and property hereby pledged or assigned, or intended so to be, or which the Trust may hereafter become bound to pledge or assign.

Section 6.7. Accounts and Reports.

(A) The Trust shall keep, or cause to be kept, proper books of record and accounts in which complete and accurate entries shall be made of all its transactions relating to the Program and all Funds and Accounts established by or pursuant to this Trust Agreement, which shall at all reasonable times be subject to the inspection of the Master Trustee, any Borrower and the Owners of not less than 5% in aggregate principal amount of Bonds Outstanding or their representatives duly authorized in writing.

(B) The Trust shall annually file with the Master Trustee within 120 days after the close of each Fiscal Year and otherwise as provided by law, annual audited financial statements of the Trust prepared in accordance with generally acceptable accounting standards containing the report thereon of an independent public accountant or firm of accountants acceptable to the Master Trustee (the "Annual Audit"). A copy of each Annual Audit shall also be filed by the Trust with the MSRB.

Section 6.8. Tax Covenant.

(A) The Trust shall not use or permit the use of any proceeds of any Tax-Exempt Bonds or any other funds of the Trust, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Trust or the Fiduciaries with respect to the Revenues or Loans any manner, and shall not otherwise take or permit to be taken any other action or actions, which would cause any Tax-Exempt Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or, to the extent applicable, which would cause any Tax-Exempt Bond to violate any of the restrictions contained in Section 141 through Section 150 the Code.

(B) The Trust shall take all lawful action necessary to ensure that interest on the Tax-Exempt Bonds will remain excludable from gross income for federal income tax purposes and shall not use or permit the use of any proceeds of Tax-Exempt Bonds or any other funds of the Trust, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would cause the interest on the Tax-Exempt Bonds to become includable in gross income for federal income tax purposes.

Section 6.9 Prior Bond Revenues. On or prior to each interest payment date for each series of Refunded Prior Bonds, the Trust shall deliver a certificate of instructions to the applicable prior bond trustee directing such prior bond trustee to transfer all Prior Bond Revenues after (1) the application of such amounts to the payment of Principal Installments (as defined in the applicable Prior Bond Resolution) and interest due and unpaid or to become due on such date on the applicable Outstanding Prior Bonds, and satisfaction of all other applicable requirements of the applicable Prior Bond Resolution (including without limitation, transfers to the Program Resolution), and (2) any transfers to other prior bond trustees on such dates as required by any applicable Refunding Prior Resolution (including

without limitation, transfers to the Program Resolution), to the Master Trustee for deposit in the Revenue Fund held hereunder.

## **ARTICLE VII DEFAULTS AND REMEDIES**

Section 7.1. Events of Default. Each of the following shall constitute an “Event of Default” under this Trust Agreement:

- (A) Default in the payment of the principal amount or Redemption Price of any Bond when due, whether at maturity or by call for redemption, or otherwise or in the payment of any Sinking Fund Payment when due;
- (B) Default in the payment of any installment of interest on any Bond when due;
- (C) Default by the Trust in the performance or observance of any other of the covenants, agreements or conditions on its part provided in this Trust Agreement or in the Bonds and such default shall continue for a period of 30 days after written notice thereof shall be given to the Trust by the Master Trustee or to the Trust and the Master Trustee by the Owners of not less than 25% in aggregate principal amount of the Senior Bonds Outstanding (or if no Senior Bonds are then Outstanding, the Subordinate Bonds Outstanding); provided that if such default cannot be remedied within such 30-day period, it shall not constitute an Event of Default hereunder if corrective action is instituted by or on behalf of the Trust within such period and diligently pursued until the default is remedied;
- (D) Default under a Parity Hedge Agreement upon notice to the Master Trustee from the applicable Hedge Provider of the default thereunder or under any Credit Enhancement or Liquidity Facility secured on parity with the Bonds upon written notice to the Master Trustee from the issuer of the Credit Enhancement or Liquidity Facility;
- (E) If an order, judgment or decree is entered by a court of competent jurisdiction (a) appointing a receiver, trustee, or liquidator for the Trust or the whole or any substantial part of its assets, (b) granting relief in involuntary proceedings with respect to the Trust under the Federal bankruptcy act, or (c) assuming custody or control of the Trust or of the whole or any substantial part of its assets under the provisions of any law for the relief of debtors, and the order, judgment or decree is not set aside or stayed within 60 days from the date of entry of the order, judgment or decree; or
- (F) If the Trust (a) admits in writing its inability to pay its debts or the interest thereon generally as they become due, (b) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (c) makes an assignment for the benefit of its creditors, (d) consents to the appointment of a receiver of the whole or any substantial part of its assets, or (e) consents to the assumption by any court of competent jurisdiction under any law for the relief of debtors of custody or control of the Trust or of the whole or any substantial part of its assets.

Section 7.2. Application of Revenues and Other Moneys after Default.

- (A) The Trust covenants that if an Event of Default shall occur and shall not have been remedied, other than an Event of Default described in Clause (C) of Section 7.1, the Trust, upon demand of the Master Trustee, shall pay over or cause to be paid over, to the Master Trustee upon receipt thereof all Program Revenues, and other moneys pledged hereunder. Unless otherwise directed by a court, all such Program Revenues and other moneys, and any other moneys received or collected by the Master Trustee acting pursuant to the Act or this Article VII, shall, except as provided below, be held, transferred and applied as provided in Article V.
- (B) In the event that, upon the happening and continuance of an Event of Default, other than an Event of Default described in Clause (C) of Section 7.1, the funds held by the Fiduciaries shall be insufficient for the payment of interest and principal then due on the Bonds, Scheduled Hedge Payments under Parity Hedge Agreements or Reimbursement Obligation Secured on a parity with the Bonds, such funds (other than funds held for

the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other moneys received or collected by the Fiduciaries acting pursuant to the Act and this Article VII, after making provision for the payment of any expenses necessary in the opinion of the Master Trustee to protect the interests of the Owners of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Fiduciaries in the performance of their duties under this Trust Agreement, shall be applied as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Senior Bonds or Scheduled Hedge Payments under Parity Hedge Agreements secured on a parity with Senior Bonds or the interest component of any Reimbursement Obligations secured on a parity with Senior Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any such installments, then to the payment thereof ratably, according to the amounts due on such installments, to the persons entitled, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of all unpaid principal of any Senior Bonds or any principal component of any Reimbursement Obligations secured on a parity with Senior Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all principal due on any date, then to the payment thereof ratably, according to the amounts of principal due on such date, to the persons entitled thereto, without any discrimination or preference.

