

**NEW MONEY ISSUE –BOOK-ENTRY ONLY**

Fitch Ratings, Inc.: AAA  
Moody's Investors Service, Inc.: Aaa  
S&P Global Ratings: AAA  
(See "RATINGS")

*In the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel, under existing law, and assuming continued compliance with various requirements of the Internal Revenue Code of 1986, as amended, interest on the Bonds will not be included in the gross income of holders of the Bonds for federal income tax purposes. In the opinion of Bond Counsel, interest on the Bonds, and any profit made on the sale thereof, are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. See "TAX EXEMPTION" herein.*



**\$205,680,000\***  
**State Revolving Fund Bonds**  
**Series 22 (Green Bonds)**

**Dated: Date of Delivery**

**Due: as shown on the inside cover hereof**

The Massachusetts Clean Water Trust State Revolving Fund Bonds, Series 22 (Green Bonds) (the "Bonds") will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry only form, in the principal amount of \$5,000 and integral multiples thereof. See Appendix G – "The Depository Trust Company." Interest on the Bonds shall be payable on February 1 and August 1 of each year commencing February 1, 2020.

The Trust will use the proceeds of the Bonds, together with other funds of the Trust, to finance or refinance costs of certain wastewater and drinking water projects for governmental units or other eligible borrowers and to pay costs of issuance of the Bonds. The Bonds are payable solely from the funds pledged therefor pursuant to the Master Trust Agreement, including without limitation, (i) Borrower Payments, (ii) Contract Assistance Payments made to the Trust by The Commonwealth of Massachusetts (the "Commonwealth"), (iii) all rights and interest of the Trust in and to all Loans and Financing Agreements therefor (other than rights to receive indemnification and reimbursement and the right to receive certain fees) and (iv) certain other funds held under the Master Trust Agreement, including the Equity Funds. For additional information regarding the security for the Bonds, see "THE MTA BONDS – Sources of Payment and Security for the MTA Bonds" and "THE BONDS" herein.

The Bonds will be subject to redemption as described herein.

**THE BONDS ARE SPECIAL OBLIGATIONS OF THE TRUST AND ARE NOT SECURED BY A PLEDGE OF THE FULL FAITH AND CREDIT OF THE TRUST, WHICH HAS NO TAXING POWER. NEITHER THE COMMONWEALTH OF MASSACHUSETTS NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO PAY THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS.**

*The Bonds are offered subject to the approval of the legality of the Bonds by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel to the Trust. Certain legal matters will be passed upon for the Trust by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Program Counsel to the Trust and for the Underwriters by Locke Lord LLP, Boston, Massachusetts. It is expected that the Bonds will be available for delivery to DTC in New York, New York, or its custodial agent, on or about October \_\_, 2019.*

**Jefferies**

**Morgan Stanley**  
**280 Securities LLC**  
**Piper Jaffray & Co.**

**Citigroup**  
**Ramirez & Co., Inc.**

**Wells Fargo Securities**  
**Janney Montgomery Scott**  
**Raymond James**

October \_\_, 2019

\* Preliminary, subject to change.

**MASSACHUSETTS CLEAN WATER TRUST**

**\$205,680,000\* State Revolving Fund Bonds, Series 22 (Green Bonds)**

| <u>Maturity*</u><br><u>(August 1)</u> | <u>Principal</u><br><u>Amount*</u> | <u>Interest</u><br><u>Rate</u> | <u>Yield</u> | <u>CUSIP†</u><br><u>Number</u> |
|---------------------------------------|------------------------------------|--------------------------------|--------------|--------------------------------|
| 2020                                  | \$7,435,000                        |                                |              |                                |
| 2021                                  | 7,310,000                          |                                |              |                                |
| 2022                                  | 7,520,000                          |                                |              |                                |
| 2023                                  | 7,800,000                          |                                |              |                                |
| 2024                                  | 8,205,000                          |                                |              |                                |
| 2025                                  | 8,520,000                          |                                |              |                                |
| 2026                                  | 8,880,000                          |                                |              |                                |
| 2027                                  | 9,275,000                          |                                |              |                                |
| 2028                                  | 9,680,000                          |                                |              |                                |
| 2029                                  | 10,080,000                         |                                |              |                                |
| 2030                                  | 10,370,000                         |                                |              |                                |
| 2031                                  | 10,830,000                         |                                |              |                                |
| 2032                                  | 11,305,000                         |                                |              |                                |
| 2033                                  | 11,815,000                         |                                |              |                                |
| 2034                                  | 12,105,000                         |                                |              |                                |
| 2035                                  | 12,230,000                         |                                |              |                                |
| 2036                                  | 12,540,000                         |                                |              |                                |
| 2037                                  | 12,850,000                         |                                |              |                                |
| 2038                                  | 13,175,000                         |                                |              |                                |
| 2039                                  | 13,755,000                         |                                |              |                                |

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\*Preliminary, subject to change.

†CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are included solely for the convenience of owners of the Bonds and the Trust is not responsible for the selection or the correctness of the CUSIP numbers printed herein. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products.

No dealer, broker, salesperson or other person has been authorized by the Massachusetts Clean Water Trust or the Underwriters of the Bonds to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of any offer to buy, nor shall there be any sale of the Bonds offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein or included by reference herein has been furnished by the Trust and includes information obtained from other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters or, as to information from other sources, the Trust. The information and expressions of opinion herein or included by reference herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Trust or the other matters described herein.

**The Underwriters of the Bonds have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.**

**IN CONNECTION WITH THIS OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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## **MASSACHUSETTS CLEAN WATER TRUST**

### **BOARD OF TRUSTEES**

|                            |                                                                                                       |
|----------------------------|-------------------------------------------------------------------------------------------------------|
| Deborah B. Goldberg, Chair | Treasurer and Receiver-General of The Commonwealth of Massachusetts                                   |
| James A. MacDonald         | Designee of the Treasurer and Receiver-General                                                        |
| Michael J. Heffernan       | Secretary of the Executive Office for Administration and Finance of The Commonwealth of Massachusetts |
| Maya Jonas-Silver          | Designee of the Secretary of the Executive Office for Administration and Finance                      |
| Martin Suuberg             | Commissioner of the Department of Environmental Protection of The Commonwealth of Massachusetts       |
| Maria Pinaud               | Designee of the Commissioner of the Department of Environmental Protection                            |

### **SENIOR MANAGEMENT**

|                   |                                        |
|-------------------|----------------------------------------|
| Susan E. Perez    | Executive Director                     |
| Nathaniel Keenan  | Deputy Director                        |
| My T. Tran        | Treasurer                              |
| Maya Jonas-Silver | Director of Finance and Administration |
| Maria Pinaud      | Director of Program Development        |

### **ADVISORS**

|                                                     |                                  |
|-----------------------------------------------------|----------------------------------|
| Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. | Bond Counsel and Program Counsel |
| PFM Financial Advisors LLC                          | Financial Advisor                |
| KPMG LLP                                            | Auditors                         |
| U.S. Bank National Association                      | Master Trustee                   |

## SUMMARY

This Summary is provided for the convenience of potential investors and is expressly qualified by the entire Official Statement, which should be reviewed in its entirety by potential investors.

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issuer:                          | Massachusetts Clean Water Trust (the “Trust”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Issue:                           | \$205,680,000* Massachusetts Clean Water Trust State Revolving Fund Bonds, Series 22 (Green Bonds) (the “Bonds”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Dated Date:                      | Date of Issuance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Interest Due:                    | February 1 and August 1, commencing February 1, 2020.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Principal Due:                   | As shown on the inside cover of this Official Statement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Redemption:                      | The Bonds are subject to redemption as described herein under “THE BONDS – Terms of Payment and Redemption.”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Authorization:                   | The Trust is authorized to issue bonds under Chapter 29C of the General Laws of the Commonwealth. The Bonds will be issued pursuant to the Master Trust Agreement (hereafter defined).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Purpose:                         | The Bonds are being issued to finance or refinance costs of certain wastewater and drinking water projects for governmental units or other eligible borrowers and, together with other funds of the Trust, to pay costs of issuance of the Bonds. See “THE BONDS – Plan of Finance.”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Designation as “Green Bonds”:    | The Trust has designated the Bonds as “Green Bonds” based on the intended use of the proceeds of the Bonds for the financing of projects that adhere to the federal Clean Water Act and Safe Drinking Water Act, as determined by the Environmental Protection Agency (“EPA”). The Trust has covenanted to report annually on the use of the proceeds of the Bonds until such proceeds have been fully expended. For further discussion on the “Green Bond” designation, see “THE BONDS – Designation of Green Bonds” and see Appendix C – “Green Bond Project Descriptions” for detailed project descriptions.                                                                                                                                                                                                                                                                                                                                                                                      |
| Program:                         | The Trust administers the Commonwealth’s State Revolving Fund (“SRF”) programs, which are authorized by federal legislation — the Water Quality Act of 1987 for the clean water SRF and the Safe Drinking Water Act of 1996 for the drinking water SRF — to provide financial assistance to Borrowers for wastewater projects and drinking water projects. The Trust’s SRF programs were established to accept federal grants and required Commonwealth matching funds. See “INTRODUCTORY STATEMENT.”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Sources of Payment and Security: | The Bonds are special obligations of the Trust, payable solely from the funds pledged therefor pursuant to the Master Trust Agreement, including without limitation, (i) Borrower Payments, (ii) Contract Assistance Payments, (iii) all rights and interest of the Trust in and to all Loans and Financing Agreements therefor (other than rights to receive indemnification and reimbursement and the right to receive certain administrative and origination fees), and (iv) certain other funds held under the Master Trust Agreement, including the Equity Funds. Certain of such amounts relate to Prior Loans and are available to the Master Trustee only after deposit and transfers of such amounts under the Prior Bond Resolutions. Neither the Commonwealth nor any political subdivision thereof shall be obligated to pay the Bonds, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payments of the |

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\*Preliminary, subject to change.

Bonds. See “THE MTA BONDS – Sources of Payment and Security for the MTA Bonds” and “THE BONDS.”

Credit Rating: The Bonds have been rated “AAA” by Fitch Ratings, Inc., “Aaa” by Moody’s Investors Services, Inc. and “AAA” by S&P Global Ratings. See “RATINGS.”

Tax Matters: In the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel, under existing law, and assuming continued compliance with various requirements of the Internal Revenue Code of 1986, as amended, interest on the Bonds will not be included in the gross income of holders of the Bonds for federal income tax purposes. In the opinion of Bond Counsel, interest on the Bonds, and any profit made on the sale thereof, are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. See “TAX EXEMPTION” herein.

Book-Entry Form: The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Bonds. See Appendix G – “The Depository Trust Company.”

Additional Information: Questions regarding this Official Statement or requests for additional information concerning the Trust should be directed to Susan E. Perez, Executive Director, Massachusetts Clean Water Trust, One Center Plaza, Suite 430, Boston, Massachusetts 02108, (617) 367-9333.

# MASSACHUSETTS CLEAN WATER TRUST

## OFFICIAL STATEMENT

Relating to

**\$205,680,000\***

**State Revolving Fund Bonds**

**Series 22**

**(Green Bonds)**

## INTRODUCTORY STATEMENT

This Official Statement (which includes the cover page and the Appendices hereto) is furnished by the Massachusetts Clean Water Trust (the “Trust”) to provide information concerning the Trust’s \$205,680,000\* State Revolving Fund Bonds, Series 22 (Green Bonds) (the “Bonds”) together with information about the Trust’s State Revolving Fund (“SRF”) programs. Capitalized terms not otherwise defined in this Official Statement shall have the meanings set forth in Appendix A – “Form of Master Trust Agreement.”

The Trust is a public instrumentality of The Commonwealth of Massachusetts (the “Commonwealth”), created by Chapter 275 of the Acts of 1989, constituting, in part, Chapter 29C of the General Laws of the Commonwealth (collectively with other general and special laws of the Commonwealth amending or supplementing the foregoing, the “Act”). The Trust is issuing the Bonds to provide financial assistance to local governments and other eligible borrowers in the Commonwealth under its SRF programs described in more detail below. See “THE BONDS – Plan of Finance”

The Bonds will be the sixth series of MTA Bonds (defined below) and will be issued under and secured by the Master Trust Agreement dated as of January 1, 2015 (as previously supplemented and amended, the “Master Trust Agreement”) between the Trust and U.S. Bank National Association, as trustee (the “Master Trustee”) and as further supplemented by the Fifth Supplemental Trust Agreement dated as of October 1, 2019 (the “Fifth Supplemental Agreement” and collectively with the Master Trust Agreement, the “Trust Agreement”). The Bonds together with any Additional Bonds and all bonds issued to date under the Trust Agreement are collectively referred to as “MTA Bonds.” For a list of bonds and the principal amount outstanding under the Trust Agreement, see Appendix D – “SRF Bond Program – Bonds Outstanding and Borrowers.” Additional MTA Bonds may be issued on either a parity (“Senior MTA Bonds”) or subordinate (“Subordinate MTA Bonds”) basis under the Trust Agreement. The Bonds will be, and all MTA Bonds issued to date have been, issued as Senior MTA Bonds. MTA Bonds are and will be payable and secured solely by the trust estate created under the Master Trust Agreement as more fully described herein.

The Trust previously administered its SRF Programs pursuant to its “Amended and Restated Resolution Authorizing and Establishing a Water Pollution Abatement and Drinking Water Project Financing Program” adopted on March 4, 1993, as amended and supplemented to date (the “Program Resolution”). The Trust issued several series of bonds (the “Prior Bonds”) secured by certain funds held under the Program Resolution, including the Pool Program Reserve Fund and the Deficiency Fund, as well as funds held under the applicable bond resolutions (the “Prior Bond Resolutions” and, together with the Program Resolution, the “Prior Resolutions”). Bonds may no longer be issued under the Program Resolution other than to refund Prior Bonds. See Appendix H – “Prior Bonds and Prior Resolutions” for additional information regarding the Prior Bonds and the security therefor.

### State Revolving Funds

**Overview of Trust SRF Programs.** The Trust administers the Commonwealth’s SRF programs, which are authorized by federal legislation — the Water Quality Act of 1987 for the clean water SRF and the Safe Drinking Water Act of 1996 for the drinking water SRF — to provide financial assistance to Borrowers for wastewater projects and drinking water projects. The Trust’s SRF programs were established to accept federal grants and required Commonwealth matching funds in an amount equal to approximately 20% of the federal grants.

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\*Preliminary, subject to change.

As described more fully herein, since 1993 and after the issuance of the Bonds, the Trust will have provided loans under its various SRF programs across the Commonwealth to approximately 300 Borrowers in an aggregate amount of in excess of \$7.6 billion. Borrowers under the Trust's SRF programs include local governments, public authorities and certain private entities throughout the Commonwealth, each of which is referred to as a "borrower."

***Revolving Nature of SRF Programs.*** The SRF programs are called the State *Revolving* Fund programs because the federal grants and state matching funds and other moneys available to the Trust ("SRF Program Funds"), that are loaned to Borrowers or applied to secure bonds, are expected to be returned to the Trust to be used for its purposes in perpetuity. SRF Program Funds used to secure bonds issued pursuant to the Trust's SRF programs ("SRF Bonds") are expected to return to the clean water Equity Fund or drinking water Equity Fund, as applicable, to the extent not needed to cure or prevent a default on such SRF Bonds.

***Clean Water and Drinking Water SRFs.*** The Trust initially allocates clean water SRF Program Funds and drinking water SRF Program Funds separately to make Loans for each purpose, and maintains separate accounts for those SRF Program Funds. The Trust may, however, use SRF Program Funds for one purpose to cure or prevent a default on SRF Bonds issued to fund the other purpose, subject to replenishment. See "THE MTA BONDS – Cross-Collateralization."

***Borrower Loans.*** Each Loan to a Borrower by the Trust is in the form of either a loan or the purchase of the Borrower's bonds, in either case, pursuant to a financing agreement between the Trust and the Borrower. Both forms of assistance are referred to as a "loan." Pursuant to the financing agreements, each Borrower delivers its own general or special obligation bond to the Trust referred to as a "local bond," in order to secure its loan repayment obligations. The Trust makes loans under its clean water and drinking water SRF programs with terms up to thirty (30) years, but in no event does the Trust make a loan longer than the expected useful life of the project financed or refinanced by such loan.

### **The Trust's SRF Bond Financing Programs**

***MTA Bonds.*** The Trust entered into the Master Trust Agreement to replace the Program Resolution and to create a simpler security framework for the Trust's SRF Bonds. The Series 18 Bonds were the initial series of MTA Bonds and the Trust expects to continue to conduct its SRF program through the Master Trust Agreement. Upon the issuance of the Bonds, approximately \$1.0 billion principal amount of MTA Bonds (including the Bonds) are expected to be outstanding. The SRF Program financed under the Master Trust Agreement is hereinafter referenced as the "MTA Program."

***Prior Bonds.*** The Prior Bonds were issued pursuant to the Program Resolution. The Prior Bonds were issued either to finance or refinance loans to several Borrowers concurrently ("Prior Pool Bonds") or to finance or refinance loans to a single Borrower ("Prior Single Obligor Bonds"). As of the date hereof, the Trust has approximately \$1.4 billion principal amount of Prior Pool Bonds outstanding. The Prior Single Obligor Bonds were issued to provide loans to the following three obligors: (1) the Massachusetts Water Resources Authority ("MWRA"); (2) the South Essex Sewerage District ("SESSED"); and (3) the City of New Bedford. Only the Prior Single Obligor Bonds issued for the benefit of the MWRA, in the approximate principal amount of \$9.4 million, remain outstanding. No other Prior Single Obligor Bonds are currently outstanding. The City of New Bedford, MWRA and SESSED also are Borrowers under the Trust's Prior Pool Bonds and the MTA Bonds.

With the establishment of the Master Trust Agreement in 2015, the Trust amended the Program Resolution to provide that no additional bonds may be issued that are secured by the Program Resolution, other than refunding bonds with debt service requirements less than or equal to the debt service requirements on the refunded Prior Bonds in each fiscal year. The SRF programs secured by the Prior Resolutions are hereinafter collectively referenced as the "Prior Programs." See Appendix H – "Prior Bonds and Prior Resolutions" for more information regarding the Prior Bonds and the Prior Resolutions.

***Interim Loans.*** In addition to issuing SRF Bonds, the Trust also uses its SRF Program Funds to provide Interim Loans to Borrowers to finance project construction and implementation in anticipation of the issuance of SRF Bonds. As of the date hereof, the Trust has approximately \$627.1 million of Interim Loans outstanding, of which approximately \$330.8 million are expected to be refinanced upon delivery of the Bonds from a combination of Bond proceeds and SRF Program Funds.

## MASTER TRUST AGREEMENT PROGRAM

The Bonds will be the sixth Series of MTA Bonds. The Trust may issue both Senior MTA Bonds and Subordinate MTA Bonds under the Master Trust Agreement. The Bonds will be issued as Senior MTA Bonds. The Trust has not issued any Subordinate MTA Bonds.

Under the MTA Program, the Trust can use proceeds of bonds, or SRF Program Funds, to fund Loans to or purchase local governmental obligations from local governments and public authorities and certain private entities. Repayments on all Loans financed or refinanced through the MTA Program (“Borrower Payments”), together with Contract Assistance Payments and earnings on certain funds held under the Trust Agreement are expected to be used to pay debt service on the MTA Bonds.

Many of the Borrowers whose payments are pledged to pay debt service on the MTA Bonds have been borrowers under the Prior Programs. There have been no payment defaults by the Trust’s borrowers that have required the use of other sources of funds to pay debt service on the Prior Bonds and there have been no payment defaults by the Trust’s borrowers under the MTA Program.

## THE MTA BONDS

### Special Obligations

The MTA Bonds are special obligations of the Trust and do not constitute a pledge of its full faith and credit. The MTA Bonds are payable solely from the funds pledged therefor pursuant to the Master Trust Agreement and the applicable Supplemental Trust Agreement. The Trust has no taxing power. Neither the Commonwealth nor any political subdivision thereof is obligated to pay the MTA Bonds, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision is pledged to the payment of the MTA Bonds. See “Sources of Payment – *Contract Assistance Payments*” below with respect to the Commonwealth’s obligation to make Contract Assistance Payments.

### Sources of Payment and Security

Debt service on the MTA Bonds is expected to be paid from a combination of three sources:

- ***Borrower Payments.*** All payments due on each Loan, including any Contract Assistance Payments that are applied as a credit against the payment obligations of the Borrower under the related Financing Agreement, but not including any administrative fees or origination fees. Currently, each Borrower borrowing up to 20 years is obligated to repay the principal amount of its Loan at an interest rate of 2% or less, depending on the subsidy level to which such Loan is entitled. Certain Loans with terms greater than 20 years may bear interest at a rate in excess of 2%. Payments on the Loans are due to the Trust fifteen (15) days in advance of debt service payments on the related series of Bonds. Along with certain other Commonwealth agencies, the Trust has the right to intercept local aid payments made by the Commonwealth to a city or town if such city or town fails to make its payments under its Financing Agreement as described more fully herein. See “SECURITY FOR THE BORROWER OBLIGATIONS” for a description of the security and sources of payment for the local bonds issued by the Borrowers. “Borrower Payments” includes payments on account of certain loans which are held under, and subject to the lien of, the Prior Bond Resolutions or the Program Resolution (the “Prior Loans”), but only to the extent that such payments are transferred to the Master Trustee after any deposits or transfers required under the Prior Bond Resolutions. See Appendix A – “Form of Master Trust Agreement – Prior Bond Revenues” and the definition of “Borrower Payments” in Appendix A.
- ***Earnings.*** All earnings received on investment of moneys in the funds and accounts held pursuant to the Master Trust Agreement and paid or to be paid into the Revenue Fund as set forth in the Trust Agreement.
- ***Contract Assistance Payments.*** Pursuant to the Act and the Amended and Restated Agreement for Contract Assistance dated as of June 1, 2018 (as amended from time to time, the “Commonwealth Assistance Contract”), between the Trust and the Treasurer and Receiver-General of the Commonwealth (the “State Treasurer”), the Commonwealth makes payments to the Trust on behalf of certain Borrowers to provide for a portion of the debt service subsidy on Loans (the “Contract Assistance Payments”).

The obligation of the Commonwealth under the Commonwealth Assistance Contract to provide assistance payments to the Trust constitutes a general obligation of the Commonwealth, for which its full faith and credit are pledged. However, it should be noted that Chapter 62F of the Massachusetts General Laws imposes a state tax revenue growth limit and does not exclude Commonwealth debt obligations, including contract assistance, from the scope of the limit. This statute is subject to amendment or repeal by the Legislature. Currently, actual tax revenue growth is below the statutory limit. The Commonwealth Assistance Contract is pledged under the Master Trust Agreement to the Master Trustee for the benefit of the holders of the MTA Bonds, subject to the prior pledge thereon under Program Resolution to the Program Trustee for the benefit of all holders of the Prior Bonds. The Contract Assistance Payments with respect to the Prior Bonds are pledged, upon receipt, under the applicable Prior Bond Resolutions for the benefit of the holders of the individual series of Prior Bonds. The Contract Assistance Payments with respect to the MTA Bonds are pledged, upon receipt, under the Master Trust Agreement for the benefit of the holders of the MTA Bonds. In addition, the Trust has covenanted in the Master Trust Agreement and in the Prior Resolutions to enforce the terms of the Commonwealth Assistance Contract as they pertain to SRF Bonds.

The Act limits the aggregate annual amount of Contract Assistance Payments that may be provided to loans funded by the Trust. At the date of this Official Statement, the maximum amount of Contract Assistance Payments that will be payable in any fiscal year with respect to all Loans currently outstanding or for which the Trust has issued firm commitments (including Loans expected to be made in connection with the Bonds) does not exceed the applicable limits provided in the Act.

The MTA Bonds are also secured by a pledge of certain funds and accounts held under the Master Trust Agreement. All MTA Bonds are secured by the Revenue Fund and the Equity Funds. The Senior MTA Bonds are further secured by the Senior Debt Service Fund, Senior Debt Service Reserve Fund and the Senior Redemption Fund. The Trust has not funded the Senior Debt Service Reserve Fund in connection with any previous issuance of MTA Bonds and does not intend to fund the Senior Debt Service Reserve Fund in connection with the issuance of the Bonds. Subordinate MTA Bonds, if any, are secured by the Subordinate Debt Service Fund, the Subordinate Debt Service Reserve Fund and the Subordinate Redemption Fund. To the extent there are amounts in the Project Fund allocable to a particular Borrower, those amounts are available to cure Payment Defaults by such Borrower.

***Debt Service on Senior MTA Bonds.*** In the event of a shortfall in amounts needed for debt service on Senior MTA Bonds, the Trustee shall promptly transfer the amount necessary to make up such deficiency, first, from the amounts on deposit in the Senior Redemption Fund, if any, second, from the Senior Debt Service Reserve Fund, if any, and third, from the applicable Equity Fund.

***Debt Service on Prior Bonds.*** The Master Trust Agreement provides that, subject to the limitation set forth under the heading “– *Transfers Out of the Master Trust Agreement*” below, if there is a shortfall in amounts needed for scheduled principal (on maturity or scheduled sinking fund redemption) or interest on the Prior Bonds under the Prior Resolutions or for Scheduled Hedge Payments relating to Prior Bonds, in each case which is not otherwise cured as provided the applicable Prior Resolutions, the Trust shall direct the Master Trustee to transfer to the applicable Prior Bond trustee from the applicable Equity Fund, an amount necessary to cure such shortfall.

***Transfers Out of the Master Trust Agreement.*** Any moneys held by the Master Trustee pursuant to the Master Trust Agreement may be transferred out of the funds, accounts and subaccounts of the Master Trust Agreement (including without limitation the Equity Funds) in accordance with the Master Trust Agreement or free and clear of the lien thereof, at the written direction of the Trust 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 MTA Bonds Outstanding and any other payments due under the Master Trust Agreement secured on a parity with the MTA Bonds.

***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 MTA Bonds Outstanding, Reimbursement Obligations or payments due under Parity Hedge Agreements.

## Flow of Funds Under the Master Trust Agreement

The Master Trust Agreement provides for the creation of the following funds and accounts (collectively, the “Funds and Accounts”): the Project Fund (including the Cost of Issuance Account), the Revenue Fund, the Senior Debt Service Fund, the Subordinate Debt Service Fund, the Senior Debt Service Reserve Fund and Subordinate Debt Service Reserve Fund (each including Clean Water Accounts and Drinking Water Accounts), the Senior Redemption Fund, the Subordinate Redemption Fund, the Clean Water Equity Fund and the Drinking Water Equity Fund (each including Interim Loan Accounts), the Administrative Expense Fund, the Rebate Fund and the Contract Assistance Fund (including a Clean Water Account and a Drinking Water Account). See Appendix A – “Form of Master Trust Agreement” for more information about such Funds and Accounts.

### *Revenue Fund.*

**The flow of funds described below applies only while no Subordinate MTA Bonds are Outstanding. Although the Trust has not yet issued any Subordinate MTA Bonds, it may do so in the future. For a description of the flow of funds applicable (including with respect to the Bonds) while Subordinate MTA Bonds are Outstanding, see Appendix A – “Form of Master Trust Agreement – Revenue Fund.”**

The Master Trustee shall hold all local bonds issued by Borrowers to secure Loans for the credit of the Revenue Fund established by the Master Trust Agreement. The Master Trustee shall deposit in the Revenue Fund all Program Revenues, including without limitation all Borrower Payments, Contract Assistance Payments with respect to Loans and earnings, if any, on certain funds held under the Master Trust Agreement as described therein.

The Trust has in the past and may again in the future issue MTA Bonds to refund Prior Bonds (“Refunded Prior Bonds”). In such event, excess Prior Bond Revenues, if any, are transferred on each interest payment date for such Refunded Prior Bonds to the Master Trustee for deposit in the Revenue Fund. Prior to any such transfer, Prior Bond Revenues are first applied to (1) the payment of Principal Installments (as defined in the applicable Prior Bond Resolutions) 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, and (2) transfers to other prior bond trustees on such dates as required by any applicable Refunding Prior Resolutions (including any transfers to the Program Trustee for deposit under the Program Resolution).

On or before each debt service payment date on the MTA Bonds, the Master Trustee shall withdraw from the Revenue Fund and transfer to the Senior Debt Service Fund, the amounts, if any, required so that the balance in such fund equals the sums of the interest and principal to become due on such debt service payment date on, and all Scheduled Hedge Payments due under any Parity Hedge Agreement and Reimbursement Obligations, due with respect to, the Senior MTA Bonds.

Following the deposit to the Senior Debt Service Fund, the Master Trustee shall transfer any balance remaining in the Revenue Fund: *first*, to the Rebate Fund if and to the extent required so that the amount therein equals the rebate requirement, *second*, to the Clean Water Account or Drinking Water Account, as applicable, in 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 in the Master Trust Agreement 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, *third*, to the Senior Redemption Fund, all or any portion of the remaining balance in the Revenue Fund and *fourth*, to the applicable 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 Scheduled Hedge Payments under Parity Hedge Agreements and Reimbursement Obligations and all required deposits, if any, into all Funds and Accounts established and maintained under the Master Trust Agreement. **See Appendix A – “Form of Master Trust Agreement – Revenue Fund” for the flow of funds that would apply (including with respect to the Bonds) while Subordinate MTA Bonds are Outstanding.**

***Senior Debt Service Reserve Fund.*** The Master Trustee shall promptly deposit in the Senior Debt Service Reserve Fund such amounts as set forth in a Supplemental Trust Agreement and any amounts transferred to the Senior Debt Service Reserve Fund, as provided in the Master Trust Agreement 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 Senior MTA Bonds, a Scheduled Hedge Payment or Reimbursement Obligation. Upon receipt thereof, 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. If on any debt service payment date for any Senior MTA Bonds, after the transfer from the Revenue Fund described above, 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 MTA Bonds and any Scheduled Hedge Payment or Reimbursement Obligations then payable by the Trust with respect to Senior MTA 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. The Trust has not funded the Senior Debt Service Reserve Fund in connection with any previous issuance of MTA Bonds and does not intend to fund the Senior Debt Service Reserve Fund for the Bonds.

***Equity Funds.*** The Trustee shall deposit the following amounts in the Clean Water Equity Fund or Drinking Water Equity Fund, as applicable, upon receipt (except to the extent otherwise provided in the Master Trust Agreement or any Supplemental Trust Agreement): (1) all Federal Capitalization Grants and Commonwealth Matching Grants and amounts drawn thereon; (2) other amounts paid to the Trust (or to the Commonwealth and appropriated to the Trust) representing financial assistance provided pursuant to the Federal Acts for purposes of deposit in an SRF; (3) other amounts appropriated to the Trust by the Commonwealth for purposes of an SRF; (4) all amounts transferred to an Equity Fund from the applicable account in the Deficiency Fund held under the Program Resolution in accordance therewith; (5) amounts transferred from one Equity Fund to the other as permitted under the Master Trust Agreement; (6) all amounts paid to or for the account of a Borrower on account of interest on any Interim Loan made in anticipation of a Loan; and (7) any other amounts paid to the Master Trustee for deposit in an Equity Fund.

Subject to the uses permitted under this heading, funds, securities, investments and other property held from time to time in the Equity Funds are available for, and pledged to, the payment of debt service on the MTA 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 the Master Trust Agreement. Notwithstanding the limitations set forth under the heading “– *Transfers Out of the Master Trust Agreement*” above and the previous sentence, the Master Trust Agreement provides that the Trust may from time to time pledge and grant a security interest in all or any of the assets of the Equity Funds to any other Person in connection with the programmatic uses permitted by the Act or the applicable Federal Act, which pledge may be on a parity with, or subordinate, to the pledge made under the Master Trust Agreement.

The available moneys in an Equity Fund may be used (i) to make Loans or Interim Loans, (ii) subject to certain limitations in the Master Trust Agreement, reimburse the Trust for Interim Loans or Loans pursuant to existing Financing Agreements funded from moneys or assets in the MTA Program, (iii) to make up deficiencies in any Fund under the Master Trust Agreement, or (iv) to make deposits and provide other subsidies and assistance in connection with the MTA 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 an applicable Supplemental Trust Agreement.

Subject to the limitations set forth above under “– *Transfers Out of the Master Trust Agreement*” above, if there is a shortfall in amounts needed to pay principal 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 Resolution, the Trust shall direct the Trustee to transfer to the applicable trustee from the applicable Equity Fund, an amount necessary cure such shortfall.

The Master Trust Agreement does not require the Trust to maintain any minimum balance in the Equity Funds and the Trust makes no covenant to any Bondowner or any other party that funds or other assets will be available in the Equity Funds in the event of a deficiency on any debt service payment date. See Appendix A – “Form of Master Trust Agreement – Clean Water Equity Fund” and “– Drinking Water Equity Fund.”

## **Cross-Collateralization**

Notwithstanding anything in the Master Trust Agreement 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 under the Master Trust Agreement may be used to pay Debt Service with respect to any MTA Bonds (except as limited by the Master Trust Agreement) in a manner consistent with the Act, the Clean Water Act and the Drinking Water Act.

## **Additional Bonds**

The Master Trust Agreement provides for the issuance of additional Senior MTA Bonds and additional Subordinate MTA Bonds. Prior to the issuance of any additional Senior MTA Bonds, the Trust must certify that (i) Borrower Payments received or to be received, (ii) earnings received or to be received on investment or deposit of moneys in the Funds and Accounts held pursuant to the Master Trust Agreement and paid or to be paid to the Revenue Fund, (iii) Contract Assistance Payments allocable to Loans, and (iv) to the extent not already included in (i), (ii) or (iii), Prior Bond Revenues (collectively, "Program Revenues") for the current and each subsequent fiscal year are not projected to be less than 105% of the Aggregate Debt Service on all Senior MTA Bonds outstanding and any obligations issued under the Trust Agreement on a parity therewith, including the proposed additional Senior MTA Bonds, for the then-current and each subsequent fiscal year. Prior to the issuance of any Subordinate MTA Bonds, the Trust must certify that the Program Revenues for the current and each subsequent fiscal year are not projected to be less than 100% of the aggregate debt service on all MTA Bonds outstanding, including the proposed additional Subordinate MTA Bonds, for the then-current and each subsequent fiscal year.

## **Refunding Bonds**

The Master Trust Agreement provides for the issuance of refunding bonds ("Refunding Bonds") to refund all or a part of the MTA Bonds or any Prior Bonds. Prior to the issuance of any Refunding Bonds to refund other MTA Bonds, the Trust must deliver a certificate setting forth the Aggregate Debt Service for each fiscal year in which MTA 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 MTA 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 Trust may deliver either (A) a certificate satisfying the conditions for the issuance of Additional Senior Bonds (if the Refunding Bonds are to be issued as Additional Senior MTA Bonds), (B) a certificate satisfying the conditions for the issuance of Additional Subordinate MTA Bonds (if the Refunding Bonds are to be issued as Additional Subordinate MTA Bonds), or (C) confirmation that the issuance of such Refunding Bonds will not cause a rating agency that has assigned and then maintains a rating on any MTA Bonds at the request of the Trust to lower, suspend or otherwise adversely affect any underlying rating then maintained on any outstanding MTA Bonds, without regard to any credit enhancement; provided that if Refunding Bonds are being issued to refund Prior Bonds, Aggregate Debt Service for purposes of clause (a) above shall include debt service on the Prior Bonds.

## THE BONDS

### Plan of Finance

The proceeds of the Bonds will be used, together with SRF Program Funds, to finance or refinance Loans to Borrowers and to pay costs of issuance of the Bonds. Approximately \$237.8 million of Bond proceeds and \$95.0 million of SRF Program Funds will be used to fund Loans. These Loans have been identified in Appendix C – “Green Bond Project Descriptions” and will secure the MTA Bonds. See Appendix D – “SRF Bond Program – MTA Bonds Outstanding and Borrowers” for a list of Borrowers under the Trust’s MTA Program.

The Trust anticipates expending all of the proceeds of the Bonds within three years of such delivery. If there are unexpended Bond proceeds left in the Project Fund upon completion of a project, the unexpended funds will be used to prepay a portion of the related Loan and applied to fund costs of other eligible projects for the applicable Borrower or costs of eligible projects for other Borrowers within such three-year period. See Appendix A – “Form of Master Trust Agreement – Project Fund.”

### Sources and Uses of Funds

It is anticipated that the proceeds of the Bonds, and the SRF Program Funds and Trust administrative funds to be allocated thereto, will be applied as follows (rounded to the nearest dollar):

#### Sources

Par Amount of the Bonds  
Original Issue Premium  
SRF Program Funds<sup>(1)</sup>  
Trust Administrative Funds  
**Total Sources<sup>(2)</sup>**

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#### Uses

Series 22 Loans  
Costs of Issuance<sup>(3)</sup>  
Underwriters’ Discount  
**Total Uses<sup>(2)</sup>**

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- (1) Amount of SRF Program Funds to be applied to make a portion of the Series 22 Loans.  
(2) Totals may not add due to rounding.  
(3) Paid from Trust Administrative Funds and a de minimis portion of Series 22 Bond proceeds.