Third: To the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Bonds or Scheduled Hedge Payments under Parity Hedge Agreements secured on a parity with Subordinate Bonds or the interest component of any Reimbursement Obligations secured on a parity with Subordinate Bonds in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any such installments, then to the payment thereof ratably, according to the amounts due on such installments, to the persons entitled, without any discrimination or preference; and

Fourth: To the payment to the persons entitled thereto of all unpaid principal of any Subordinate Bonds or any principal component of any Reimbursement Obligations secured on a parity with Subordinate Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all principal of Subordinate Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due on such date, to the persons entitled thereto, without any discrimination or preference.

(C) Whenever moneys are to be applied by the Master Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Master Trustee at such times, and from time to time, as the Master Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Master Trustee; and the Master Trustee shall incur no liability whatsoever to the Trust, to any Bondowner, any provider of Credit Enhancement or a Liquidity Facility, to any Hedge Provider or to any other person for any delay in applying any such moneys, so long as the Master Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Trust Agreement as may be applicable at the time of application by the Master Trustee. Whenever the Master Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be a Debt Service Payment Date unless the Master Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the principal amount to be paid on such date shall cease to accrue. The Master Trustee shall give such notice as it may deem appropriate for the fixing of any such date.

(D) If and whenever all overdue installments of interest on all Bonds together with the reasonable and proper charges and expenses of the Fiduciaries, and all other sums payable by the Trust under this Trust Agreement, including the principal amount and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable, shall either be paid by or for the account of the Trust, or provision satisfactory to the Master Trustee shall be made for such payment, and all Events of Default under this Trust Agreement shall have been cured, the Master Trustee shall reassign and endorse the Loans to the Trust, and thereupon the Trust and the Master Trustee

shall be restored, respectively, to their former positions and rights under this Trust Agreement and all Revenues and other moneys shall thereafter be applied as provided in Article V. No such reassignment to the Trust by the Master Trustee or resumption of the application of Revenues as provided in Article V shall extend to or affect any subsequent default under this Trust Agreement or impair any right consequent thereon.

Section 7.3. Proceedings Brought by Master Trustee.

(A) Upon the happening and continuance of any Event of Default, then, and in each such case, the Master Trustee may proceed, and upon the written request of the Owners of not less than 25% in aggregate principal amount of the Senior Bonds Outstanding shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondowners by such of the following remedies, as the Master Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) By suit, action or proceeding, to enforce all rights of the Bondowners, including the right to require the Trust to carry out the covenants and agreements as to the Revenues and Loans and to require the Trust to carry out any other covenant or agreement with Bondowners and to perform its duties under the Act;

(2) By bringing suit upon the Bonds;

(3) By action or suit, to require the Trust to account as if it were the trustee of an express trust for the Owners of the Bonds;

(4) By action or suit, to enjoin any acts or things which may be unlawful or in violation of this Trust Agreement or of the rights of the Owners of the Bonds;

(5) By exercising any and all rights of the Trust with respect to the Revenues and Loans; and

(B) Upon the occurrence of an Event of Default, other than an Event of Default described in Clause (3) of Section 7.1, the Trust, at the request of the Master Trustee or the Owners of not less than 25% in aggregate principal amount of the Outstanding Senior Bonds, shall assign, endorse and convey to the Master Trustee any and all interests and rights held by the Trust in the Loans pledged hereunder and shall take any other steps requested by the Master Trustee or Bondowners to further effectuate the rights of the Master Trustee under this Trust Agreement to such Loans.

(C) During any period in which an Event of Default shall have occurred and be continuing, if there are Outstanding hereunder any Subordinate Bonds, the registered owners of such Subordinate Bonds shall be entitled to the appointment of a trustee to act on their behalf in any suit, action or proceeding hereunder and to otherwise exercise on their behalf any of their rights hereunder; provided, however, that such trustee shall not be entitled to hold any Funds or Accounts hereunder which shall continue to be held hereunder by the Master Trustee. During such period, the Master Trustee hereunder shall act exclusively on behalf of the registered owners of the Senior Bonds Outstanding; provided, however, the Master Trustee shall continue to bear its fiduciary obligation to all Bondowners as provided herein with respect to any Funds and Accounts or any other amounts held in trust hereunder. Any such trustee may be appointed with the consent of a majority in the principal amount Outstanding of Subordinate Bonds. Notice of the appointment of any such trustee shall be given to the Master Trustee and the Trust promptly upon such appointment and to all registered owners of Subordinate Bonds. To the extent possible, such trustee's duties hereunder shall be governed by Article VIII hereof.

(D) If no Senior Bonds are Outstanding hereunder, then the Owners of not less than 25% in aggregate principal amount of the Subordinate Bonds then Outstanding shall direct proceedings as set forth in this Section.

Section 7.4. Restriction on Owners' Action.