The following table sets forth for each fiscal year for the Bonds: (i) the debt service due on all MTA Bonds, (ii) the Borrower Payments, (iii) Contract Assistance Payments, (iv) Prior Bond Revenues from Refunded Prior Bonds, (v) the sum of the foregoing (i), (ii) and (iii) (“Total Revenues”)\*, (vi) Total Revenues divided by the MTA Bonds debt service, (vii) the amounts expected to be transferred to the Equity Funds from the Program Trustee and (viii) and the sum of Total Revenues and transfers to the Equity Funds divided by the MTA Bonds debt service.

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\*Revenues for Additional MTA Bonds may include earnings on amounts in the Debt Service Reserve Funds; the Debt Service Reserve Funds have not been funded in connection with any previous issuance of MTA Bonds and are not expected to be funded in connection with the issuance of the Series 22 Bonds.

**MTA Debt Service Coverage Table\***

**MTA Revenues**

| <b>Fiscal<br/>Year<br/>Ending<br/>June 30</b> | <b>Debt<br/>Service</b> | <b>Borrower<br/>Payments<sup>1</sup></b> | <b>+</b> | <b>Contract<br/>Assistance<br/>Payments</b> | <b>+</b> | <b>Prior Bond<br/>Revenues from<br/>Refunded<br/>Prior Bonds<sup>2</sup></b> | <b>=</b> | <b>Total<br/>Revenues</b> | <b>Total<br/>Revenues /<br/>Debt Service<sup>3</sup></b> | <b>Transfers to<br/>Equity Funds<sup>4</sup></b> | <b>(Total Revenues +<br/>Transfers to<br/>Equity Funds) /<br/>Debt Service</b> |
|-----------------------------------------------|-------------------------|------------------------------------------|----------|---------------------------------------------|----------|------------------------------------------------------------------------------|----------|---------------------------|----------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------|
| 2020                                          | \$72,900,361            | \$77,155,630                             |          | \$6,352,981                                 |          | \$5,113,250                                                                  |          | \$88,621,861              | 122%                                                     | \$79,478,870                                     | 231%                                                                           |
| 2021                                          | 85,808,238              | 94,254,049                               |          | 6,335,878                                   |          | 5,113,250                                                                    |          | 105,703,177               | 123                                                      | 76,125,845                                       | 212                                                                            |
| 2022                                          | 110,045,763             | 94,267,963                               |          | 6,109,118                                   |          | 33,388,250                                                                   |          | 133,765,331               | 122                                                      | 69,516,182                                       | 185                                                                            |
| 2023                                          | 93,603,613              | 94,272,390                               |          | 5,877,790                                   |          | 14,490,625                                                                   |          | 114,640,805               | 122                                                      | 71,790,463                                       | 199                                                                            |
| 2024                                          | 91,878,981              | 94,328,859                               |          | 5,651,985                                   |          | 13,267,500                                                                   |          | 113,248,344               | 123                                                      | 66,758,025                                       | 196                                                                            |
| 2025                                          | 95,266,175              | 94,387,499                               |          | 5,423,669                                   |          | 17,192,500                                                                   |          | 117,003,668               | 123                                                      | 60,544,062                                       | 186                                                                            |
| 2026                                          | 91,179,425              | 92,908,391                               |          | 5,189,533                                   |          | 13,708,625                                                                   |          | 111,806,548               | 123                                                      | 57,102,073                                       | 185                                                                            |
| 2027                                          | 81,161,975              | 90,010,947                               |          | 4,967,557                                   |          | 7,025,625                                                                    |          | 102,004,129               | 126                                                      | 50,911,731                                       | 188                                                                            |
| 2028                                          | 80,376,025              | 89,997,968                               |          | 4,727,748                                   |          | 6,860,000                                                                    |          | 101,585,715               | 126                                                      | 45,048,815                                       | 182                                                                            |
| 2029                                          | 79,708,400              | 90,057,735                               |          | 4,507,160                                   |          | 6,712,000                                                                    |          | 101,276,894               | 127                                                      | 40,620,663                                       | 178                                                                            |
| 2030                                          | 78,603,400              | 89,795,826                               |          | 4,266,050                                   |          | 6,478,000                                                                    |          | 100,539,876               | 128                                                      | 38,996,923                                       | 178                                                                            |
| 2031                                          | 71,033,775              | 88,856,707                               |          | 4,022,751                                   |          | —                                                                            |          | 92,879,458                | 131                                                      | 36,489,719                                       | 182                                                                            |
| 2032                                          | 70,013,900              | 88,427,979                               |          | 3,798,224                                   |          | —                                                                            |          | 92,226,203                | 132                                                      | 25,318,394                                       | 168                                                                            |
| 2033                                          | 69,441,725              | 88,493,969                               |          | 3,559,571                                   |          | —                                                                            |          | 92,053,540                | 133                                                      | 25,990,758                                       | 170                                                                            |
| 2034                                          | 68,993,125              | 88,362,961                               |          | 3,337,630                                   |          | —                                                                            |          | 91,700,591                | 133                                                      | 14,742,430                                       | 154                                                                            |
| 2035                                          | 68,348,650              | 88,359,102                               |          | 3,098,570                                   |          | —                                                                            |          | 91,457,673                | 134                                                      | 13,184,206                                       | 153                                                                            |
| 2036                                          | 55,888,200              | 72,880,622                               |          | 2,612,957                                   |          | —                                                                            |          | 75,493,578                | 135                                                      | 10,872,867                                       | 155                                                                            |
| 2037                                          | 45,526,675              | 60,474,775                               |          | 2,406,990                                   |          | —                                                                            |          | 62,881,764                | 138                                                      | 9,494,943                                        | 159                                                                            |
| 2038                                          | 33,706,675              | 45,273,900                               |          | 1,676,107                                   |          | —                                                                            |          | 46,950,007                | 139                                                      | 6,625,219                                        | 159                                                                            |
| 2039                                          | 33,392,850              | 44,746,543                               |          | 1,395,544                                   |          | —                                                                            |          | 46,142,087                | 138                                                      | 3,417,831                                        | 148                                                                            |
| 2040                                          | 22,285,025              | 33,682,399                               |          | 1,241,250                                   |          | —                                                                            |          | 34,923,649                | 157                                                      | 3,354,212                                        | 172                                                                            |
| 2041                                          | 8,199,150               | 18,838,439                               |          | 1,105,219                                   |          | —                                                                            |          | 19,943,659                | 243                                                      | 3,442,137                                        | 285                                                                            |
| 2042                                          | 8,076,500               | 18,847,140                               |          | 975,361                                     |          | —                                                                            |          | 19,822,501                | 245                                                      | 2,315,054                                        | 274                                                                            |
| 2043                                          | 7,955,300               | 18,856,320                               |          | 848,419                                     |          | —                                                                            |          | 19,704,738                | 248                                                      | 2,374,407                                        | 278                                                                            |
| 2044                                          | 7,830,050               | 18,865,985                               |          | 718,919                                     |          | —                                                                            |          | 19,584,905                | 250                                                      | —                                                | 250                                                                            |
| 2045                                          | 7,710,500               | 18,876,149                               |          | 596,630                                     |          | —                                                                            |          | 19,472,779                | 253                                                      | —                                                | 253                                                                            |
| 2046                                          | 4,620,900               | 15,062,927                               |          | 393,624                                     |          | —                                                                            |          | 15,456,551                | 334                                                      | —                                                | 334                                                                            |
| 2047                                          | 2,714,250               | 10,542,396                               |          | 298,359                                     |          | —                                                                            |          | 10,840,755                | 399                                                      | —                                                | 399                                                                            |
| 2048                                          | —                       | 7,447,483                                |          | 96,616                                      |          | —                                                                            |          | 7,544,099                 | n/a                                                      | —                                                | n/a                                                                            |
| 2049                                          | —                       | 7,439,904                                |          | 32,221                                      |          | —                                                                            |          | 7,472,125                 | n/a                                                      | —                                                | n/a                                                                            |
| 2050                                          | —                       | 2,782,682                                |          | —                                           |          | —                                                                            |          | 2,782,682                 | n/a                                                      | —                                                | n/a                                                                            |
| <b>\$1,546,269,605</b>                        | <b>\$1,838,555,640</b>  | <b>\$91,624,429</b>                      |          | <b>\$129,349,625</b>                        |          | <b>\$2,059,529,694</b>                                                       |          | <b>\$814,515,829</b>      |                                                          |                                                  |                                                                                |

<sup>1</sup> Excludes Borrower Payments related to Prior Loans.

<sup>2</sup> Reflects debt service on Refunded Prior Bonds, which amounts are transferred to the Revenue Fund held under the MTA. See “THE MTA BONDS – Flow of Funds under the Master Trust Agreement – Revenue Fund.”

<sup>3</sup> Additional Senior MTA Bonds may be issued if the debt service coverage, including such additional Senior MTA Bonds, is at least 105% for each fiscal year.

<sup>4</sup> Amounts expected to be transferred to the Equity Funds from the Program Trustee. See Appendix H – “Prior Bonds and Prior Resolutions.”

\* Preliminary, subject to change; totals may not add due to rounding. Includes anticipated debt service on the Bonds and anticipated payments relating to the Loans to be funded in connection with the issuance of the Bonds.

## **Designation of Green Bonds**

The Trust is issuing the Bonds as “Green Bonds” due to the projects’ adherence to the standards of the federal Clean Water Act and the Safe Drinking Water Act. The purpose of labeling the Bonds as Green Bonds is to allow investors to invest directly in bonds that finance environmentally beneficial projects. Holders of Green Bonds do not assume any specific risk with respect to any of the funded projects.

### ***Use of Bond Proceeds***

The Bonds are issued to finance wastewater infrastructure and drinking water infrastructure projects throughout the Commonwealth to bring communities into compliance with the Clean Water Act and the Safe Drinking Water Act. The goals of these laws are to improve water quality, protect the environment and protect public health. Two projects funded by the Bonds are described below. A full list of projects expected to be funded with the proceeds of the Bonds can be found in Appendix C hereto.

#### **Nantucket Sewer Extensions**

The Town of Nantucket will be extending its sewer system to serve the highest-rated needs area in the town which is expected to lead to environmental improvements in Nantucket Harbor. These areas are contributing to the nutrient loading in the harbor through the use of on-site septic systems. The Massachusetts Estuaries Project (“MEP”), created to help identify and provide solutions for nutrient loading, provided data to DEP to help establish the total maximum daily loads for the area. In 2006, MEP reported that septic system reduction could greatly reduce nutrient enrichment and degradation of the Nantucket Harbor watershed and increase the water quality.

A 2014 DEP-approved comprehensive wastewater management plan (“CWMP”) update identified Nantucket Harbor Shimmo area and Nantucket planning and land use services area as the town’s highest-rated needs areas. Both needs areas are within the Nantucket Harbor watershed and contribute nutrient load to the harbor via septic systems. The CWMP recommended that the town collect, treat and discharge the wastewater from these two adjacent needs areas at the town’s Surfside Wastewater Treatment Facility (“WWTF”).

The project will connect these needs areas with the Surfside WWTF through a hybrid approach of gravity sewers and low-pressure sewers. The entire sewer extension consists of: approximately 46,000 linear feet of new gravity, low-pressure, and force main sewers and appurtenances; individual on-lot grinder pumps; and one wastewater pump station. The project will connect 161 properties to the wastewater system.

#### **Fall River Water Main Rehabilitation**

The City of Fall River’s Water Division supplies an average of 10.7 million gallons of purified water to the city, with a maximum capacity of over 20 million gallons daily. Much of Fall River’s water system was installed before the 1930s and there is a critical need to replace vulnerable pipes – many of which are over 100 years old.

The city’s Phase 17 water main improvements project includes the rehabilitation or replacement of approximately 16,100 linear feet of cast iron water mains and the removal of 30 lead service lines. The cast iron mains were severely deteriorated and needed to be replaced to ensure adequate flow and capacity for supply and fire protection. Replacing water mains allows the city to efficiently access lead service lines for replacement while the existing road surface is open. This reduces the cost of replacements and allows the city to minimize the impact of having to open the surface multiple times. Replacement of lead service lines addresses the critical health threats presented by lead in drinking water. This project is designed to prevent a serious problem in the distribution system and is expected to provide safe and reliable drinking water to the city’s water customers.

### ***Project Evaluation and Selection Process***

Applicants for Trust financing under the MTA Program are required to complete an application form that includes general recipient information, financial information, terms of the financial assistance required, and, if applicable, demographic and system information. The projects to be funded by the Trust are selected on an annual basis. Each year the Trust’s state-level partner, DEP, selects projects to be financed and publishes the information on

the Intended Use Plan (“IUP”). DEP engineers review detailed project specifications and rank the projects against criteria that measure the severity of the problem being addressed, the sensitivity of the environment affected by the problem, and the appropriateness of the proposed solution to the described problem. For more information regarding the project selection process, see the Final 2019 Clean Water IUP and the Final 2019 Drinking Water IUP at the following address: <https://www.mass.gov/state-revolving-fund-srf-loan-program>. For additional information on the Trust’s partnership with DEP, see “THE TRUST.”

### ***Proceeds Management***

The proceeds of the Bonds will be deposited into segregated Clean Water and Drinking Water accounts within the Project Fund. The accounts are individually tracked for each project internally at the Trust and the DEP offices. The accounts are invested using the Trust’s Investment Policy, which allows for investment in highly rated municipal obligations, AA or higher, direct obligations of the U.S. government, or, federal agencies, and secure money market funds, including a Commonwealth combined investment fund, the Massachusetts Municipal Depository Trust.

### ***Post-Issuance Reporting***

The Trust will report on the net proceeds of its Green Bonds once a year in its Annual Report to EPA and will list the progress of the projects and the continued use of proceeds. The reporting on Green Bonds will be included in an appendix of the Trust’s Annual Report. The Trust will report on the Bonds until all Bond proceeds have been fully expended. The report will be in substantially the same form as is presented in Appendix C hereto. The Massachusetts Clean Water Trust Annual Reports are available at the following address: <https://www.mass.gov/guides/investor-resources-mcwt> and the Trust expects to post future Annual Reports at the same location.

### **Terms of Payment and Redemption**

The Bonds will be dated their date of delivery, will bear interest therefrom, payable on February 1 and August 1 of each year, commencing February 1, 2020. The Bonds will mature on August 1, in the years and in the principal amounts set forth on the inside cover page hereof. The Bonds are subject to redemption as described below. The principal of and interest on the Bonds will be payable at the corporate trust office of Master Trustee, or at the office designated for such payment by any successor Master Trustee.

As long as the Bonds are registered in book-entry only form, principal and interest will be payable solely to Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as the sole registered owner of the Bonds. See Appendix G – “The Depository Trust Company – Book-Entry Only System” herein. The Trust Agreement provides alternate procedures to be used in the event the Bonds are issued in certificated form.

### ***Redemption of the Bonds\****

*Optional Redemption of the Bonds.* The Bonds maturing on or prior to August 1, 20\_\_ are not subject to redemption prior to maturity. The Bonds maturing after August 1, 20\_\_ are subject to redemption prior to maturity on and after August 1, 20\_\_ in whole or in part at any time, by lot, at a redemption price equal to the principal amount of such Bonds or portion thereof redeemed, plus accrued interest to the redemption date.

*Selection of Bonds to be Redeemed.* If less than all of the Bonds of a particular maturity are redeemed, and so long as the book-entry only system remains in effect for the Bonds, the Bonds of such maturity to be redeemed shall be selected by DTC in such manner as DTC shall determine. If the book-entry only system no longer remains in effect for the Bonds, selection for redemption of less than all of the Bonds will be made by the Master Trustee by lot as provided in the Master Trust Agreement.

*Notice to Bondholders.* Notice of redemption of any Bonds shall be mailed, not less than thirty (30) nor more than sixty (60) days prior to the date of redemption, to the registered owners of the Bonds, or portions thereof,

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\*Preliminary, subject to change.

so called, but the failure to so mail such notice or any defect therein with respect to any particular Bonds shall not affect the validity of such call for redemption of any Bonds with respect to which no such failure or defect has occurred. All Bonds called for redemption will cease to bear interest on the specified redemption date, provided funds sufficient for the redemption of such Bonds in accordance with the Master Trust Agreement are on deposit with the Master Trustee. If such moneys are not available on the redemption date, the Bonds or portions thereof will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption. In the case of an optional redemption of any Bonds, 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 on the redemption date. So long as the book-entry only system is in effect, redemption notices shall be sent only to the Depository Trust Company or its nominee. See Appendix G – “The Depository Trust Company – *Book-Entry Only System*.”

## **SECURITY FOR THE BORROWER OBLIGATIONS**

Borrowers that receive Loans funded with proceeds of MTA Bonds or from SRF Program Funds may include local governmental units, including cities, towns, local and regional water and wastewater districts, municipal water and sewer commissions and the MWRA, and, in the case of the drinking water SRF program, may also include private, for-profit owners of public water systems and not-for-profit owners of community water systems.

### **Cities and Towns**

Pursuant to the Act, each Borrower that is a city or town is authorized to secure its Loan with a local bond that is either a general obligation of such city or town payable from any source, including but not limited to ad valorem taxes, or a revenue obligation secured by water or sewer revenues or other particular revenues of the municipality, or a combination thereof.

Local bonds that are general obligations constitute a pledge of the full faith and credit of the city or town. Payment is not limited to a particular fund or revenue source. Except for the local aid intercepts described under “Local Aid Intercept” and taxes on the increased value of certain property in designated development districts, which may be pledged for the payment of bonds issued to finance projects within such districts, neither the Trust nor other holders of general obligations of cities and towns have a statutory priority or security interest in any assets of the municipality, although the use of certain moneys may be restricted.

The principal source of tax revenue for Massachusetts cities and towns is the tax on real and personal property. Massachusetts law directs municipal tax assessors to include annually in the property tax levy for the next fiscal year “all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for and all amounts necessary to satisfy final judgments.” The amount of the tax levy is limited by a statute known as Proposition 2½. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on specific bond issues.

The primary limitation on the amount of the tax levy is that the levy cannot exceed 2.5% of the full and fair cash value of the taxable property in the municipality. A secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year, as determined by the Commissioner of the Massachusetts Department of Revenue (“Commissioner of Revenue”), by more than 2.5%, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. This secondary or “growth” limitation on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the growth limit under this procedure does not permit a tax levy in excess of the primary limitation. The applicable tax limits may also be reduced in any year by a majority vote of the voters. The Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year.”

Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance projects in such districts, no provision is made under Massachusetts law for a lien on any portion of the tax levy to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments rendered after the tax levy has been fixed. With the approval of the Commonwealth’s

Director of Accounts, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Massachusetts cities and towns are subject to suit on their general obligation bonds and notes, and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the Proposition 2½ limits.

### **Regional Sewer Districts**

Certain regional districts, which include two or more cities or towns, have been established by the Massachusetts legislature to provide wastewater services within the district. Local bonds of such districts are general obligations of the districts, which have no taxing power and which assess debt service and other costs upon the constituent cities and towns within the district in accordance with the laws under which the districts were organized and with contractual agreements among such cities and towns. The constituent municipalities' obligations to pay such district assessments are general obligations of the municipalities, generally subject to the limitations of Proposition 2½ described above.

### **Water Districts**

Certain water districts have been established by the Legislature for the purpose of providing drinking water services to a designated area of a city or town, or to designated areas within more than one city or town. Such districts have taxing power within their specified service area, and also have the ability to charge water rates within such service area. They can impose taxes and set their rates and charges independently, and their rates and charges are not subject to regulation by any other governmental body. The local bonds of such districts are general obligations of the districts, generally subject to the limitations of Proposition 2½ described above.

### **Municipal Water and Sewer Commissions and the Massachusetts Water Resources Authority**

Loans funded by the Trust for municipal water and sewer commissions and for the MWRA are payable from retail or wholesale water and sewer revenues. Such commissions and the MWRA are public instrumentalities and political subdivisions of the Commonwealth which are responsible for the operation of the water and wastewater systems of a particular service area. They have no taxing power, but fund their operations through the collection of fees and charges and, in the case of the MWRA, by assessment upon its member cities, towns, districts and other service recipients. They set their rates, charges and assessments independently, and their rates, charges and assessments are not subject to regulation by any other governmental body. To finance improvements to their water and wastewater systems, such commissions and the MWRA issue revenue bonds secured by a lien on their revenues. The local bonds issued by the MWRA and certain of such commissions to the Trust are subordinated as to both lien and payment to the senior indebtedness issued by the MWRA or such commission, as applicable.

### **Private Water Systems**

Under the Drinking Water Act, private, for-profit owners of public water systems and not-for-profit owners of community water systems (as defined by the Drinking Water Act) may qualify for financial assistance from the Trust's drinking water SRF program.

### **Local Aid Intercept**

Upon a Borrower's default in payment on its Loan, the Trust is authorized by the Act to utilize a mechanism referred to as a "local aid intercept" to obtain state financial assistance that would otherwise be transferred by the State Treasurer to any local governmental unit to which such default is directly or indirectly attributable.

Pursuant to the Act, if a Borrower fails to make a timely payment of its debt service payments on its Loan, the Trust is authorized to certify to the State Treasurer the amount owing to the Trust by reason of such failure, and the State Treasurer shall promptly pay to the Trust such amount, without further appropriation, from any local aid distribution otherwise payable to such Borrower. If a Borrower is an agency, commission or instrumentality of a

city or town, the State Treasurer shall pay the local aid intercept to the Trust from amounts otherwise payable to such city or town as local aid distributions. Borrowers that are water districts or owners of private water systems generally receive little or no state financial assistance. Therefore, the value of the local aid intercept to the Trust is minimal or non-existent in the case of such borrowers.

If a governmental service recipient of a regional local governmental unit fails to pay when due any charges of the regional entity required for the regional entity to meet its debt service payments to the Trust, the Act authorizes the regional entity to certify to the State Treasurer the amount owing to such regional entity by reason of such failure, and the State Treasurer shall promptly pay to the regional entity such amount, without further appropriation, from any local aid distribution otherwise payable to such city or town or other service recipient. If the Trust determines that a regional entity's failure to make a timely payment on its debt service payments on its loan is due to the failure by a city or town or other service recipient of such regional entity to pay an assessment or charge to the regional entity and that the regional entity has failed or refused to use the local aid intercept pursuant to the Act or any similar provision of law, then the Trust is authorized by the Act to certify to the State Treasurer the amount owing to the regional entity by reason of such failure, and the State Treasurer shall promptly pay to the Trust such amount, without further appropriation from any local aid payment otherwise payable to such city or town or service recipient. Any dispute regarding the amount of such local aid payments of cities, towns or other service recipients of a regional entity that are intercepted and paid by the State Treasurer to the Trust is subject to arbitration by an appeals board established by the Act.

Massachusetts law provides for other local aid intercepts under the Massachusetts Qualified Bond Act and for amounts due to the Commonwealth from a city or town for certain assessments, including assessments to the Massachusetts Bay Transportation Authority, the MWRA and the Massachusetts School Building Authority. Under the Qualified Bond Act, local debt service is paid directly by the Commonwealth, which then reimburses itself from otherwise distributable local aid. The Qualified Bond Act also contains a legislative covenant with bondholders that the act itself will not be modified to divert local aid to other purposes. The effect of this covenant, which was enacted in 1980, on the local aid intercept provisions in the Act, which was enacted in 1989, is uncertain, but it may be construed to grant a priority to holders of bonds issued under the Qualified Bond Act. With respect to the local aid intercepts that are triggered by a local default, Massachusetts law does not establish a priority of payment in the event of two or more defaults by a city or town which subject such city or town to such remedy.

## **THE TRUST**

### **General**

The Trust was created in 1989 by the Act. The Trust is a public instrumentality of the Commonwealth, and is responsible for administering the clean water SRF and the drinking water SRF established under the Act to provide financial assistance to borrowers for wastewater projects and drinking water projects, respectively.

Title VI of the federal Clean Water Act, as amended by the federal Water Quality Act of 1987 (as amended from time to time, the "Clean Water Act") provides for the establishment of state revolving fund programs to provide financial assistance to borrowers in connection with the construction of publicly owned systems for the storage, treatment, recycling and reclamation of municipal sewage. The amendments to the federal Safe Drinking Water Act adopted in 1996 (as amended from time to time, the "Drinking Water Act") provide for the establishment of state revolving fund programs to provide financial assistance to borrowers, including for-profit companies and not-for-profit community water systems, for expenditures which will facilitate compliance with national drinking water regulations or otherwise advance the health protection objectives of the Drinking Water Act.

Pursuant to the clean water SRF, the Trust provides financing to Borrowers to fund costs of wastewater projects, including loans to fund community septic management programs, which are eligible for funding pursuant to the Clean Water Act. Pursuant to the drinking water SRF, the Trust funds the costs of drinking water projects which are eligible for funding pursuant to the Drinking Water Act.

## Organization

The Trust is governed by a three-member Board of Trustees, serving ex officio, consisting of the State Treasurer, whom the Act also designates as the Chair of the Board of Trustees, the Secretary of the Executive Office for Administration and Finance and the Commissioner of the Department of Environmental Protection (“DEP”). The Trustees and their respective offices are as follows:

| <u>Trustee</u>                   | <u>Office</u>                                                                        |
|----------------------------------|--------------------------------------------------------------------------------------|
| Deborah B. Goldberg, Chair       | Treasurer and Receiver-General of the Commonwealth                                   |
| Michael J. Heffernan, Vice Chair | Secretary of the Executive Office for Administration and Finance of the Commonwealth |
| Martin Suuberg, Trustee          | Commissioner of the Department of Environmental Protection of the Commonwealth       |

The Act authorizes each Trustee to appoint a designee to serve in the absence of such Trustee. The current designee of the State Treasurer is James A. MacDonald, First Deputy Treasurer, the current designee of the Secretary of Administration and Finance is Maya Jonas-Silver, Director of Capital, and the current designee of the Commissioner of DEP is Maria Pinaud, Director, Division of Municipal Services for the DEP.

The Board of Trustees of the Trust has adopted by-laws, dated August 2, 1990 and amended through June 29, 2015 (the “By-Laws”), to govern the Trust. The By-Laws establish eight officer positions, a Chair, a Vice-Chair, an Executive Director, a Deputy Director, a Treasurer, a Director of Finance and Administration, and a Director of Program Development. The current officers of the Trust are as follows:

| <u>Officer</u>       | <u>Trust Office</u>                     |
|----------------------|-----------------------------------------|
| Deborah B. Goldberg  | Chair*                                  |
| Michael J. Heffernan | Vice-Chair*                             |
| Susan E. Perez       | Executive Director                      |
| Nathaniel Keenan     | Deputy Director                         |
| My T. Tran           | Treasurer                               |
| Maya Jonas-Silver    | Director of Finance and Administration* |
| Maria Pinaud         | Director of Program Development*        |

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\* Each of these officers, in addition to their responsibilities to the Trust, has other responsibilities within their respective executive departments.

Pursuant to the By-Laws, the Executive Director, the Director of Finance and Administration and the Director of Program Development constitute the Executive Committee of the Trust. The Executive Director is the Chair of the Executive Committee.

The Executive Director is the chief executive officer of the Trust and is responsible for supervising the administrative affairs and general management and operations of the Trust. The Deputy Director assists the Executive Director in supervising the administrative affairs and general management and operations of the Trust. The Treasurer is responsible, under the supervision of the Executive Director and the Deputy Director, for financial transactions relating to the Trust, including care and custody of all funds and securities of the Trust, and for keeping accurate records of all matters with respect to bonds issued by the Trust.

The Director of Finance and Administration is responsible for supervising all financial matters relating to the Trust, and for acting as liaison to the Executive Office for Administration and Finance. The Director of Program Development is responsible for supervising the development and implementation of the Trust’s financing programs as contemplated by the Act, for coordinating project approvals with DEP and for acting as liaison with the federal EPA, DEP and the Executive Office of Energy and Environmental Affairs of the Commonwealth.

## **Application and Compliance Process**

DEP has promulgated regulations which set forth its regulatory and supervisory powers associated with its approval of projects eligible for assistance from the Trust's SRF programs. DEP determines which projects on its annual priority list are eligible for funding under the Trust's SRF programs and includes such projects in the IUPs, which are filed with EPA as part of the Trust's application for federal grants for its SRF programs.

DEP reviews each borrower's application, which includes plans and specifications for the project, evidence of the authorization of sufficient funds to finance the project and information on the borrower's financial capability. Upon approval of the application and project, DEP certifies to the Trust those costs of the project eligible for funding from the SRF program. Once a project is approved for financing by the Trust under the applicable SRF program, DEP and the borrower enter into a project regulatory agreement which includes a disbursement schedule, procedures for approval and payment of requisitions and a set of conditions related to the borrower's compliance with DEP regulations and other federal and state statutes and regulations applicable to the construction and operation of the project. DEP also conducts site inspections and other related oversight activities to ensure that the project has been constructed in accordance with plans and specifications previously approved by DEP.

## **Method of Funding**

The Trust, DEP and EPA have entered into a Revolving Fund Operating Agreement for each of the clean water SRF and the drinking water SRF which sets forth rules, procedures and activities to be followed by EPA and the Trust in administering the related federal grants and SRF program. To date, the Trust has been awarded a total of approximately \$1.6 billion in federal grants and approximately \$297.3 million in Commonwealth matching funds under the clean water SRF program. The Trust has also received a total of approximately \$551.6 million in federal grants, which includes approximately \$123.1 million in federally mandated set-asides for technical assistance and other matters, and approximately \$105.0 million in Commonwealth matching funds under the drinking water SRF program. In addition, the Commonwealth appropriated an additional \$30 million which was used to provide funds or secure financing solely for funding a community septic management program.

Federal grants are received by the Trust pursuant to the applicable Revolving Fund Operating Agreement and EPA Assistance Agreements between the Trust and EPA. Commonwealth matching funds are received by the Trust pursuant to the Amended and Restated Master Funding Agreement dated as of December 3, 2014, entered into by the Trust, DEP, the State Treasurer and the Commonwealth's Secretary of Administration and Finance. Cash draws on Commonwealth matching funds are made by a written request submitted by the Trust to the State Treasurer. No additional appropriation is required for draws under either the federal grants or Commonwealth matching funds.

The periodic cash draws by the Trust on the federal grants are based on the amount of incurred costs for certain eligible projects or activities.

The funding by the Trust of the loans being made in connection with the issuance of the Bonds is not dependent on the receipt of any future federal or state grants.

## **ABSENCE OF LITIGATION**

There is not now pending against the Trust any litigation restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings and authority under which the Bonds are to be issued, or the pledge or application of any moneys or the security provided for the payment of the Bonds, or the existence or powers of the Trust or restraining or enjoining the execution, delivery or performance of the Bonds, the Master Trust Agreement, the Supplemental Trust Agreement, the Financing Agreements or the proceedings under which they were issued or authorized or questioning or affecting the validity of any such agreements.

There is not now pending against the Commonwealth any litigation restraining or enjoining the execution, delivery or performance of the Commonwealth Assistance Contract or the Master Funding Agreement, or questioning or affecting the validity of such agreements.

In connection with the issuance of the local bonds to the Trust, each Borrower has certified or will certify that there was not or is not then pending against such Borrower any litigation restraining or enjoining the undertaking or issuance or delivery of the local bonds or the proceedings and authority under which such local bonds are to be undertaken or issued, as applicable, or the pledge or application of any moneys or the security provided for the payment of such local bonds, or the existence or powers of such Borrower, or restraining or enjoining the execution, delivery or performance of such local bonds or the proceedings under which they were issued or authorized.

## **LEGAL INVESTMENTS**

Under the provisions of the Act, the MTA Bonds are securities in which public officers and agencies, insurance companies, financial institutions, investment companies, executors, administrators, trustees and others may properly invest funds including capital in their control. The MTA Bonds, under the Act, are securities which may be deposited with any public officer or any agency for any purpose for which the deposit of MTA Bonds is authorized by law. Certain of such investors may be subject to separate restrictions which limit or prevent their investment in the MTA Bonds.

## **TAX EXEMPTION**

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel to the Trust ("Bond Counsel") is of the opinion that, under existing law, interest on the Bonds will not be included in the gross income of holders of the Bonds for federal income tax purposes. This opinion is expressly conditioned upon continued compliance with certain requirements imposed by the Internal Revenue Code of 1986, as amended (the "Code"), which must be satisfied subsequent to the date of issuance of the Bonds in order to ensure that interest on the Bonds is and continues to be excludable from the gross income of holders of the Bonds. Failure to comply with certain of such requirements could cause interest on the Bonds to be included in the gross income of holders of the Bonds retroactive to the date of issuance of the Bonds. In particular, and without limitation, these requirements include restrictions on the use, expenditure and investment of Bond proceeds and the payment of rebate, or penalties in lieu of rebate, to the United States, subject to certain exceptions. The Trust has provided covenants and certificates as to continued compliance with such requirements.

In the opinion of Bond Counsel, under existing law, interest on the Bonds will not constitute a preference item under Section 57(a)(5) of the Code for purposes of computation of the alternative minimum tax imposed on certain individuals under Section 55 of the Code. Bond Counsel has not opined as to any other matters of federal tax law relating to the Bonds. However, prospective purchasers should be aware that certain collateral consequences may result under federal tax law for certain holders of the Bonds, including but not limited to the requirement that recipients of certain Social Security and railroad retirement benefits take into account receipts or accruals of interest on the Bonds in determining gross income. The nature and extent of these other tax consequences depends on the particular tax status of the holder and the holder's other items of income or deduction. Holders should consult their own tax advisors with respect to such matters.

Interest paid on tax-exempt obligations such as the Bonds is generally required to be reported by payors to the IRS and to recipients in the same manner as interest on taxable obligations. In addition, such interest may be subject to "backup withholding" if the Bond holder fails to provide the information required on IRS Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the Bond holder as being subject to backup withholding because of prior underreporting. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Bonds from gross income for federal tax purposes.

In the opinion of Bond Counsel, under existing law, interest on the Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective purchasers should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds,

their transfer and the income therefrom, including any profit made on the sale thereof, under the laws of any state other than Massachusetts.

For federal and Massachusetts income tax purposes, interest includes original issue discount, which with respect to a Bond is equal to the excess, if any, of the stated redemption price at maturity of such Bond over the initial offering price thereof to the public, excluding underwriters and other intermediaries, at which price a substantial amount of all such Bonds with the same maturity was sold. Original issue discount accrues based on a constant yield method over the term of a Bond. Holders should consult their own tax advisers with respect to the computations of original issue discount during the period in which any such Bond is held.

An amount equal to the excess, if any, of the purchase price of a Bond over the principal amount payable at maturity constitutes amortizable bond premium for federal and Massachusetts tax purposes. The required amortization of such premium during the term of a Bond will result in reduction of the holder's tax basis on such Bond. Such amortization also will result in reduction of the amount of the stated interest on the Bond taken into account as interest for tax purposes. Holders of Bonds purchased at a premium should consult their own tax advisers with respect to the determination and treatment of such premium for federal income tax purposes and with respect to the state or local tax consequences of owning such Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds, including legislation, court decisions, or administrative actions, whether at the federal or state level, may affect the tax exempt status of interest on the Bonds or the tax consequences of ownership of the Bonds. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly reduce or eliminate the benefit of the exclusion of the interest on the Bonds from gross income for federal income tax purposes or any state tax benefit. Tax reform proposals and deficit reduction measures, including but not limited to proposals to reduce the benefit of the interest exclusion from income for certain holders of tax-exempt bonds, including bonds issued prior to the proposed effective date of the applicable legislation, and other proposals to limit federal tax expenditures, have been and are expected to be under ongoing consideration by the United States Congress. These proposed changes could affect the market value or marketability of the Bonds, and, if enacted into law, could also affect the tax treatment of all or a portion of the interest on the Bonds for some or all holders. Holders should consult their own tax advisors with respect to any of the foregoing tax consequences.

## **UNDERWRITING**

The Underwriters, for whom Jefferies LLC is serving as representative (the "Representative"), have agreed, subject to certain conditions set forth in a contract of purchase to be entered into by the Trust and the Representative, to purchase from the Trust and to reoffer such Bonds at the public offering prices or yields set forth on the inside cover page hereof, upon receipt of compensation from the Trust in an aggregate amount equal to \$\_\_\_\_\_. The Underwriters will be obligated to purchase all the Bonds if any such Bonds are purchased. The Underwriters may offer and sell the Bonds to certain dealers and others (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices (or yields higher than the offering yields) stated on the inside cover page hereof. The public offering prices (or yields) set forth on the inside cover page hereof may be changed from time to time after the initial offering by the Underwriters. The obligation of the Underwriters to accept delivery of the Bonds is subject to the terms and conditions set forth in the contract of purchase, the approval of legal matters by counsel and other conditions.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Trust, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Trust.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or public or express independent research views in respect to such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the Trust as Underwriters) for the distribution of the Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

## **RATINGS**

The Bonds have been rated “AAA” by Fitch Ratings, Inc. (“Fitch”), 33 Whitehall Street, New York, New York, “Aaa” by Moody’s Investors Service (“Moody’s”), 7 World Trade Center at 250 Greenwich Street, New York, New York, and “AAA” by S&P Global Ratings (“S&P”), 55 Water Street, New York, New York. The ratings assigned by Fitch, Moody’s and S&P express only the views of the rating agencies. The explanation of the significance of the ratings may be obtained from the respective agencies. There is no assurance that any rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of ratings on the Bonds may have an effect on the market price thereof.

## **FINANCIAL ADVISOR**

PFM Financial Advisors LLC has served as Financial Advisor to the Trust with respect to the sale of the Bonds. The Financial Advisor has assisted in various matters relating to the planning, structuring and issuance of the Bonds.

## **CERTAIN LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Bonds will be approved by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel, Boston, Massachusetts. The approving opinion of Bond Counsel with respect to the Bonds will be in substantially the form attached hereto as Appendix E. Certain matters will be passed upon for the Trust by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Program Counsel to the Trust. Certain legal matters will be passed upon for the Underwriters by Locke Lord LLP, Boston, Massachusetts. Certain legal matters have been or will be passed upon for each Borrower by its bond counsel, which includes in many cases Locke Lord LLP, including matters relating to the validity and enforceability of the obligations of such Borrower under the applicable Financing Agreement.

## **OTHER AVAILABLE INFORMATION**

The Trust prepares an Annual Report with respect to each fiscal year ending June 30 which generally becomes available in November of the following fiscal year. The Annual Report includes information relating to the Trust and its loan programs and operations and audited financial statements for the fiscal year ending June 30. The audited financial statements of the Trust for the fiscal year ended June 30, 2018 are available from the Trust and have been filed with the Municipal Securities Rulemaking Board (“MSRB”).

The Department of the State Auditor may also audit all agencies, departments and authorities of the Commonwealth, including the Trust. Copies of audit reports pertaining to the Trust, if any, may be obtained from the State Auditor, State House, Room 229, Boston, Massachusetts 02133.

Questions regarding this Official Statement or requests for additional information concerning the Trust, including its most recent audited annual financial statements, should be directed to Susan E. Perez, Executive Director, Massachusetts Clean Water Trust, One Center Plaza, Suite 430, Boston, Massachusetts 02108, telephone (617) 367-9333. Questions regarding legal matters pertaining to the Bonds, the Trust and its SRF programs in general should be directed to Poonam Patidar, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, telephone (617) 542-6000.

Pursuant to the Trust's standards, adopted in accordance with the provisions of Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934 (as amended, the "Rule"), if the aggregate principal amount of any Borrower's financing agreements under the SRF Program exceeds twenty percent (20%) of the aggregate principal amount of all financing agreements outstanding under the SRF Program, such borrower will be considered an "obligated person" and the Trust will require such Borrower to provide certain operating and financial information in connection with the issuance of the Trust's SRF Bonds. As of the issuance of the Bonds, the MWRA will be the only Borrower that has met such requirement. For further information about the MWRA, specific reference is made to the MWRA's Information Statement dated September 26, 2019 (the "MWRA Information Statement"). A copy of the MWRA Information Statement has been filed with the MSRB through its Electronic Municipal Market Access system. Copies of the MWRA Information Statement may also be obtained from the Trust. The MWRA Information Statement should be read in its entirety in order to obtain appropriate fiscal and financial information concerning the MWRA. See also Appendix F – "Summary of Continuing Disclosure Undertakings."

### **CONTINUING DISCLOSURE**

The Trust and the MWRA will undertake for the benefit of the owners (including beneficial owners) of the Bonds to provide certain continuing disclosure. The undertakings have been made pursuant to the provisions of the Rule.

More specifically, the Trust will agree for the benefit of the owners of the Bonds in a Continuing Disclosure Certificate to be executed by the Trust at or prior to the issuance of the Bonds to provide (i) audited financial statements of the Trust and (ii) information regarding the borrowers under the Trust's SRF Bond Program and the debt obligations of such borrowers to the Trust under the SRF Bond program in substantially the same level of detail as found in Appendix D – "SRF Bond Program – MTA Bonds Outstanding and Borrowers" in the table entitled "Borrowers" (collectively, the "Trust Annual Information") no later than 270 days after the end of each fiscal year and to provide notices of the occurrence of certain significant events. The Trust Annual Information will be filed by the Trust with the MSRB. Notices of significant events will be filed by the Trust with the MSRB. The nature of the information to be included in the Trust Annual Information and the notices of significant events is set forth under Appendix F – "Summary of Continuing Disclosure Undertakings."

In addition, each borrower will agree in its financing agreement to provide an annual report (a "Borrower Annual Report") to the Trust, containing or incorporating the most recently available audited financial statements of such borrower, not later than 270 days after the close of each fiscal year during any period during which such borrower is an "obligated person" (as defined above) with respect to the SRF Bonds within the meaning of the Rule, as evidenced by a notice to that effect furnished to the borrower by the Trust. The Trust will file the annual reports, if any, received from borrowers with the MSRB, at the same time and in the same manner as the Trust Annual Information. As of the date of issuance of the Bonds, the MWRA is the only borrower considered to be an "obligated person". In its financing agreement, the MWRA has agreed to provide certain annual financial and operating data for the benefit of the owners of the Bonds, in accordance with the Continuing Disclosure Agreement dated as of November 21, 1995, as amended, between the MWRA and U.S. Bank National Association, as Dissemination Agent. See Appendix F – "Summary of Continuing Disclosure Undertakings" for a summary of such information.

In addition, pursuant to Commonwealth Assistance Agreement, the Commonwealth has covenanted to provide annual financial information and operating data, not later than 270 days after the close of each fiscal year during any period during which the Commonwealth is an "obligated person" with respect to the Bonds within the meaning of the Rule, as evidenced by a notice to that effect furnished by the Trust to the Commonwealth. In accordance with a standard adopted by the Trust pursuant to the Rule, the Commonwealth shall be considered an "obligated person" with respect to the Bonds if twenty percent (20%) or more of the debt service on all of the Trust's outstanding SRF Bonds in any fiscal year is expected to be paid with Contract Assistance Payments. Pursuant to this standard, as of the date of issuance of the Bonds, the Commonwealth is not considered an obligated person with respect to the Bonds. The Trust will covenant in its Disclosure Certificate to annually determine if the Commonwealth constitutes an obligated person with respect to the Bonds and to notify the Commonwealth in the event that it is so determined.

The sole remedy for any owner or beneficial owner of a Bond upon any failure by the Trust, the Commonwealth or a borrower to fulfill its continuing disclosure undertakings is a suit in equity for specific performance of the undertakings and not for money damages.

In reviewing past compliance with its undertakings, the Trust determined that the Commonwealth had not filed with respect to the CUSIPs for the Prior Single Obligor Bonds, its annual financial information and audited financial statements. The Commonwealth filed such annual financial information and audited financial statements with MSRB, but such reports and statements were not linked to the CUSIPs for the Prior Single Obligor Bonds. Corrective filings have been made.

#### **FURTHER INFORMATION**

The references herein to and summaries of federal, Commonwealth and local laws, including but not limited to the Code, the laws of the Commonwealth, the Act, the Clean Water Act and the Drinking Water Act, and to certain documents and agreements pertaining to the Bonds, are summaries of certain provisions thereof. Such summaries do not purport to be complete and are qualified in their entirety by reference to such acts, laws, documents or agreements. Copies of the Master Trust Agreement, the Fifth Supplemental Trust Agreement, the Financing Agreements, the Commonwealth Assistance Contract and the Master Funding Agreement are available for inspection during normal business hours at the office of the Trust.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. Neither this Official Statement nor any statement that may have been made orally or in writing shall be construed as a contract or as a part of a contract with the Underwriters or any holders of the Bonds.

#### **MASSACHUSETTS CLEAN WATER TRUST**

By:

\_\_\_\_\_  
Deborah B. Goldberg  
Chair, Board of Trustees

October \_\_, 2019

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## APPENDIX A – FORM OF MASTER TRUST AGREEMENT

*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

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## **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, 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;

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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.*

“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 CMR 45.00 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;

“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

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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.*

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 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.

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## **APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENTS**

*The following is a summary of certain provisions of the Financing Agreements. The summary does not purport to be complete and reference should be made to the Financing Agreements for full and complete statements of such and all provisions therein.*

### **The Loans or Local Governmental Obligations**

Under the terms and conditions of the Financing Agreement between the Trust and each borrower, the Trust agrees to either make a Loan to, or to purchase Local Governmental Obligations from, the borrower, and the borrower agrees to make borrower Payments at the times and in the amounts set forth in the Financing Agreement.

### **Payments**

All borrower Payments under the Financing Agreement shall be applied, first, to the interest, if any, on the Loan or Local Governmental Obligations then due and payable, and second, to the principal amount of the Loans or Local Governmental Obligations then due and payable. On or prior to each Payment Date, the borrower will pay to the Bond Trustee for the account of the Trust, by wire transfer to such account or otherwise in such manner as the Trust may from time to time designate to the borrower, the borrower Payments then due on the Loans or Local Governmental Obligations.

Under the Financing Agreements for Loans and Local Governmental Obligations, the borrowers are required to make borrower Payments which are net of Equity Earnings and net of Contract Assistance Payments that the Trust expects to receive and to apply to pay a portion of its debt service on the Bonds. In the event of a deficiency in the related Equity Earnings or Contract Assistance Payments, the Payments of such borrowers are not increased to cover the shortfall under such Financing Agreements.

### **Prepayment of Loans or Local Governmental Obligations**

The Loans or Local Governmental Obligations are not subject to prepayment at the option of the borrower prior to maturity without the prior written consent of the Trust.

### **Disbursement of Proceeds of the Loans or Local Governmental Obligations**

The Trust will make a deposit within the Project Fund under the Master Trust Agreement for each Project financed or refinanced by the Loans or Local Governmental Obligations (each such deposit, a “Project Account”). Amounts deposited in the Project Account shall be applied by the Trust to the payment or reimbursement of Costs of the related Project as provided in the Financing Agreement, in the related Regulatory Agreement and in the Master Trust Agreement. Only amounts on deposit in a Project Account representing proceeds of Bonds or other moneys of the Trust deposited therein as provided in the Financing Agreement and the Master Trust Agreement will be available to pay Project Costs.

Upon receipt by the Trust of a disbursement completion certificate provided in the applicable Regulatory Agreement, any balance remaining on deposit in the Project Account not then payable to or for the account of the borrower in accordance with the disbursement completion certificate will be applied at the direction of the borrower with the prior approval of the Trust to (i) additional Costs of the applicable Project upon amendment of the definition thereof approved by DEP, or (ii) the prepayment of Loans or Local Governmental Obligations as provided in the Financing Agreement.

### **Tax Covenants**

So long as any Bonds shall be outstanding and unpaid, the borrower agrees that it shall not take, or permit to be taken, any action or actions that would cause any Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code or a “private activity bond” within the meaning of Section 141(a) of the Code or that would cause any Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code, or that would otherwise cause any amounts payable with respect to the Bonds to become included in gross income for federal income tax purposes; the borrower further agrees that it shall take all actions, and shall maintain all records and accounts, required by any provision of applicable law, necessary to comply with, or necessary to permit the Trust to comply with, the provisions of Section 148(f) of the Code.

## **Defaults and Remedies**

Failure of the borrower to pay when due all or any part of any borrower Payment payable under the Financing Agreement shall be and shall constitute an immediate Event of Default under the Financing Agreement and the related Loans or Local Governmental Obligations. Failure of the borrower to perform and observe any other covenant, agreement or condition on its part provided in the Financing Agreement or in the related Loans or Local Governmental Obligations shall constitute an Event of Default if not cured within a period of thirty days after written notice thereof.

Upon the occurrence of any Event of Default under the Financing Agreement, the Trust shall have, in addition to the remedies set forth in the Financing Agreement, all other remedies permitted by law including the right to seek compliance by the borrower with the terms and provisions of the Financing Agreement and the related Loans or Local Governmental Obligations by suit or suits in equity or at law, for the specific performance of any covenant, term or condition of the Financing Agreement, or in the aid of the execution of any power granted in the Financing Agreement, and may exercise any other right or remedy upon such default as may be granted to the Trust under the Act, the applicable bond act or under any other applicable provision of law.

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**APPENDIX C**  
**SERIES 22 GREEN BOND PROJECT DESCRIPTIONS**

**PROJECTS EXPECTED TO BE FINANCED WITH SERIES 22 BOND PROCEEDS\***

For a description of certain terms and acronyms used in this Appendix C, see the Glossary of Terms immediately following the Project descriptions.

| <b>Borrower</b>                | <b>Program</b> | <b>Amount to be<br/>Financed</b> | <b>Project Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Percentage of<br/>Loan Drawn<sup>†</sup></b> |
|--------------------------------|----------------|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| <b>Adams Fire<br/>District</b> | <b>DW</b>      | <b>\$766,794</b>                 | This project is in accordance with two Administrative Consent Orders – for unaccounted water and for coliform hits. The completed project will install disinfection and provide for more accurate supply readings. This project includes the installation of sodium hypochlorite chemical feed systems to wells 4, 2a, and 3 stations including day tanks, chemical metering pumps, chemical feed piping, instrumentation and controls. Additional activities include integrating the new chemical feed systems with the existing supervisory control and data acquisition system by installing a programmable logic controllers-based control system at wells 2a and 3 sites, adding a communication system to connect the 3 well sites, the Maple Street storage tank, provide an alarm dialer and a connection to a human machine interface at the District's office.. | 70.3%                                           |
| <b>Brockton</b>                | <b>DW</b>      | <b>1,402,890</b>                 | The City of Brockton has been working to locate, clean, and operate all crossover and mainline valves within the 24" transmission mains connecting the Silver Lake Water Treatment Plant and the Brown's Crossing Pump Station (East Bridgewater). The project is a response to a pipe failure incident in which the crossover valves could not be operated to isolate the failure, causing a shutdown of the plant for a day and great concern over the integrity of the pipes and related valves. Several crossing locations have been identified that will be replaced to prevent similar issues.                                                                                                                                                                                                                                                                      | 68.0%                                           |

\*Preliminary, subject to change; totals may not add due to rounding.

<sup>†</sup>As of August 31, 2019.

| <b>Borrower</b> | <b>Program</b> | <b>Amount to be<br/>Financed</b> | <b>Project Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Percentage of<br/>Loan Drawn<sup>†</sup></b> |
|-----------------|----------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| <b>Brockton</b> | <b>CW</b>      | <b>\$1,100,000</b>               | This project provides an update to the I/I study conducted by the city in 1998. There have been significant upgrades to the sewer system, but the system flow data shows that the collection system is still susceptible to I/I. This project will redevelop estimates of I/I contribution from the same drainage sub-areas within the city's sewer collection system, which were metered in 1997 and 1998. The flow monitoring program will identify the general location and extent of I/I entering the sewer system. The findings will help prioritize and phase the follow-up sewer system evaluation survey work, which will identify areas throughout the sewer collection system that need to be rehabilitated or replaced. Reductions in I/I will create additional capacity for future connections to the wastewater collection system and treatment plant and will also minimize SSOs within the sewer collection system. | 73.4%                                           |
| <b>Brockton</b> | <b>CW</b>      | <b>\$400,000</b>                 | The goal of this planning project is to address the bacterial water quality impairments in the Taunton River watershed by constructing improvements to the drainage and/or sewer systems. During the first step in addressing the bacteria within the stormwater discharges, the city will develop a comprehensive watershed plan that provides recommendations to address and prioritize water quality concerns. This planning project is intended to develop a plan that identifies sources of cross-contamination and allows for the development of further recommendations.                                                                                                                                                                                                                                                                                                                                                     | 85.3%                                           |
| <b>Chicopee</b> | <b>CW</b>      | <b>\$832,718</b>                 | This project is part of a long-term control plan created by the city to address the environmental and public health impacts caused by CSOs into the Connecticut and Chicopee Rivers. The Phase 5B project includes approximately 100 acres of the city, which encompasses a total of 20,530 linear feet of combined sewer pipes. Sewer separation will be achieved by providing a new storm drainpipe and catch basins along with utilizing the existing combined sewer pipe for the conveyance of sewage. This should significantly relieve the capacity problem in the existing sewer. The separation of the combined sewer systems in Phase 5B will eliminate sewage backups as well as eliminate the mixing of sanitary sewage with stormwater resulting in a much cleaner stormwater release to receiving waters.                                                                                                              | 44.2%                                           |

| <b>Borrower</b>                                | <b>Program</b> | <b>Amount to be<br/>Financed</b> | <b>Project Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Percentage of<br/>Loan Drawn<sup>†</sup></b> |
|------------------------------------------------|----------------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| <b>Dartmouth</b>                               | <b>CW</b>      | <b>\$1,879,624</b>               | This project consists of providing treatment upgrades to the existing water pollution control facility. The scope includes upgrading the existing low pressure, low intensity ultraviolet (UV) disinfection system to a low pressure, high intensity UV system to improve bacteria killing. Upgrading the existing system will allow the facility to meet current NPDES permit requirements, and consistently provide a high-quality effluent to Buzzards Bay.                                                                                                                                                                                                                                                                                                                                                                                                             | 82.2%                                           |
| <b>Dedham-<br/>Westwood Water<br/>District</b> | <b>DW</b>      | <b>\$8,841,400</b>               | The Bridge Street WTP has performed reliably in the district for over one hundred years but is in need of significant rehabilitation and updating. This project will also improve conditions and worker safety within the facility through renovations to the existing treatment facility along with the addition of a new multi-purpose treatment building.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 89.3%                                           |
| <b>Eastham</b>                                 | <b>DW</b>      | <b>\$7,685,012</b>               | This project is for constructing a town-wide water system, the core of which was constructed in Phase 1. In Phase 2, the town will construct the remainder of the distribution system so that every property in town has the ability to connect to the water system. Contract 2A of this phase will consist of installing the District H well field and approximately 19 miles of distribution system piping which will extend the availability of public water to more areas of town.                                                                                                                                                                                                                                                                                                                                                                                     | 100.0%                                          |
| <b>Fall River</b>                              | <b>DW</b>      | <b>\$2,930,713</b>               | The Phase 17 water main improvements included the rehabilitation or replacement of approximately 16,100 linear feet of cast iron water mains and the removal of 30 lead service lines ("LSLs"). The cast iron mains were severely deteriorated and needed to be replaced to ensure adequate flow and capacity for supply and fire protection. Replacing water mains allows the city to efficiently access LSLs for replacement while the existing road surface is open. This reduces the cost of replacements and allows the city to minimize the impact of having to open the surface multiple times. The replacement of LSLs addressed the critical health threats presented by lead in drinking water. This project will prevent a serious problem in the distribution system and will provide safe and reliable drinking water to consumers in the City of Fall River. | 100.0%                                          |
| <b>Fall River</b>                              | <b>CW</b>      | <b>\$1,000,000</b>               | The city is under federal court order to control its CSOs to its receiving waters. This program, known as the Fall River CSO Abatement Program, is intended to provide a three-month storm level of control. Discharges from two CSO outfalls, Alton Street and City Pier, have not yet been controlled. Additionally, the City Pier area experiences chronic street flooding in low-lying areas. The proposed facilities plan advanced previous planning efforts for sewer separation of the area's tributary to these outfalls and addressed flooding issues.                                                                                                                                                                                                                                                                                                            | 97.7%                                           |