(A) No Owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Trust Agreement or for any remedy under the Trust Agreement, unless such Owner shall have previously given to the Master Trustee written notice of the happening of any Event of

Default and the Owners of at least a majority in principal amount of Senior Bonds then Outstanding, or if no Senior Bonds are then Outstanding, the Subordinate Bonds then Outstanding, shall have filed a written request with the Master Trustee, and shall have offered it reasonable opportunity, to exercise the powers granted in this Article in its own name, and unless such Owners shall have offered to the Master Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred thereby, and the Master Trustee shall have refused to comply with such request within a reasonable time.

(B) Nothing in this Trust Agreement shall affect or impair the obligation of the Trust to pay on the respective dates of maturity thereof the principal amount of and interest on the Bonds, to the extent that such payments are permitted under this Trust Agreement, or affect or impair the right of action of any Owner to enforce the payment of its Bonds.

Section 7.5. Remedies not Exclusive. No remedy by the terms of this Trust Agreement conferred upon or reserved to the Master Trustee or the Registered Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Trust Agreement or provided at law or in equity or by statute.

Section 7.6. Effect of Waiver and Other Circumstances.

(A) No delay or omission of the Master Trustee or of any Registered Owner to exercise any right or power arising upon the occurrence of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or to be an acquiescent therein.

(B) The Registered Owners of a majority in principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are then Outstanding, the Subordinate Bonds then Outstanding, may on behalf of the Registered Owners of all of the Bonds waive any past default under the Trust Agreement and its consequences, except a default in the payment of interest on or principal or Redemption Price of any of the Bonds. No such waiver shall extend to any subsequent or other default.

Section 7.7. No Right of Acceleration. The Owners, the Master Trustee, any Hedge Provider and any issuer of Credit Enhancement or Liquidity Facility shall not have any right to accelerate the payment of principal or interest due on any Bonds Outstanding, Reimbursement Obligations or payments due under Parity Hedge Agreements upon the occurrence of an Event of Default.

## **ARTICLE VIII THE FIDUCIARIES**

Section 8.1. Master Trustee. The Master Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Trust Agreement by its execution hereof and, by executing this Trust Agreement, the Master Trustee shall be deemed to have accepted such duties and obligations under this Trust Agreement not only with respect to the Initial Bonds but also with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in this Trust Agreement.

Section 8.2. Paying Agents. Except as otherwise provided in any Supplemental Trust Agreement, the Master Trustee shall also serve as paying agent and registrar for all Bonds Outstanding hereunder. The Trust may at any time or from time to time in a Supplemental Trust Agreement appoint one or more other Paying Agents for a Series of Bonds. Each Paying Agent shall be a bank, trust company or national banking association, having trust powers and having a capital and surplus aggregating at least \$25,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Trust Agreement and the applicable Supplemental Trust Agreement. Each Paying Agent (other than the Master Trustee) shall signify its acceptance of the duties and obligations imposed upon it by this Trust Agreement and the applicable Supplemental Trust Agreement by executing and delivering to the Trust a written acceptance thereof.

Section 8.3. Responsibilities of Fiduciaries.

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

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

Section 8.4. Evidence on Which Fiduciaries May Act. Each Fiduciary shall be protected in acting upon any notice, agreement, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be counsel to the Trust, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever a Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate executed in the name of the Trust by an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Trust Agreement upon the face thereof, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, direction, order, notice or other instruction required or permitted to be furnished pursuant to any provision hereof by or on behalf of the Trust to any Fiduciary shall be sufficiently executed if executed by an Authorized Officer.

Section 8.5. Compensation. The Trust shall pay to each Fiduciary from time to time reasonable compensation for all services rendered hereunder, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees incurred in and about the performance of their powers and duties hereunder. The Trust shall indemnify and save each Fiduciary harmless against any losses, damages and other liabilities which it may incur, including all reasonable expenses, charges, counsel fees and disbursements, as aforesaid, in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or willful misconduct.

Section 8.6. Permitted Acts. Any Fiduciary may become the owner of any Bonds and may otherwise deal with the Trust with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, the Master Trustee may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Trust Agreement, whether or not any such committee shall represent the Registered Owners of a majority in principal amount of the Senior Bonds Outstanding or the Registered Owners of a majority in principal amount of the Subordinate Bonds Outstanding.

Section 8.7. Resignation. The Master Trustee may at any time resign and be discharged of the duties and obligations created by this Trust Agreement by giving not less than 30 days' written notice to the Trust and each Registered Owner specifying the date when such resignation shall take effect, and such resignation shall take effect

upon the day specified in such notice provided a successor shall have been appointed, unless previously a successor shall have been appointed by the Trust or the Registered Owners as hereinafter provided, in which event such resignation shall take effect immediately on the appointment of such successor. A Paying Agent (other than the Master Trustee) may at any time resign and be discharged of its duties and obligations created by this Trust Agreement or any applicable Supplemental Trust Agreement according to the terms of the Paying Agent's agreement with the Trust and otherwise by giving 30 days' written notice to the Trust and the Master Trustee. If there exists an Event of Default hereunder and the Master Trustee determines that it is a conflict of interest to serve as Master Trustee for both the Senior Bonds and the Subordinate Bonds, the Master Trustee may resign and a successor Master Trustee may be appointed (at no expense to the prior Master Trustee) for the Subordinate Bonds by the Registered Owners of a majority in principal amount of the Subordinate Bonds then Outstanding and pending such appointment, as further set forth in Section 809 hereof.

Section 8.8. Removal. The Master Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Master Trustee, and signed by the Registered Owners of a majority in principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are Outstanding, of a majority in principal amount of the Subordinate Bonds then Outstanding, or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Trust. Except during the existence of an Event of Default, the Trust may remove the Master Trustee at any time for cause or upon not less than 30 days' prior written notice to the Master Trustee for such other reason as shall be determined in the sole discretion of the Trust. Any such removal shall take effect upon the date specified in such notice, provided a successor shall have been appointed, unless previously a successor shall have been appointed by the Trust or the Registered Owners as hereinafter provided, in which event such removal shall take effect immediately on the appointment of such successor. A Paying Agent (other than the Master Trustee) may be removed at any time by the Trust, upon filing with the Master Trustee and with such Paying Agent a copy of the resolution of the Trust, certified by an Authorized Officer, providing for the removal of such Paying Agent.

Section 8.9. Appointment of Successor Fiduciary. In case at any time a Fiduciary shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of such Fiduciary, or of its property, shall be appointed, or if any public officer shall take charge or control of such Fiduciary, or of its property or affairs, a successor may be appointed (i) in the case of the Master Trustee, by the Registered Owners of a majority in principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are Outstanding, of a majority in principal amount of the Subordinate Bonds then Outstanding, excluding any Bonds held by or for the account of the Trust, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners or by their attorneys-in-fact duly authorized and delivered to such successor Master Trustee, notification thereof being given to the Trust and the predecessor Master Trustee and any other Fiduciary, and (ii) in the case of the Paying Agent, by the Trust, notification thereof being given to the predecessor Paying Agent and any other Fiduciary. Pending the appointment of a successor Master Trustee by the Registered Owners of a majority in principal amount of the Senior Bonds then Outstanding, or if no Senior Bonds are Outstanding, of a majority in principal amount of the Subordinate Bonds then Outstanding, the Trust by a written instrument signed by an Authorized Officer and delivered to the predecessor Master Trustee shall forthwith appoint a Master Trustee to fill such vacancy until a successor Master Trustee shall be appointed by the Registered Owners as herein authorized. An Authorized Officer shall give written notice of any such appointment made by it to each Registered Owner and to the predecessor Master Trustee within 30 days after the date of such appointment. Any successor Master Trustee appointed by the Trust shall, immediately and without further act, be superseded by a Master Trustee appointed by the Registered Owners. If in a proper case no appointment of a successor Master Trustee shall be made pursuant to the foregoing provisions of this Section within 45 days after the Master Trustee shall have given to the Trust written notice as provided in Section 807 or after the occurrence of any other event requiring or authorizing such appointment, the Master Trustee or any other Fiduciary or the Registered Owner of any Senior Bond, or if no Senior Bonds are then Outstanding, any Subordinate Bond, may apply to any court of competent jurisdiction to appoint a successor Master Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Master Trustee. Any Master Trustee appointed under the provisions of this Section in succession to the Master Trustee shall be a bank or trust company or a national banking association authorized to do business in the Commonwealth, having a capital and surplus aggregating at least \$50,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all duties imposed upon it by this Trust Agreement.



Section 8.10. Transfer of Rights and Property to Successor Fiduciary. Any successor Fiduciary appointed hereunder shall execute, acknowledge and deliver to its predecessor Fiduciary, and also to the Trust, an instrument accepting such appointment hereunder and thereupon such successor Fiduciary, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Fiduciary herein, but the Fiduciary ceasing to act shall nevertheless, on the written request of the Trust or of the successor Fiduciary, and at the expense of the requesting party, execute, acknowledge and deliver such instruments of conveyance and further assurances and all such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Fiduciary all the right, title and interest of the predecessor Fiduciary in and to any property held by it hereunder, and shall pay over, assign and deliver to the successor Fiduciary any money or other property subject to the trusts and conditions herein set forth.

Section 8.11. Merger or Consolidation. Any company or association to which any Fiduciary may be merged or converted or with which it may be consolidated or any company or association resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business provided such company shall be a bank or trust company or national banking association which is qualified to be a successor to such Fiduciary under Section 802 or 809, as applicable, and shall be authorized by law to perform all the duties imposed upon it by this Trust Agreement, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding.

## **ARTICLE IX SUPPLEMENTAL TRUST AGREEMENTS**

Section 9.1. Supplemental Trust Agreements Effective upon Filing. The Trust and the Master Trustee may at any time and from time to time enter into supplements or amendments to this Trust Agreement for any one or more of the following purposes, which Supplemental Trust Agreements upon the execution thereof on behalf of the Trust and the Master Trustee in accordance with Section 9.3 shall be fully effective in accordance with their terms:

(A) to cure any ambiguity, inconsistency or formal defect or omission in this Trust Agreement not inconsistent with the terms of this Trust Agreement;

(B) to close this Trust Agreement against, or provide limitations and restrictions contained in this Trust Agreement on the original issuance of Bonds;

(C) to add to the covenants and agreements of the Trust contained in this Trust Agreement other covenants and agreements thereafter to be observed for the purpose of further securing the Bonds;

(D) to surrender any right, power or privilege reserved to or conferred upon the Trust by this Trust Agreement;

(E) to authorize Bonds of a Series for any purpose permitted hereunder or hereafter authorized by law and, in connection therewith, to specify and determine any matters and things relative to such Bonds not contrary to or inconsistent with this Trust Agreement, including without limitation, pledging moneys or accounts not otherwise pledged pursuant to the terms of this Trust Agreement to the payment of such Series of Bonds;

(F) to authorize any Credit Enhancement or Liquidity Facility;

(G) to exercise any provision herein or to make such determinations hereunder as expressly provided herein to be exercised or determined in a Supplemental Trust Agreement;

(H) to confirm, as further assurance, any pledge under and the subjection to any lien or pledge created or to be created by this Trust Agreement of the Trust Estate;

(I) upon receipt of a Rating Confirmation; or

(J) for any other purpose, provided that such Supplemental Trust Agreement does not, in the reasonable judgment of the Master Trustee, prejudice in any material respect the rights of the Registered Owner of any Bonds Outstanding at the date such Supplemental Trust Agreement becomes effective.