| <b>Borrower</b>   | <b>Program</b> | <b>Amount to be<br/>Financed</b> | <b>Project Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>Percentage of<br/>Loan Drawn<sup>†</sup></b> |
|-------------------|----------------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| <b>Fall River</b> | <b>CW</b>      | <b>\$699,886</b>                 | This project involves modifications of storm drain infrastructure, including: enlargement and rerouting of storm drains to relieve public health risks and nuisance flooding; reactivation of abandoned drainage swale; sewer separation; and water quality improvements with best management practices retrofits where possible. The project will increase storm drain capacity for a future sewer separation project.                                                                                                                                                                                                                                                                                                                                                                                                                                        | 76.2%                                           |
| <b>Gloucester</b> | <b>DW</b>      | <b>\$1,830,012</b>               | The Babson Water Treatment Plant (BWTP) Emergency Project is designed to address issues that were leading to unacceptable shutdowns. These include problems with the generator transfer switch, the actuated BWTP intake valve and meter vaults, and eels clogging the pumps as well as the sedimentation basin blow down valves. The scope of work encompasses the installation of a new generator automatic transfer switch, a new accessible vault containing a new battery backed-up intake valve and inflow meter, and a new eel control vault with accessible screens and instrumentation. Ancillary work considered appropriate to complete with this project includes new meters and vaults for the Goose Cove-Babson Reservoir Connector and for the Babson Waste Line, rehabilitation of the low lift pumps, and provision of a spare low lift pump. | 47.3%                                           |
| <b>Goshen</b>     | <b>CW</b>      | <b>\$615,336</b>                 | This project intends to repair erosion and slope failure-damaged areas of the landfill cap, install drainage improvements, and use survey services before, during, and after construction. Additional project activities include unsuitable material removal and replacement, geosynthetic installation, drainage layer replacement, drainage pipe installation, toe drain replacement (Alternate 1), drainage berm/swale replacement, and downslope swale installation. Vegetative layer placement, hydroseeding and erosion control measures will also be implemented as part of this project.                                                                                                                                                                                                                                                               | 91.2%                                           |
| <b>Haverhill</b>  | <b>DW</b>      | <b>\$31,094,762</b>              | The Haverhill water treatment plant has provided the city with service far beyond its expected useful life. This project includes an upgrade to treatment capacity from approximately 10 million gallons per day (mgd) to 12.1 mgd for providing much-needed redundancy of primary treatment components and to replace outdated systems. The updated plant will meet the needs of the city under a variety of existing and future conditions.                                                                                                                                                                                                                                                                                                                                                                                                                  | 62.1%                                           |
| <b>Lawrence</b>   | <b>DW</b>      | <b>\$12,130,925</b>              | Like many New England cities, Lawrence's infrastructure is aging and will need significant investment to remain strong for the future. This project involves the replacement of approximately 45,000 linear feet of water mains along with replacing broken and malfunctioning hydrants and valves.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 78.0%                                           |

| <b>Borrower</b>   | <b>Program</b> | <b>Amount to be<br/>Financed</b> | <b>Project Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Percentage of<br/>Loan Drawn<sup>†</sup></b> |
|-------------------|----------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| <b>Lawrence</b>   | <b>CW</b>      | <b>\$2,700,000</b>               | This project will evaluate up to 20% of the city's collection system using a combination of manhole inspections, closed circuit television inspection, smoke testing, dye tracing, dye flooding, flow isolation and building inspections. The system will be assessed for structural, operation and maintenance defects. Findings will be summarized in a database that will assist with capital improvement prioritization. Up to 100 municipal separate storm sewer system drainage catchment areas will be investigated to pinpoint illicit connections by means of rapid visual and olfactory inspections, wet and dry-weather sampling and bracketed ammonia, chlorine and surfactant sampling to isolate pipe segments for follow up closed circuit television and confirmatory dye testing investigations.                                                                   | 77.8%                                           |
| <b>Leominster</b> | <b>DW</b>      | <b>\$1,450,565</b>               | This project rehabilitated the City of Leominster's Pond Street Pump Station and Wachusett Reservoir Pump Station. The Pond Street Pump Station is located at a hub of the city's three pressure zones. Through this station, the city can transfer water between all three pressure zones as needed to meet demand. The Wachusett Reservoir Pump Station has the ability to withdraw about 5 mgd of water from the Wachusett Reservoir on an emergency basis. Equipment within both pump stations was well beyond expected useful life. Rehabilitating these facilities ensures availability for routine and emergency uses and to increase the overall reliability of the water system when needed.                                                                                                                                                                               | 100.0%                                          |
| <b>Lowell</b>     | <b>CW</b>      | <b>\$12,168,345</b>              | This project implements improvements to the WWTF as part of an ongoing phased implementation program. The focus of this project is to work on equipment in the WWTF and six wastewater pumping stations, which have exceeded expected service life and are no longer reliable. These are the second round of many improvements underway over the coming years designed to help improve operational stability and decrease maintenance burdens, including a significant increase to high-flow, wet-weather treatment capacity and thus a decrease in CSOs. Upgrading mechanical equipment at the end of its useful life will increase the WWTF overall efficiency and reduce the overall power consumption. This project will reduce discharges of untreated sewage into the Merrimack River, thus improving the local community and enhancing water quality in the Merrimack River. | 66.3%                                           |
| <b>Lowell</b>     | <b>CW</b>      | <b>\$12,666,941</b>              | This project is for flood protection upgrades at the West Street Pump Station, in-line storage of wet weather flows in the Read Street interceptor and remote station improvements. The West Street Pump Station improvements will address the potential for neighborhood flooding upstream of the station. The in-line storage and remote station upgrades will address CSO mitigation in the overall system as identified in the CSO Long-Term Control Plan.                                                                                                                                                                                                                                                                                                                                                                                                                      | 63.9%                                           |

| <b>Borrower</b>                                                   | <b>Program</b> | <b>Amount to be<br/>Financed</b> | <b>Project Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Percentage of<br/>Loan Drawn<sup>†</sup></b> |
|-------------------------------------------------------------------|----------------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| <b>Massachusetts<br/>Water Resources<br/>Authority<br/>(MWRA)</b> | <b>DW</b>      | <b>\$14,355,913</b>              | Five communities in the southern portion of the service area (Canton, Norwood, Dedham, Westwood, and Stoughton) use approximately 5 mgd on an average and are served by a single water transmission main. This project provides water service redundancy for these communities through the construction of a redundant pipeline. The project will also increase distribution storage within the service area to improve system operation and reliability. The Southern Extra High service area was identified as being deficient in distribution storage and lacking redundant distribution pipelines. Correction of these deficiencies was assigned a Priority One under MWRA's 2006 and 2013 Water System Master Plans due to the potential critical threat to public health that could have resulted from a failure in this single transmission main. | 100.0%                                          |
| <b>MWRA</b>                                                       | <b>DW</b>      | <b>\$5,363,933</b>               | An emergency pump station was constructed to pump water from the Wachusett Aqueduct to the Carroll WTP (CWTP). The pump station provides redundancy in the event of failure at the Cosgrove Tunnel or Intake and for the inspection and rehabilitation of the Cosgrove Tunnel. The pump station will be able to deliver 240 mgd of raw water to the CWTP during a planned or emergency shutdown of the Cosgrove Tunnel.                                                                                                                                                                                                                                                                                                                                                                                                                                  | 100.0%                                          |
| <b>MWRA</b>                                                       | <b>CW</b>      | <b>\$28,727,859</b>              | MWRA has three remote headworks - Chelsea Creek, Columbus Park, and Ward Street. They were built and placed into operation in the 1960's. All wastewater flows from the MWRA Northern Service Area is collected at the remote headworks before reaching the Deer Island WWTP. Preliminary treatment and flow control are performed at the remote headworks facilities. This project addressed aging infrastructure and improved operational reliability by replacing all mechanical, electrical, heating, ventilation, and air conditioning, plumbing, and appurtenant equipment at all three facilities. The complete replacement of the existing mechanical equipment and Supervisory Control And Data Acquisition (SCADA) improvements will greatly increase the efficiency of all facilities while also increasing the overall system efficiency.    | 100.0%                                          |
| <b>MWRA</b>                                                       | <b>CW</b>      | <b>\$2,971,701</b>               | This project included upgrades to the Deer Island WWTP automation and central control systems as well as improvements and upgrades to several existing interceptors and pump stations that were in need of replacement and/or modernization. The project extended current asset life and improved system operability.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 100.0%                                          |
| <b>MWRA</b>                                                       | <b>CW</b>      | <b>\$1,070,733</b>               | The Cottage Farm Pumped CSO Facility (1971) is 47 years old, twice the average age for MWRA pump station and CSO facilities and is well beyond the 20-year old milestone. The MWRA contract for Cottage Farm CSO Facility Improvements project was one of the most critical wastewater system improvements projects identified by MWRA. This project addressed critical needs for system rehabilitation, reliability and optimization of the MWRA wastewater collection system.                                                                                                                                                                                                                                                                                                                                                                          | 100.0%                                          |

| <b>Borrower</b>    | <b>Program</b> | <b>Amount to be<br/>Financed</b> | <b>Project Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Percentage of<br/>Loan Drawn<sup>†</sup></b> |
|--------------------|----------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| <b>Nantucket</b>   | <b>CW</b>      | <b>\$5,873,812</b>               | This project replaced the existing pumps and internal discharge piping and valves, provided provisions for additional pumping capacity, new electrical and instrumentation control systems, heating, ventilation, and air conditioning systems, plumbing systems, and required internal and external structural and architectural improvements. This brought the facility up to local building codes. The pump station provides reliable and redundant sewage pumping capacity for the downtown area, thereby preventing potential failures that would cause raw sewage backups from the municipal collection system.                                                                                                                                                                                                                                     | 100.0%                                          |
| <b>Nantucket</b>   | <b>CW</b>      | <b>\$1,587,750</b>               | Two of the highest-rated needs areas on the island are caused by on-site wastewater systems – the leading cause of nutrient enrichment and degradation of water resources. This project allows Nantucket to collect, treat and discharge the wastewater from two adjacent needs areas at the town’s Surfside WWTF, which is based on the 2014 DEP-approved CWMP update. Both needs areas are within the Nantucket Harbor watershed and contribute nutrient load to the harbor via septic systems per the Massachusetts Estuaries Program reports.                                                                                                                                                                                                                                                                                                         | 82.2%                                           |
| <b>New Bedford</b> | <b>DW</b>      | <b>\$8,912,740</b>               | This project will perform needed rehabilitation and upgrades at New Bedford’s 40-year old Quittacas WTP. The WTP is the sole facility that treats water for the city’s drinking water and is the backbone of the entire system. The major components of the project included repairing the electrical distribution system, removing and replacing the existing outdated soda ash and lime chemical feed systems with new systems, decommissioning the existing two 25,000-gallon diesel storage tanks and the 3,000-gallon diesel storage tank, and installing a new natural gas engine driven standby generator. The project also includes an add alternate for replacement of finished water pumps. The upgrades will ensure the continued safety and reliability of the city’s drinking water supply and increase the overall efficiency of the plant. | 100.0%                                          |
| <b>New Bedford</b> | <b>DW</b>      | <b>\$5,698,174</b>               | The Lead Service Line Replacement Program – Phase I project is the first phase of an aggressive, multi-year program to replace all LSLs in the city. The first phase of this program will replace 1,000 to 1,500 LSLs in a two-year period throughout the city’s water distribution system. The city is committed to protecting public health and continuing to provide safe drinking water to all of its consumers.                                                                                                                                                                                                                                                                                                                                                                                                                                      | 100.0%                                          |
| <b>New Bedford</b> | <b>CW</b>      | <b>\$4,646,600</b>               | The City of New Bedford’s collection system is over 100 years old. Many of its critical components had far exceeded their useful life. This project developed the required planning documents and field investigations necessary to begin implementing future system rehabilitation efforts, address regulatory requirement needs, eliminate illicit connections, and reduce CSOs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 64.5%                                           |

| <b>Borrower</b> | <b>Program</b> | <b>Amount to be<br/>Financed</b> | <b>Project Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Percentage of<br/>Loan Drawn<sup>†</sup></b> |
|-----------------|----------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| <b>Norton</b>   | <b>DW</b>      | <b>\$10,300,000</b>              | The project consists of constructing a 2.5 mgd pressure filtration plant to remove high levels of iron or levels between 0.9 to 3.28 milligrams per liter (mg/L) and manganese or levels between 0.18 to 0.35 mg/L from wells 4, 5 and 6. Three wells have combined iron and manganese levels above the sequestering limit of 1.0 mg/l. The town has five wells, and these three provide over 75% of the town's water. Solar panels may be installed on the roof of the plant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 69.3%                                           |
| <b>Revere</b>   | <b>DW</b>      | <b>\$779,057</b>                 | The new automatic meter reading (AMR) system will fully replace the aging residential water meter system throughout the city with approximately 10,000 new residential meters. It will be a city-wide fixed based AMR system. The system will provide automated readings of every new meter in the system which will minimize or eliminate the need for mobile or hand readings. The City of Revere has unaccounted-for water of 18.6% which is well above the Massachusetts standard of 10%. The current metering system uses handheld meter reading equipment that was installed between 1993 and 1994. The handheld equipment is labor intensive for city employees and only allows for meter readings biannually. Under the current system, the city is unable to reach the meters at certain commercial locations due to meter placement. Estimating the water usage at these locations may also be a contributing factor to the high unaccounted-for water. With the new AMR program, Revere will have the capability of retrieving daily or hourly readings of all meters. Revere can also receive leak detection indications, meter tampering warnings, meter malfunction warnings and unaccounted-for water percentages. | 44.8%                                           |
| <b>Revere</b>   | <b>CW</b>      | <b>\$1,200,000</b>               | The Phase IX Field Investigations and IDDE are vital planning projects for the City of Revere in its assessment of the city's wastewater and stormwater systems. The field investigations will include IDDE with closed-circuit television of both drains and sewers, dye testing, smoke testing, and private building inspections. The deficiencies discovered in the system during the investigations will be addressed and corrected by the city in future construction projects.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 83.3%                                           |
| <b>Revere</b>   | <b>CW</b>      | <b>\$783,027</b>                 | The continuation of the implementation through construction contracts of the Illicit Connection and Sump Pump Removal Program is essential for the City of Revere to meet its goals and comply with an EPA consent decree. There is a significant number of illicit sump pump, roof drain, roof leader, driveway drain and yard drain connections from private homes and businesses that must be removed from the sewer in order to remove inflow and increase the wastewater capacity of the city's sewer system.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 76.7%                                           |

| <b>Borrower</b>                                                                 | <b>Program</b> | <b>Amount to be<br/>Financed</b> | <b>Project Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Percentage of<br/>Loan Drawn<sup>†</sup></b> |
|---------------------------------------------------------------------------------|----------------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| <b>Revere</b>                                                                   | <b>CW</b>      | <b>\$600,000</b>                 | The continuation of the illicit connections and sump pump detection program is important in the city's efforts to remove inflow from the sanitary sewer system. This program will continue to involve the inspections of private homes and businesses to identify sources of inflow from sump pumps, roof leaders, roof drains, driveway drains, yard drains, etc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 84.3%                                           |
| <b>Saugus</b>                                                                   | <b>CW</b>      | <b>\$829,583</b>                 | This project includes the rehabilitation of pipelines, manholes, and the removal of private inflow sources to eliminate I/I from the sewer system and significantly reduce or eliminate SSOs from occurring at the Lincoln Avenue Pumping Station. Approximately 34,000 feet of 8-inch and 12-inch pipe and 1,500 feet of 15-inch pipe will be rehabilitated using cured-in-place pipe lining. Approximately 865 sewer services and 222 manholes will also be lined as part of the project. The Pump Station Upgrade & Replacement project involves the replacement of the existing Morris Place Pump Station and improvements to the Bristol Street Pump Station. Replacement of the existing Morris Place Pump Station is required due to the poor condition of the structure, the need to restore useful life and because it is in close proximity to environmental receptors. Improvements to the Bristow Street Pump Station are required to restore useful life of the station, improve operator safety, alleviate flooding concerns and improve system reliability. | 89.1%                                           |
| <b>Taunton</b>                                                                  | <b>CW</b>      | <b>\$760,000</b>                 | The project carried out comprehensive planning for all issues pertaining to the city's wastewater and stormwater systems. The specific project elements consisted of completing the Environmental Impact Report (EIR) and CWMP that went through the draft stage several years ago. The city has a permitted CSO that required planning for future operation. The project addressed the current MS4 needs. The treatment plant was required to meet a new nitrogen limit, which was addressed for the technical issues. An update of the I/I and SSES of the collection system, and an anti-degradation study were completed.                                                                                                                                                                                                                                                                                                                                                                                                                                              | 98.7%                                           |
| <b>Tyngsborough</b>                                                             | <b>CW</b>      | <b>\$250,000</b>                 | The Tyngsborough sewer system is comprised of approximately 116,000 linear feet of 8-inch to 24-inch separate sanitary sewers and 12 pump stations located in two major areas, one on either side of the Merrimack River. The project consisted of developing a 2018 I/I analysis program to comply with DEP regulations. This project reviewed an existing I/I study completed in 2009 and identified potential sewer system rehabilitation work.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 100.0%                                          |
| <b>Upper Blackstone<br/>Water Pollution<br/>Abatement District<br/>(UBWPAD)</b> | <b>CW</b>      | <b>\$17,100,000</b>              | The UBWPAD is currently under Administrative Order on Consent (AOC) with the EPA to comply with the 2012 NPDES permit limits for total nitrogen and total phosphorus. This project upgraded the treatment facility in order to meet these nutrient limits including the construction of a tertiary phosphorus removal system, secondary system improvements, sludge handling, chemical system improvements and numerous ancillary systems and site improvements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 85.2%                                           |