Section 9.2. Supplemental Trust Agreements Amending Trust Agreement or Bonds. At any time or from time to time but subject to the conditions or restrictions in this Trust Agreement contained, the Trust and the Master Trustee may amend or supplement this Trust Agreement modifying any of the provisions of this Trust Agreement or Bonds or releasing the Trust from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained, but, except as provided in Section 9.1, no such amendment or supplement shall be effective until after the execution of such amendment or supplement on behalf of the Trust and the Master Trustee and unless (a) no Bonds authorized by a Supplemental Trust Agreement adopted prior to the adoption of such amendment or supplement remain Outstanding at the time it becomes effective, or (b) such amendment or supplement is consented to by or on behalf of the Owners of the Senior Bonds Outstanding, or if no Senior Bonds are Outstanding, the Subordinate Bonds Outstanding, at the time such consent is given in accordance with and subject to the provisions of Article X.

Section 9.3. Adoption and Filing of Supplemental Trust Agreement. Any supplement or amendment to this Trust Agreement referred to and permitted or authorized by this Article IX may be executed on behalf of the Trust and the Master Trustee and, except as provided in Section 9.2, become effective without the consent of any of the Registered Owners, but shall become effective only on the conditions to the extent and at the time provided in this Article. Every such amendment or supplement so becoming effective shall thereupon form a part of this Trust Agreement. Any such amendment or supplement shall be accompanied by a Bond Counsel's opinion (upon which the Master Trustee may conclusively rely) to the effect that such amendment or supplement has been duly and lawfully executed and delivered by the Trust and the Master Trustee in accordance with the provisions of this Trust Agreement, is authorized or permitted by this Trust Agreement, and constitutes the lawful and binding obligation of the Trust in accordance with its terms. The Master Trustee shall deliver a copy of each Supplemental Trust Agreement promptly upon receipt thereof to each Rating Agency then maintaining a rating on any Bonds Outstanding.

## **ARTICLE X AMENDMENTS**

Section 10.1. Mailing. Any provision in this Article X for the mailing of a notice or other paper to Registered Owners shall be fully complied with if it is mailed postage prepaid only (i) to each Registered Owner of the Bonds then Outstanding at its address, if any, appearing upon the registration books for the Bonds maintained by the Master Trustee and (ii) to the Master Trustee.

Section 10.2. Powers of Amendment. Except as provided in Section 9.1 hereof, any modification or amendment of the Bonds or of this Trust Agreement may be made by a Supplemental Trust Agreement with the written consent given as provided in Section 10.2 hereof (i) of the Registered Owners of at least a majority in the principal amount of all Senior Bonds Outstanding, or if no Senior Bonds are Outstanding, all Subordinate Bonds Outstanding, at the time such consent is given, or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Registered Owners of at least a majority in principal amount of each class by lien and priority of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the amount or date of any Sinking Fund Payment, of the Owners of the Bonds of the particular Series and maturity entitled to such Sinking Fund Payment, provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the vote or consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No modification or amendment of this Trust Agreement made by any Supplemental Trust Agreement executed by the Trust and the Master Trustee pursuant to Article IX hereof shall permit (i) a change in the terms of redemption or maturity of the principal amount of any Outstanding Senior Bond or Subordinate Bond or of any installment of interest thereon or (ii) a reduction in the principal amount or the Redemption Price thereof or the rate of interest thereon or the method for determining such rate or, (iii) except as otherwise provided in the applicable Supplemental Trust Agreement, a change in the terms of any Credit Enhancement or Liquidity Facility relating to a Bond, or (iv) a reduction of the percentages of the principal amount

of Bonds the consent of which is required to effect any such modification or amendment, without in each case, the consent of the Registered Owner of such Senior Bond or Subordinate Bond, as applicable. No modification or amendment of this Trust Agreement made by any Supplemental Trust Agreement executed by the Trust and the Master Trustee pursuant to Article IX hereof shall have a materially adverse affect on any of the rights or obligations of the Master Trustee or any Hedge Provider or any issuer of Credit Enhancement or Liquidity Facility without its written assent thereto.

Section 10.3. Consent of Registered Owners. The Trust and the Master Trustee may at any time execute a Supplemental Trust Agreement making a modification or amendment permitted by the provisions of Section 10.2, to take effect when and as provided in this Section. Upon the execution of such Supplemental Trust Agreement, a copy thereof shall be filed with the Master Trustee for inspection by the Registered Owners. A copy of such Supplemental Trust Agreement (or summary thereof or reference thereto in form approved by the Master Trustee) together with a request to Registered Owners for their consent thereto in form satisfactory to the Master Trustee shall be mailed by the Trust to Registered Owners (but failure to mail such copy and request shall not affect the validity of the Supplemental Trust Agreement when consented to as in this Section provided). Such Supplemental Trust Agreement shall not be effective unless and until there shall have been filed with the Master Trustee the written consents of the percentages of the Registered Owners of Outstanding Bonds specified in Section 10.2 and a notice shall have been given as hereinafter in this Section provided. Any such consent shall be binding upon the Registered Owner of the Bonds giving such consent and on any subsequent Registered Owner of such Bonds (whether or not such subsequent Registered Owner has notice thereof). At any time after the Registered Owners of the required percentages of Bonds shall have filed their consent to the Supplemental Trust Agreement, notice, stating in substance that the Supplemental Trust Agreement has been consented to by the Registered Owners of the required percentages of Bonds and will be effective as provided in this sections may be given to the Registered Owners by mailing such notice to Registered Owners (but failure to mail such notice shall not prevent such Trust Agreement from becoming effective and binding as herein provided). An Authorized Officer shall file with the Master Trustee proof of giving such notice. Such Supplemental Trust Agreement shall be deemed conclusively binding upon the Trust, the Master Trustee and the Registered Owners of the all Bonds at the expiration of 60 days after the filing with the Master Trustee of the proof of the mailing of such notice, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding commenced for such purpose within such sixty day period; provided, however, that the Master Trustee and the Trust during such sixty day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Trust Agreement as they may deem expedient.

Section 10.4. Modification by Unanimous Action. Notwithstanding anything contained in Article IX or in the foregoing provisions of this Article, the rights and obligations of the Trust and of the Registered Owners of the Bonds and the terms and provisions of the Bonds or of this Trust Agreement may be modified or amended in any respect upon the execution of a Supplemental Trust Agreement on behalf of the Trust and the Master Trustee and the consent of the Registered Owners of all of the Bonds then Outstanding, such consent to be given as provided in Section 10.2 except that no notice to Registered Owners shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Master Trustee without its written assent thereto.

Section 10.5. Exclusion of Bonds. Bonds owned or held by or for the account of the Trust shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Article, and shall not be entitled to consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Trust shall furnish the Master Trustee a certificate of an Authorized Officer, upon which the Master Trustee may rely, describing all Bonds to be excluded.

Section 10.6. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as hereinabove in this Article X provided may, and, if the Master Trustee determines, shall, bear a notation by endorsement or otherwise in form approved by the Trust and the Master Trustee as to such actions and in that case upon demand of the Registered Owner of any Bond Outstanding at or after such effective date and presentation of its Bond for the purpose to the Master Trustee suitable notation shall be made on such Bond by the Master Trustee as to any such action. If the Trust or the Master Trustee shall so determine new Bonds so modified as in the opinion of the Master Trustee and the Trust to conform to such action shall be prepared, authenticated and

delivered, and upon demand of the Registered Owner of any Bond then Outstanding shall be exchanged, without cost to such Registered Owner, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

## **ARTICLE XI DEFEASANCE**

### Section 11.1. Defeasance.

(A) If the Trust shall pay or cause to be paid, or there shall otherwise be paid, to the Registered Owners of any Series of Bonds then Outstanding, the principal amount and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Trust Agreement, and if no Reimbursement Obligations or Qualified Hedge Payments then due and payable remain unpaid relating to such Series of Bonds or payment of such Reimbursement Obligations or Qualified Hedge Payments have been provided for, then the pledge of any Revenues or other moneys and securities pledged by this Trust Agreement and all other rights granted by this Trust Agreement securing such Series of Bonds shall be discharged and satisfied. In such event, the Master Trustee shall, upon request of the Trust, execute and deliver to the Trust all such instruments as may be desirable to evidence such release and discharge and shall pay over or deliver to the Trust all moneys or securities held by it pursuant to this Trust Agreement which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption or for the payment of Reimbursement Obligations or Qualified Hedge Payments.

(B) Bonds or portion thereof or interest installments for the payment or redemption of which moneys shall be held by a Fiduciary (through deposit by the Trust of funds for such payment or redemption or otherwise), whether at or prior to the maturity or the redemption date of such Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (A) of this Section 11.1. All Outstanding Bonds of any Series or any part of a Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (A) of this Section 11.1 if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, an Authorized Officer shall have given to the Master Trustee, in form satisfactory to it, irrevocable instructions to provide, as provided in Article IV, notice of redemption on said date of such Bonds, (ii) there shall have been deposited with a Fiduciary either (x) moneys in an amount which shall be sufficient or (y) Defeasance Obligations (a) not subject to redemption at the option of the issuer thereof prior to the due date thereof or (b) as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the owner thereof or (C) upon compliance with the provisions of paragraph (E) of this Section 11.1 which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates, in each case the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with a Fiduciary at the time of deposit of such Defeasance Obligations, shall be sufficient (without reference to any forward purchase agreement as hereinafter provided), as certified by a firm of independent public accountants or a certified public accountant, to pay when due the principal amount or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and in the event said Bonds do not mature and are not by their terms subject to redemption within the next succeeding 60 days, an Authorized Officer shall have given the Master Trustee in form satisfactory to it irrevocable instructions to provide, as soon as practicable, written notice to the Registered Owners of such Bonds that the deposit required by clause (ii) above has been made with a Fiduciary and that said Bonds are deemed to have been paid in accordance with paragraph (A) of this Section 11.1 and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal amount or Redemption Price, if applicable, on said Bonds. Neither Defeasance Obligations nor moneys deposited with a Fiduciary pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and all of the same shall be held in trust for, the payment of the principal amount or Redemption Price, if applicable, and interest on said Bonds, provided, however that any cash received from the principal or interest payments on such Defeasance Obligations deposited with a Fiduciary, if not then needed for such purpose, may, to the extent practicable be reinvested in Defeasance Obligations as directed by an Authorized Officer or, in lieu of such direction at the time of receipt, an Authorized Officer may authorize and direct such Fiduciary to enter into one or more forward purchase agreements providing for the purchase of Defeasance Obligations at future dates, provided, further, that if such amounts shall have been

derived from the proceeds of any Tax Exempt Bonds or bonds not issued hereunder which shall have been issued on the basis that the interest thereon is not includable in the gross income of the Registered Owner thereof for federal income tax purposes, any such amounts may be reinvested, or any such forward purchase agreement may be executed only upon receipt by the Master Trustee of a Bond Counsel's opinion that such reinvestment or forward purchase agreement shall not adversely affect the exclusion of the interest on such Tax Exempt Bonds or other bonds from gross income for federal income tax purposes. In the event of any conflict between the terms of such forward purchase agreement and this Trust Agreement, the provisions of this Trust Agreement shall apply. After the making of the payments for which such Defeasance Obligations or moneys were held, any surplus shall be promptly paid over to the Trust, as received by such Fiduciary, free and clear of any trust, lien or pledge or assignment securing the Bonds or otherwise existing under this Trust Agreement.