| <b>Borrower</b>                  | <b>Program</b> | <b>Amount to be<br/>Financed</b> | <b>Project Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Percentage of<br/>Loan Drawn<sup>†</sup></b> |
|----------------------------------|----------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| <b>Wareham Fire<br/>District</b> | <b>DW</b>      | <b>\$6,346,096</b>               | This project includes the construction of a 3.0 mgd ground WTP that is expandable to 4.5 mgd. It will include: iron and manganese removal for compliance with secondary standards; disinfection with UV, and/or free chlorine to address the groundwater rule or possible reclassification as groundwater under the influence of surface water; and corrosion control. The project may also include treatment for pesticides and herbicides from nearby agricultural activity that have been detected in groundwater sources. This work will remove the public health threats posed by various contaminants and ensure excellent drinking water quality. The project will also include alternative energy generation using wind or solar power to reduce energy consumption from fossil fuel sources and will include passive solar design elements to reduce energy consumption. | 89.6%                                           |
| <b>Wayland</b>                   | <b>DW</b>      | <b>\$700,000</b>                 | The project will address potential public health threats from water quality issues associated with corrosion of the water main. The project will replace 2,500 linear feet of existing 6-inch unlined cast iron water main with new 12-inch ductile iron water main in Wayland. This major transmission main provides service to Wayland Town Center. The water main is classified as being in poor condition due to its size, material, installation year, and corrosive soils.                                                                                                                                                                                                                                                                                                                                                                                                  | 70.4%                                           |
| <b>Webster</b>                   | <b>DW</b>      | <b>\$9,688,617</b>               | This project will return compromised drinking water sources to operation and mitigate potential long-term public health threats by reducing elevated levels of manganese and ensuring corrosion control at the new entry point into the distribution system. This project includes the construction of the Memorial Beach Wells Water Treatment Plant and associated appurtenances. In addition, this project will address elevated levels of iron above the secondary maximum contaminant levels, provide 4-log disinfection, and additional system redundancy to ensure availability and flow capacity.                                                                                                                                                                                                                                                                         | 79.2%                                           |
| <b>West Springfield</b>          | <b>DW</b>      | <b>\$6,699,639</b>               | The project includes a new 300,000-gallon elevated water storage tank, a transmission main from the existing high-pressure service area to supply the new pressure zone and improvements to the existing pumping station serving the high-pressure zone to meet increased demand. This project also involves replacing approximately 2,200 existing meters and a town-wide leakage testing plan and implementation. This will enable the town to recover costs of under-registering meters and significantly reduce the amount of unaccounted for water. It will also ensure adequate water supply for drinking and fire protection.                                                                                                                                                                                                                                              | 34.6%                                           |

| <b>Borrower</b> | <b>Program</b> | <b>Amount to be<br/>Financed</b> | <b>Project Description</b>                                                                                                                                                                                                                                                                                                                                               | <b>Percentage of<br/>Loan Drawn<sup>†</sup></b> |
|-----------------|----------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| <b>Whatley</b>  | <b>DW</b>      | <b>\$440,000</b>                 | The Whatley Water Department serves approximately 1,500 residents along with a small number of retail businesses. The system is experiencing manganese levels in the water that exceed 0.3 mg/L. Consequently, a manganese removal system is to be installed at the supply in order to bring the town into compliance with current DEP Public Water Supply requirements. | 61.5%                                           |

#### **Glossary of Terms**

| <b>Term</b>                                                    | <b>Acronym</b> | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Combined Sewer<br/>Overflow</b>                             | <b>CSO</b>     | Combined sewer systems are sewers that are designed to collect rainwater runoff, domestic sewage, and industrial wastewater in the same pipe. During storm events, the combined sewer systems can reach capacity and the excess discharge overflows into surrounding waters, creating a CSO. The elimination of CSO's is an EPA and state priority goal that will reduce the amount of untreated wastewater that is released into the local environment.                                                                                                              |
| <b>Comprehensive<br/>Wastewater<br/>Management Plan</b>        | <b>CWMP</b>    | A plan that provides a comprehensive strategy for addressing wastewater treatment and disposal issues in a city or town.                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Illicit Discharge<br/>Detection and<br/>Elimination</b>     | <b>IDDE</b>    | Illicit discharges are defined as a storm drain that has measurable flow containing pollutants and/or pathogens during dry weather. These dry weather flows indicate that a direct discharge, rather than stormwater, is the source. Local knowledge and available resources can play a significant role in determining how to detect and eliminate these illicit discharges. An IDDE program helps communities systematically understand and characterize their stream, conveyance, and storm sewer infrastructure systems and remove identified illicit discharges. |
| <b>Inflow and Infiltration</b>                                 | <b>I/I</b>     | I/I is a term used for when groundwater or stormwater enters a dedicated wastewater or sanitary sewer system either by direct connections or by cracks or leaks in the sewer pipes. I/I increases the flow to the sewage treatment plant and can lead to backups or overflows of the system.                                                                                                                                                                                                                                                                          |
| <b>National Pollutant<br/>Discharge Elimination<br/>System</b> | <b>NPDES</b>   | As authorized by the Clean Water Act, the NPDES Permit Program controls water pollution by limiting the amount of pollutants wastewater treatment facilities can discharge. NPDES permits also include requirements for monitoring and reporting as well as other provisions to protect the public health.                                                                                                                                                                                                                                                            |

| <b>Term</b>                                                        | <b>Acronym</b>      | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sanitary Sewer Evaluation Survey</b>                            | <b>SSES</b>         | Sanitary Sewer Evaluation Survey is the critical first step in a Sewer System Evaluation and Management (SSEM) program, which includes project management/coordination of flow monitoring, sewer system evaluation, field survey, system mapping, and long-term maintenance management programs. Most local agencies have laws or ordinances that require all publicly and privately owned and operated sanitary sewer collection and transmission systems to complete an SSES by a stipulated time. In many cases, the SSES is conducted in compliance with guidelines based on U.S. EPA's Sewer System Infrastructure Analysis. |
| <b>Sanitary Sewer Overflow</b>                                     | <b>SSO</b>          | Sanitary sewer overflow is a condition in which untreated sewage is discharged from a sanitary sewer into the environment prior to reaching sewage treatment facilities. The elimination of SSO's reduces the amount of untreated wastewater that is released into the local environment.                                                                                                                                                                                                                                                                                                                                         |
| <b>Total Daily Maximum Load</b>                                    | <b>TMDL</b>         | A Total Maximum Daily Load (TMDL) is a regulatory term in the U.S. Clean Water Act, describing a value of the maximum amount of a pollutant that a body of water can receive while still meeting water quality standards.                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Wastewater Treatment Facility or Wastewater Treatment Plant</b> | <b>WWTF or WWTP</b> | The WWTF/WWTP receives all the sewage from the town or district and treats the water before releasing it back into the environment in accordance with a NPDES permit.                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Water Treatment Facility</b>                                    | <b>WTF</b>          | Water Treatment Facilities (WTFs) treat public drinking water before it goes to the public for consumption and are governed by strict state and federal regulations.                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

## APPENDIX D – SRF BOND PROGRAM – MTA BONDS OUTSTANDING AND BORROWERS

## MTA Bonds Outstanding (as of the Date of Delivery of the Bonds)

| Delivery Date      | Supplemental Trust Agreement  | Series of Bonds               | Original Principal Amount | Amount Outstanding |
|--------------------|-------------------------------|-------------------------------|---------------------------|--------------------|
| January 7, 2015    | First Supplemental Agreement  | Series 18 (Green Bonds)       | \$228,155,000             | \$196,945,000      |
| January 11, 2016   | Second Supplemental Agreement | Series 19 (Green Bonds)       | 207,805,000               | 183,890,000        |
| April 13, 2017     | Third Supplemental Agreement  | Series 20 (Green Bonds)       | 207,350,000               | 193,340,000        |
| April 13, 2017     | Third Supplemental Agreement  | Series 2017 (Refunding Bonds) | 96,280,000                | 96,280,000         |
| September 12, 2018 | Fourth Supplemental Agreement | Series 21 (Green Bonds)       | 163,460,000               | 157,360,000        |

## Borrowers

The following table sets forth for each borrower under the Trust's SRF Bond program as of the date of delivery of the Bonds (i) the amount of loans expected to be outstanding securing the Prior Bonds, (ii) the amount of loans expected to be outstanding securing MTA Bonds (excluding loans securing Prior Bonds that have been refunded by MTA Bonds or defeased but including loans funded in connection with the issuance of the Bonds), (iii) the total amount of loans expected to be outstanding and (iv) the percentage that the loans to each borrower will represent of the total loans expected to be outstanding. Totals in the table may not add due to rounding.

| Borrower                                | Loans Securing Prior Bonds | Loans Securing MTA Bonds | Total Loans | % of Total Loans Outstanding |
|-----------------------------------------|----------------------------|--------------------------|-------------|------------------------------|
| Abington                                | 2,691,017                  | -                        | 2,691,017   | 0.07                         |
| Acton                                   | 12,085,113                 | -                        | 12,085,113  | 0.32                         |
| Acushnet                                | 1,631,679                  | 311,885                  | 1,943,564   | 0.05                         |
| Adams                                   | 941,323                    | -                        | 941,323     | 0.03                         |
| * Adams Fire District                   | 1,152,038                  | 1,274,560                | 2,426,598   | 0.06                         |
| Agawam                                  | 438,371                    | -                        | 438,371     | 0.01                         |
| Amesbury                                | 11,498,591                 | -                        | 11,498,591  | 0.30                         |
| Andover                                 | 2,168,449                  | 591,294                  | 2,759,743   | 0.07                         |
| Aquarion Water Company of Massachusetts | 845,000                    | -                        | 845,000     | 0.02                         |
| Ashburnham                              | 78,380                     | -                        | 78,380      | 0.00                         |
| Ashland                                 | 649,147                    | -                        | 649,147     | 0.02                         |
| * Athol                                 | 3,204,391                  | 135,900                  | 3,340,291   | 0.09                         |
| Attleboro                               | 11,990,897                 | -                        | 11,990,897  | 0.31                         |
| Auburn                                  | 172,393                    | -                        | 172,393     | 0.01                         |
| Auburn Water District                   | 973,320                    | 2,355,496                | 3,328,816   | 0.09                         |
| Avon                                    | 236,318                    | -                        | 236,318     | 0.01                         |
| Ayer                                    | 7,429                      | -                        | 7,429       | 0.00                         |
| Barnstable                              | 14,506,180                 | 4,644,765                | 19,150,945  | 0.50                         |

| <b>Borrower</b>                                     | <b>Loans<br/>Securing<br/>Prior Bonds</b> | <b>Loans<br/>Securing<br/>MTA Bonds</b> | <b>Total<br/>Loans</b> | <b>% of Total<br/>Loans<br/>Outstanding</b> |
|-----------------------------------------------------|-------------------------------------------|-----------------------------------------|------------------------|---------------------------------------------|
| Barnstable County                                   | 11,250,000                                | 7,322,101                               | 18,572,101             | 0.48                                        |
| Barre                                               | 7,905                                     | 53,135                                  | 61,040                 | 0.00                                        |
| Belchertown                                         | 2,504,862                                 | -                                       | 2,504,862              | 0.07                                        |
| * Bellingham                                        | 461,061                                   | 12,508,943                              | 12,970,004             | 0.34                                        |
| Belmont                                             | 5,430,932                                 | 1,915,543                               | 7,346,475              | 0.19                                        |
| Berlin                                              | 6,413                                     | -                                       | 6,413                  | 0.00                                        |
| Bernardston                                         | 4,920                                     | -                                       | 4,920                  | 0.00                                        |
| Beverly                                             | 185,019                                   | -                                       | 185,019                | 0.01                                        |
| Billerica                                           | 13,296,041                                | 30,588,716                              | 43,884,757             | 1.14                                        |
| Boston                                              | -                                         | 13,093,310                              | 13,093,310             | 0.34                                        |
| Bourne                                              | 107,868                                   | -                                       | 107,868                | 0.00                                        |
| Boxford                                             | 5,442                                     | -                                       | 5,442                  | 0.00                                        |
| Brewster                                            | 50,200                                    | -                                       | 50,200                 | 0.00                                        |
| Bridgewater                                         | 1,257,445                                 | 2,784,430                               | 4,041,875              | 0.11                                        |
| Bristol County                                      | 813,727                                   | -                                       | 813,727                | 0.02                                        |
| * Brockton                                          | 52,509,667                                | 12,591,140                              | 65,100,807             | 1.70                                        |
| Brookfield                                          | 7,805                                     | -                                       | 7,805                  | 0.00                                        |
| Burlington                                          | 3,229,923                                 | -                                       | 3,229,923              | 0.08                                        |
| Cambridge                                           | 3,040,969                                 | 18,326,181                              | 21,367,150             | 0.56                                        |
| Canton                                              | 2,243,709                                 | -                                       | 2,243,709              | 0.06                                        |
| Centerville-Osterville-Marstons Mills Fire District | 1,427,551                                 | -                                       | 1,427,551              | 0.04                                        |
| Charles River Pollution Control District            | 2,348,127                                 | 19,977,979                              | 22,326,106             | 0.58                                        |
| Charlton                                            | 2,236,280                                 | -                                       | 2,236,280              | 0.06                                        |
| * Chatham                                           | 8,786,402                                 | 26,982,554                              | 35,768,956             | 0.93                                        |
| Chelmsford                                          | 17,889,836                                | -                                       | 17,889,836             | 0.47                                        |
| Chelmsford Water District                           | 1,408,941                                 | -                                       | 1,408,941              | 0.04                                        |
| Chelsea                                             | 146,757                                   | -                                       | 146,757                | 0.00                                        |
| Cherry Valley & Rochdale Water District             | 240,573                                   | 462,702                                 | 703,275                | 0.02                                        |
| Chesterfield                                        | 61,878                                    | -                                       | 61,878                 | 0.00                                        |
| * Chicopee                                          | 60,953,953                                | 63,262,694                              | 124,216,647            | 3.24                                        |
| Clinton                                             | 1,974,966                                 | 75,071                                  | 2,050,037              | 0.05                                        |
| Cohasset                                            | 14,682,508                                | -                                       | 14,682,508             | 0.38                                        |
| * Concord                                           | 5,991,722                                 | 783,964                                 | 6,775,687              | 0.18                                        |
| Conway                                              | 1,979                                     | -                                       | 1,979                  | 0.00                                        |
| Danvers                                             | 14,208,208                                | -                                       | 14,208,208             | 0.37                                        |
| * Dartmouth                                         | 10,159,318                                | 10,560,348                              | 20,719,666             | 0.54                                        |
| * Dedham-Westwood Water District                    | -                                         | 8,841,400                               | 8,841,400              | 0.23                                        |
| Deerfield Fire District                             | 387,241                                   | -                                       | 387,241                | 0.01                                        |

| <b>Borrower</b>                           | <b>Loans<br/>Securing<br/>Prior Bonds</b> | <b>Loans<br/>Securing<br/>MTA Bonds</b> | <b>Total<br/>Loans</b> | <b>% of Total<br/>Loans<br/>Outstanding</b> |
|-------------------------------------------|-------------------------------------------|-----------------------------------------|------------------------|---------------------------------------------|
| Dennis                                    | 100,000                                   | -                                       | 100,000                | 0.00                                        |
| Dennis Water District                     | 3,517,795                                 | -                                       | 3,517,795              | 0.09                                        |
| * Dighton                                 | 46,590                                    | 66,801                                  | 113,391                | 0.00                                        |
| Dighton Rehoboth Regional School District | 343,721                                   | -                                       | 343,721                | 0.01                                        |
| Dighton Water District                    | 2,649,328                                 | -                                       | 2,649,328              | 0.07                                        |
| Douglas                                   | 2,060,518                                 | -                                       | 2,060,518              | 0.05                                        |
| Dover                                     | 10,200                                    | -                                       | 10,200                 | 0.00                                        |
| Dracut                                    | 16,900,610                                | 11,960,927                              | 28,861,536             | 0.75                                        |
| Dracut Water Supply District              | 64,604                                    | -                                       | 64,604                 | 0.00                                        |
| Duxbury                                   | 1,590,095                                 | -                                       | 1,590,095              | 0.04                                        |
| East Bridgewater                          | 8,600,715                                 | -                                       | 8,600,715              | 0.22                                        |
| East Longmeadow                           | 212,497                                   | -                                       | 212,497                | 0.01                                        |
| * Eastham                                 | 70,200                                    | 52,409,333                              | 52,479,533             | 1.37                                        |
| Easthampton                               | 2,360,446                                 | 1,010,042                               | 3,370,488              | 0.09                                        |
| * Easton                                  | 4,024,501                                 | 4,949,755                               | 8,974,256              | 0.23                                        |
| Erving                                    | 2,246,398                                 | -                                       | 2,246,398              | 0.06                                        |
| Essex                                     | 6,871,796                                 | -                                       | 6,871,796              | 0.18                                        |
| Everett                                   | 2,332,092                                 | 1,063,181                               | 3,395,273              | 0.09                                        |
| Fairhaven                                 | 546,061                                   | 615,524                                 | 1,161,585              | 0.03                                        |
| * Fall River                              | 102,202,427                               | 45,747,950                              | 147,950,377            | 3.86                                        |
| Falmouth                                  | 8,453,371                                 | 63,426,457                              | 71,879,828             | 1.87                                        |
| * Fitchburg                               | 13,305,870                                | 45,778,812                              | 59,084,682             | 1.54                                        |
| Foxborough                                | 2,673,663                                 | -                                       | 2,673,663              | 0.07                                        |
| Framingham                                | 34,348,683                                | 6,937,909                               | 41,286,592             | 1.08                                        |
| Franklin                                  | 1,796,385                                 | -                                       | 1,796,385              | 0.05                                        |
| Gardner                                   | 1,287,866                                 | 4,070,687                               | 5,358,553              | 0.14                                        |
| Georgetown                                | 181,739                                   | -                                       | 181,739                | 0.01                                        |
| * Gloucester                              | 32,615,284                                | 23,962,314                              | 56,577,598             | 1.48                                        |
| * Goshen                                  | -                                         | 615,336                                 | 615,336                | 0.02                                        |
| * Grafton                                 | -                                         | 38,676,263                              | 38,676,263             | 1.01                                        |
| Great Barrington                          | -                                         | 7,876,082                               | 7,876,082              | 0.21                                        |
| Greater Lawrence Sanitary District        | 14,310,598                                | 2,089,646                               | 16,400,244             | 0.43                                        |
| Greenfield                                | 17,877                                    | -                                       | 17,877                 | 0.00                                        |
| Greens Condominium Trust                  | -                                         | 83,575                                  | 83,575                 | 0.00                                        |
| Groton                                    | 2,000,204                                 | -                                       | 2,000,204              | 0.05                                        |
| Hadley                                    | 2,142,499                                 | 157,323                                 | 2,299,822              | 0.06                                        |
| Halifax                                   | 70,200                                    | -                                       | 70,200                 | 0.00                                        |
| Hanover                                   | 35,000                                    | 235,200                                 | 270,200                | 0.01                                        |