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

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

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

(F) Anything in this Trust Agreement to the contrary notwithstanding (but subject to applicable escheat law) any moneys held by a Fiduciary in trust for the payment and discharge of any Bonds which remain unclaimed for three years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six months less than the applicable statutory escheat period (as determined by an Authorized Officer) if such moneys were deposited with the Fiduciary after the date when such Bonds become due and payable, shall, upon written

direction from the Trust, be paid to the Trust as its absolute property and free from trust, and such Fiduciary shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Trust for the payment of such Bonds, provided that before being required to make any such payment to the Trust, such Fiduciary shall, at the expense of the Trust, cause to be published at least twice, at an interval of not less than seven days between publications, in Authorized Newspapers, a notice that said moneys remain unclaimed it and that, after a date named in said notice, which date shall not be less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned promptly to the Trust.

## **ARTICLE XII MISCELLANEOUS**

### Section 12.1. Evidence of Signatures of Registered Owners and Ownership of Bonds.

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

(B) The ownership of Bonds and the amount, numbers and other identification, and date of owning the same, shall be proved by the registration books for the Bonds maintained by the Master Trustee.

(C) Any request, consent or vote of the Registered Owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Trust or the Master Trustee in accordance therewith.

Section 12.2. Preservation and Inspection of Documents. All documents received by the Master Trustee under the provisions of this Trust Agreement shall be retained in its possession and shall be subject at all reasonable times upon reasonable prior written notice to the inspection of the Trust and any Registered Owner and their agents and their representatives, any of whom may make copies thereof at their own expense.

Section 12.3. Notices and Directions. Unless otherwise expressly provided herein, all notices, orders, and directions to the Trust or the Master Trustee hereunder, including without limitation any order or direction given to the Master Trustee hereunder by an Authorized Officer, shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered in person or by facsimile transmission during a Business Day as follows: (a) to the Trust at 3 Center Plaza, Boston, Massachusetts 02108, attention: Executive Director, and (b) to the Master Trustee at One Federal Street, 3<sup>rd</sup> Floor, Boston, Massachusetts 02110, attention: Corporate Trust Department or, as to either of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the one giving notice. All notices to a Registered Owner shall be in writing and shall be deemed sufficiently given if sent by mail, postage prepaid, to the Registered Owner at the address shown on the registration books for the Bonds maintained by the Master Trustee. A Registered Owner may direct the Master Trustee to change its address as shown on the registration books by written notice to the Master Trustee.

Section 12.4. Parties Interested Herein. All of the covenants, stipulations, promises and agreements in this Trust Agreement contained by and on behalf of the Trust shall be for the sole and exclusive benefit of the Trust, the Master Trustee, the Owners of the Bonds, any Hedge Provider and the issuers of any Credit Enhancement or Liquidity Facility hereunder, each of whom shall be deemed to be third-party beneficiaries of such covenants, stipulations, promises and agreements; provided that nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Trust, the Master Trustee, the Owners of the Bonds and any Hedge Provider or issuer of any Credit Enhancement or Liquidity Facility as aforesaid, any right, remedy or claim under or by reason of this Trust Agreement.

Section 12.5. No Recourse. No recourse shall be had for the payment of the principal or Redemption Price of or the interest on the Bonds or for any Reimbursement Obligation or any Qualified Hedge Payment hereunder or for any claim based thereon or on this Trust Agreement against any official, agent, representative or employee of the Trust or any person executing the Bonds or the applicable Credit Enhancement, Liquidity Facility or Qualified Hedge Agreement. No official, agent, representative or employee of the Trust shall be held personally

liable to any purchaser or Owner of any Bond under or upon such Bond, or under or upon this Trust Agreement or any Supplemental Trust Agreement, or to any Hedge Provider or the issuer of any Credit Enhancement or any Liquidity Facility, or, to the extent permitted by law, because of the sale or issuance or attempted sale or issuance of Bonds, or because of any act or omission in connection with the investment or management of the Revenues, funds or moneys of the Trust, or otherwise in connection with the management of its affairs, excepting solely for things willfully done or omitted to be done with an intent to defraud.

Section 12.6. Partial Invalidity. If any provision of this Trust Agreement or any Supplemental Trust Agreement is held invalid in any circumstance, such invalidity shall not affect any other provisions or circumstances.

Section 12.7. Law and Place of Enforcement of this Trust Agreement. This Trust Agreement shall be construed and governed in accordance with the laws of the Commonwealth and all suits and actions arising out of this Trust Agreement shall be instituted in a court of competent jurisdiction in the Commonwealth.

Section 12.8 Subordination to Prior Bonds and Prior Bond Resolutions. All obligations, rights and remedies of the Trust or the Master Trustee under the Master Trust Agreement or any Supplemental Trust Agreement as it relates to Prior Loans or agreements related to Prior Loans, including receipt of Revenues after an Event of Default or exercise of remedies, is expressly subject and subordinate to the obligations, rights and remedies of the Trust and the prior bond trustees under the Prior Bond Resolutions, and the Program Trustee under the Program Resolution.

IN WITNESS WHEREOF, the parties hereto have each caused this Trust Agreement to be executed by its duly authorized officer as of the date first above written.

MASSACHUSETTS CLEAN WATER TRUST

By: \_\_\_\_\_  
Executive Director

U.S. BANK NATIONAL ASSOCIATION, as Master Trustee

By: \_\_\_\_\_  
Authorized Officer

## Exhibit A

### Investment Obligations

“Investment Obligation” means any of the following:

- (1) direct general obligations of the United States of America and obligations (including obligations of any federal agency or corporation) the full and timely payment of the principal and interest on which, by act of the Congress of the United States or in the opinion of the Attorney General of the United States in office at the time such obligations were issued, are unconditionally guaranteed by the full faith and credit of the United States of America, or any other evidences of a direct ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this Clause (1);
- (2) any bonds or other obligations of any state of the United States of America, of any political subdivision, agency or instrumentality thereof:
  - (a) which are not callable at the option of the obligor or otherwise prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice;
  - (b) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in Clause (1);
  - (c) as to which the principal of and interest on the bonds and obligations of the character described in Clause (1) hereof which have been deposited in such fund along with any cash on deposit in such fund is sufficient to pay interest when due, principal of and redemption premium, if any, on the bonds or other obligations described in this Clause (2) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this Clause (2), as appropriate; and
  - (d) which bear ratings at the time of purchase hereunder in one of the two highest rating categories available from each Rating Agency;
- (3) senior bonds, debentures, participation certificates (representing a full and timely guaranty of principal and interest), notes or similar evidences of indebtedness of any of the following: Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Financing Bank, Federal Land Banks, Federal Home Loan Bank System, Federal Farm Credit Bank, Federal National Mortgage Association, Export-Import Bank of the United States, Farmers Home Administration, Federal Home Loan Mortgage Corporation, Resolution Funding Corporation, Government National Mortgage Association, Student Loan Marketing Association or Tennessee Valley Authority; provided that such obligations are rated at the time of purchase hereunder in one of the two highest rating categories by each Rating Agency;
- (4) obligations of, or obligations unconditionally guaranteed by, the World Bank (International Bank for Reconstruction and Development and International Finance Corporation), European Bank for Reconstruction and Development, European Investment Bank, Asian Development Bank, Inter-American Development Bank, African Development Bank and the Nordic Investment Bank, provided that such obligations are rated at the time of purchase hereunder in one of the two highest rating categories by each Rating Agency;
- (5) public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary notes or project notes issued



- by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;
- (6) direct obligations of any state of the United States, of any political subdivision, agency or instrumentality thereof, provided that such obligations are rated at the time of purchase hereunder in one of the two highest rating categories by each Rating Agency;
  - (7) obligations guaranteed by the Commonwealth, provided that such obligations are rated at the time of purchase hereunder in one of the two highest rating categories by each Rating Agency;
  - (8) prime commercial paper of a corporation incorporated under the laws of any state of the United States of America, having at the time of purchase hereunder the highest rating available from each Rating Agency;
  - (9) direct obligations of non-profit entities, provided that such obligations are rated at the time of purchase hereunder in one of the two highest rating categories by each Rating Agency;
  - (10) Interest-bearing time or demand deposits, certificates of deposit, or other similar banking arrangements with any government securities dealer, bank, trust company, savings and loan association, national banking association or other savings institution (including the Master Trustee or any affiliate of the Master Trustee), provided that such deposits, certificates, and other arrangements are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or (b) interest-bearing time or demand deposits or certificates of deposit with any bank, trust company, national banking association or other savings institution (including the Master Trustee or any affiliate of the Master Trustee), provided such deposits and certificates are in or with a bank, trust company, national banking association or other savings institution whose long-term unsecured debt is rated in one of the two highest long-term Rating Categories by each Rating Agency then maintaining a rating on any Bonds;
  - (11) Money market funds rated in the highest short term Rating Category by each Rating Agency then maintaining a rating on any Bonds for which the Master Trustee or an affiliate of the Master Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (A) the Master Trustee or an affiliate of the Master Trustee receives fees from such funds for services rendered, (B) the Master Trustee charges and collects fees for services rendered pursuant to this Trust Agreement, which fees are separate from the fees received from such funds, and (C) services performed for such funds and pursuant to this Trust Agreement may at times duplicate those provided to such funds by the Master Trustee or its affiliates.
  - (12) participation units in a combined investment fund created under Section 38A of Chapter 29 of the General Laws of the Commonwealth;
  - (13) repurchase agreements for obligations of the type specified in Clauses (1) and (2) above, provided that either (a) the repurchase agreement is an unconditional obligation of the provider thereof and the long-term unsecured debt or claims-paying ability of such provider of such investment agreements is rated at the time of purchase hereunder in one of the two highest rating categories by each Rating Agency or (b) such repurchase agreements are fully collateralized and secured by securities described in subparagraphs (1), (2), (3) or (4) above with any registered broker/dealer or with any commercial bank, provided that (a) a specific written repurchase agreement governs the transaction, (b) the securities are held, free and clear of any lien, by the Master Trustee or an independent third party acting solely as agent for the Master Trustee, and such third party is (1) a Federal Reserve Bank, or (2) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, and the Master Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Master Trustee, (c) the repurchase agreement has a term of thirty days or less, or the Master Trustee or the third-party custodian will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within five Business Days of such valuation, and (d) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102%;

- (14) investment agreements with banks, bank holding companies, insurance companies or other financial institutions, or any other investment obligation or deposit, whether or not issued or incurred by any of the foregoing, provided that the long-term unsecured debt or claims-paying ability of the provider of such investment agreements is rated at the time of purchase hereunder in one of the two highest rating categories by each Rating Agency;
- (15) Any other investment in which moneys of the Trust may be legally invested, provided that the Trust receives a Rating Confirmation in connection with such investment from each Rating Agency then maintaining a rating on any Bonds Outstanding;

provided that any requirement of the foregoing that an obligation be rated by each Rating Agency at a specified level shall not apply to a Rating Agency that has not assigned a rating to such obligation so long as a rating has been assigned to such obligation by at least one Rating Agency at such specified level and, if more than one Rating Agency has assigned a rating to such obligation, no rating is lower than such specified level.