| <b>Borrower</b>                            | <b>Loans<br/>Securing<br/>Prior Bonds</b> | <b>Loans<br/>Securing<br/>MTA Bonds</b> | <b>Total<br/>Loans</b> | <b>% of Total<br/>Loans<br/>Outstanding</b> |
|--------------------------------------------|-------------------------------------------|-----------------------------------------|------------------------|---------------------------------------------|
| * Hanson                                   | 680,000                                   | 860,000                                 | 1,540,000              | 0.04                                        |
| Harvard                                    | 1,888,023                                 | 184,456                                 | 2,072,479              | 0.05                                        |
| Harwich                                    | 46,362                                    | 1,642,746                               | 1,689,109              | 0.04                                        |
| * Haverhill                                | 17,651,753                                | 55,694,827                              | 73,346,580             | 1.91                                        |
| Hillcrest Sewer District                   | 853,501                                   | -                                       | 853,501                | 0.02                                        |
| Hingham                                    | 158,778                                   | -                                       | 158,778                | 0.00                                        |
| Hinsdale                                   | 1,275,000                                 | -                                       | 1,275,000              | 0.03                                        |
| Holbrook                                   | 6,044,508                                 | -                                       | 6,044,508              | 0.16                                        |
| Holden                                     | 3,894,376                                 | 459,895                                 | 4,354,271              | 0.11                                        |
| Holliston                                  | -                                         | 2,082,111                               | 2,082,111              | 0.05                                        |
| Holyoke                                    | 12,336,319                                | -                                       | 12,336,319             | 0.32                                        |
| Hoosac Water Quality District              | 2,932,561                                 | -                                       | 2,932,561              | 0.08                                        |
| * Hopedale                                 | 339,627                                   | 5,427,318                               | 5,766,945              | 0.15                                        |
| Hopkinton                                  | 6,685,625                                 | 110,000                                 | 6,795,625              | 0.18                                        |
| Hudson                                     | 11,655,484                                | -                                       | 11,655,484             | 0.30                                        |
| Hull                                       | 754,721                                   | -                                       | 754,721                | 0.02                                        |
| * Ipswich                                  | 2,214,103                                 | 3,784,196                               | 5,998,299              | 0.16                                        |
| Kingston                                   | 19,748,791                                | 3,822,206                               | 23,570,997             | 0.62                                        |
| Lakeville                                  | 61,223                                    | -                                       | 61,223                 | 0.00                                        |
| Lancaster                                  | 24,392                                    | -                                       | 24,392                 | 0.00                                        |
| Lanesborough Village Fire & Water District | 490,000                                   | -                                       | 490,000                | 0.01                                        |
| * Lawrence                                 | 13,266,512                                | 43,086,951                              | 56,353,463             | 1.47                                        |
| Lee                                        | 8,301,177                                 | -                                       | 8,301,177              | 0.22                                        |
| Leicester                                  | 56,572                                    | -                                       | 56,572                 | 0.00                                        |
| Leicester Water Supply District            | 135,356                                   | -                                       | 135,356                | 0.00                                        |
| * Leominster                               | 20,545,725                                | 11,921,195                              | 32,466,920             | 0.85                                        |
| Lexington                                  | 2,493                                     | -                                       | 2,493                  | 0.00                                        |
| Lincoln                                    | 775,000                                   | -                                       | 775,000                | 0.02                                        |
| Littleton                                  | 11,388                                    | 259,557                                 | 270,945                | 0.01                                        |
| Longmeadow                                 | 1,555,665                                 | -                                       | 1,555,665              | 0.04                                        |
| * Lowell                                   | 68,675,421                                | 38,704,323                              | 107,379,744            | 2.80                                        |
| Ludlow                                     | 2,727,565                                 | 441,216                                 | 3,168,781              | 0.08                                        |
| Lunenburg                                  | 2,283,424                                 | 1,041,668                               | 3,325,092              | 0.09                                        |
| Lunenburg Water District                   | 2,179,829                                 | -                                       | 2,179,829              | 0.06                                        |
| Lynn Water & Sewer Commission              | 32,411,528                                | 6,208,986                               | 38,620,514             | 1.01                                        |
| Lynnfield                                  | 307,669                                   | -                                       | 307,669                | 0.01                                        |
| Malden                                     | 7,124,339                                 | 10,056,227                              | 17,180,567             | 0.45                                        |
| Manchester-by-the-Sea                      | -                                         | 1,465,920                               | 1,465,920              | 0.04                                        |

| <b>Borrower</b>                           | <b>Loans<br/>Securing<br/>Prior Bonds</b> | <b>Loans<br/>Securing<br/>MTA Bonds</b> | <b>Total<br/>Loans</b> | <b>% of Total<br/>Loans<br/>Outstanding</b> |
|-------------------------------------------|-------------------------------------------|-----------------------------------------|------------------------|---------------------------------------------|
| Mansfield                                 | 10,144,509                                | -                                       | 10,144,509             | 0.27                                        |
| Marion                                    | 12,695,283                                | 2,168,384                               | 14,863,666             | 0.39                                        |
| Marlborough                               | 34,288,761                                | 34,770,290                              | 69,059,051             | 1.80                                        |
| Marshfield                                | 6,223,931                                 | 160,000                                 | 6,383,931              | 0.17                                        |
| Mashpee                                   | 135,194                                   | 24,765                                  | 159,959                | 0.00                                        |
| Massachusetts Development Finance Agency  | 7,955,177                                 | -                                       | 7,955,177              | 0.21                                        |
| * Massachusetts Water Resources Authority | 687,367,386                               | 233,983,702                             | 921,351,088            | 24.02                                       |
| Mattapoissett                             | 6,544,677                                 | -                                       | 6,544,677              | 0.17                                        |
| Mattapoissett River Valley Water District | 6,149,119                                 | -                                       | 6,149,119              | 0.16                                        |
| Maynard                                   | 7,023,003                                 | -                                       | 7,023,003              | 0.18                                        |
| Medfield                                  | 781,511                                   | -                                       | 781,511                | 0.02                                        |
| Medway                                    | 14,396                                    | 2,963,041                               | 2,977,437              | 0.08                                        |
| Melrose                                   | 1,445,856                                 | -                                       | 1,445,856              | 0.04                                        |
| Merrimac                                  | -                                         | 2,317,387                               | 2,317,387              | 0.06                                        |
| Methuen                                   | 11,953,282                                | -                                       | 11,953,282             | 0.31                                        |
| * MFN Regional Wastewater District        | 6,426,781                                 | 38,413,635                              | 44,840,416             | 1.17                                        |
| * Middleborough                           | 803,280                                   | 23,212,733                              | 24,016,013             | 0.63                                        |
| Middleton                                 | 24,035                                    | -                                       | 24,035                 | 0.00                                        |
| Millbury                                  | 14,317,281                                | -                                       | 14,317,281             | 0.37                                        |
| Millville                                 | 182,532                                   | 193,312                                 | 375,844                | 0.01                                        |
| Milton                                    | 45,776                                    | -                                       | 45,776                 | 0.00                                        |
| Monroe                                    | -                                         | 131,385                                 | 131,385                | 0.00                                        |
| Monson                                    | 880,013                                   | -                                       | 880,013                | 0.02                                        |
| Montague                                  | 1,689,441                                 | 1,519,011                               | 3,208,452              | 0.08                                        |
| * Nantucket                               | 37,620,851                                | 34,531,285                              | 72,152,136             | 1.88                                        |
| Natick                                    | 1,764,389                                 | -                                       | 1,764,389              | 0.05                                        |
| Needham                                   | 4,965,725                                 | -                                       | 4,965,725              | 0.13                                        |
| * New Bedford                             | 79,869,958                                | 50,335,192                              | 130,205,150            | 3.39                                        |
| Newbury                                   | 5,380,054                                 | -                                       | 5,380,054              | 0.14                                        |
| Newburyport                               | 33,384,689                                | 246,838                                 | 33,631,528             | 0.88                                        |
| Newton                                    | 526,000                                   | -                                       | 526,000                | 0.01                                        |
| Norfolk                                   | 186,196                                   | -                                       | 186,196                | 0.01                                        |
| North Adams                               | 103,478                                   | -                                       | 103,478                | 0.00                                        |
| North Andover                             | 2,644,837                                 | -                                       | 2,644,837              | 0.07                                        |
| North Attleborough                        | 15,236,247                                | 9,461,039                               | 24,697,286             | 0.64                                        |
| North Raynham Water District              | 2,128,586                                 | -                                       | 2,128,586              | 0.06                                        |
| North Reading                             | 120,000                                   | -                                       | 120,000                | 0.00                                        |
| North Sagamore Water District             | 584,641                                   | -                                       | 584,641                | 0.02                                        |

| <b>Borrower</b>        | <b>Loans<br/>Securing<br/>Prior Bonds</b> | <b>Loans<br/>Securing<br/>MTA Bonds</b> | <b>Total<br/>Loans</b> | <b>% of Total<br/>Loans<br/>Outstanding</b> |
|------------------------|-------------------------------------------|-----------------------------------------|------------------------|---------------------------------------------|
| Northampton            | 11,458,589                                | 80,887                                  | 11,539,476             | 0.30                                        |
| Northborough           | 53,141                                    | -                                       | 53,141                 | 0.00                                        |
| Northbridge            | 974,279                                   | -                                       | 974,279                | 0.03                                        |
| * Norton               | 792,015                                   | 13,308,662                              | 14,100,677             | 0.37                                        |
| Norwell                | 49,626                                    | -                                       | 49,626                 | 0.00                                        |
| Norwood                | 2,733,905                                 | 4,830,207                               | 7,564,112              | 0.20                                        |
| Oak Bluffs             | 2,206,776                                 | -                                       | 2,206,776              | 0.06                                        |
| Orange                 | 244,128                                   | -                                       | 244,128                | 0.01                                        |
| Orleans                | 30,000                                    | -                                       | 30,000                 | 0.00                                        |
| Palmer                 | 4,215,162                                 | 5,075,919                               | 9,291,081              | 0.24                                        |
| Paxton                 | 7,549                                     | 1,200,107                               | 1,207,656              | 0.03                                        |
| Pembroke               | 2,334,377                                 | 659,408                                 | 2,993,785              | 0.08                                        |
| Pepperell              | 1,515,000                                 | -                                       | 1,515,000              | 0.04                                        |
| Phillipston            | 7,548                                     | -                                       | 7,548                  | 0.00                                        |
| Pittsfield             | 3,728,074                                 | 3,414,662                               | 7,142,736              | 0.19                                        |
| Plainville             | 2,256,898                                 | 513,878                                 | 2,770,776              | 0.07                                        |
| Plymouth               | 6,573,775                                 | 11,636,358                              | 18,210,133             | 0.48                                        |
| Plympton               | 3,169                                     | -                                       | 3,169                  | 0.00                                        |
| Provincetown           | 6,739,915                                 | -                                       | 6,739,915              | 0.18                                        |
| Quincy                 | 6,303,237                                 | 6,132,762                               | 12,435,999             | 0.32                                        |
| Randolph               | 8,401,781                                 | 1,599,597                               | 10,001,378             | 0.26                                        |
| Raynham                | 1,685,001                                 | -                                       | 1,685,001              | 0.04                                        |
| Reading                | 1,143                                     | -                                       | 1,143                  | 0.00                                        |
| * Revere               | 8,870,610                                 | 67,281,731                              | 76,152,341             | 1.99                                        |
| Richmond               | 1,784,506                                 | -                                       | 1,784,506              | 0.05                                        |
| Rockland               | 2,241,518                                 | -                                       | 2,241,518              | 0.06                                        |
| Rowley                 | 8,610,627                                 | 317,899                                 | 8,928,526              | 0.23                                        |
| Russell                | 130,000                                   | -                                       | 130,000                | 0.00                                        |
| Rutland                | 13,042                                    | -                                       | 13,042                 | 0.00                                        |
| Salem                  | 925,145                                   | -                                       | 925,145                | 0.02                                        |
| Salisbury              | 1,433,843                                 | -                                       | 1,433,843              | 0.04                                        |
| Sandwich               | 61,878                                    | -                                       | 61,878                 | 0.00                                        |
| * Saugus               | 7,064,828                                 | 8,297,489                               | 15,362,317             | 0.40                                        |
| Scituate               | 7,768,334                                 | -                                       | 7,768,334              | 0.20                                        |
| Seekonk                | 809,420                                   | -                                       | 809,420                | 0.02                                        |
| Seekonk Water District | 613,215                                   | -                                       | 613,215                | 0.02                                        |
| Sharon                 | 21,878                                    | -                                       | 21,878                 | 0.00                                        |
| * Shirley              | 1,108,427                                 | 51,924                                  | 1,160,351              | 0.03                                        |

| <b>Borrower</b>                                       | <b>Loans<br/>Securing<br/>Prior Bonds</b> | <b>Loans<br/>Securing<br/>MTA Bonds</b> | <b>Total<br/>Loans</b> | <b>% of Total<br/>Loans<br/>Outstanding</b> |
|-------------------------------------------------------|-------------------------------------------|-----------------------------------------|------------------------|---------------------------------------------|
| Shrewsbury                                            | 767,238                                   | 14,757,231                              | 15,524,469             | 0.41                                        |
| Shutesbury                                            | 84,696                                    | -                                       | 84,696                 | 0.00                                        |
| Somerset                                              | 3,166,818                                 | -                                       | 3,166,818              | 0.08                                        |
| South Essex Sewerage District                         | 2,606,373                                 | 6,680,669                               | 9,287,042              | 0.24                                        |
| South Grafton Water District                          | 1,084,821                                 | -                                       | 1,084,821              | 0.03                                        |
| South Hadley                                          | 2,305,882                                 | -                                       | 2,305,882              | 0.06                                        |
| South Hadley Fire District #1                         | 367,425                                   | -                                       | 367,425                | 0.01                                        |
| * Southampton                                         | 280,200                                   | 150,000                                 | 430,200                | 0.01                                        |
| Southborough                                          | 342,241                                   | -                                       | 342,241                | 0.01                                        |
| * Southbridge                                         | 6,940,091                                 | 1,610,866                               | 8,550,957              | 0.22                                        |
| Southwick                                             | 3,132                                     | -                                       | 3,132                  | 0.00                                        |
| Spencer                                               | 4,070,299                                 | -                                       | 4,070,299              | 0.11                                        |
| * Springfield Water & Sewer Commission                | 37,937,742                                | 58,114,776                              | 96,052,519             | 2.50                                        |
| Sterling                                              | 432,349                                   | -                                       | 432,349                | 0.01                                        |
| Stockbridge                                           | 3,056,251                                 | 1,652,795                               | 4,709,046              | 0.12                                        |
| * Stoughton                                           | 940,000                                   | 727,500                                 | 1,667,500              | 0.04                                        |
| Stow                                                  | 280,633                                   | -                                       | 280,633                | 0.01                                        |
| Sturbridge                                            | 9,874,630                                 | -                                       | 9,874,630              | 0.26                                        |
| Sutton                                                | 2,563,722                                 | -                                       | 2,563,722              | 0.07                                        |
| Swampscott                                            | 170,448                                   | -                                       | 170,448                | 0.00                                        |
| Swansea                                               | 113,630                                   | -                                       | 113,630                | 0.00                                        |
| Swansea Water District                                | 10,001,703                                | -                                       | 10,001,703             | 0.26                                        |
| * Taunton                                             | 50,455,867                                | 30,235,157                              | 80,691,025             | 2.10                                        |
| Templeton                                             | 2,100,035                                 | -                                       | 2,100,035              | 0.06                                        |
| Tewksbury                                             | 2,854,283                                 | -                                       | 2,854,283              | 0.07                                        |
| Tisbury                                               | 1,782,860                                 | 75,823                                  | 1,858,683              | 0.05                                        |
| Townsend                                              | 740,095                                   | -                                       | 740,095                | 0.02                                        |
| Truro                                                 | 10,200                                    | -                                       | 10,200                 | 0.00                                        |
| Turners Falls Fire District                           | -                                         | 682,819                                 | 682,819                | 0.02                                        |
| * Tyngsborough                                        | 153,420                                   | 250,000                                 | 403,420                | 0.01                                        |
| * Upper Blackstone Water Pollution Abatement District | 111,284,915                               | 25,584,408                              | 136,869,323            | 3.57                                        |
| Uxbridge                                              | -                                         | 44,467,432                              | 44,467,432             | 1.16                                        |
| Wakefield                                             | 537,955                                   | -                                       | 537,955                | 0.01                                        |
| Walpole                                               | 1,942,563                                 | -                                       | 1,942,563              | 0.05                                        |
| Waltham                                               | 1,308,847                                 | -                                       | 1,308,847              | 0.03                                        |
| * Wareham                                             | 14,509,696                                | 465,266                                 | 14,974,962             | 0.39                                        |
| * Wareham Water District                              | -                                         | 6,346,096                               | 6,346,096              | 0.17                                        |
| Warren Water District                                 | 60,000                                    | -                                       | 60,000                 | 0.00                                        |

| <b>Borrower</b>                  | <b>Loans<br/>Securing<br/>Prior Bonds</b> | <b>Loans<br/>Securing<br/>MTA Bonds</b> | <b>Total<br/>Loans</b> | <b>% of Total<br/>Loans<br/>Outstanding</b> |
|----------------------------------|-------------------------------------------|-----------------------------------------|------------------------|---------------------------------------------|
| Water Supply District of Acton   | -                                         | 11,219,051                              | 11,219,051             | 0.29                                        |
| * Wayland                        | 61,033                                    | 700,000                                 | 761,033                | 0.02                                        |
| * Webster                        | 6,036,662                                 | 13,628,330                              | 19,664,992             | 0.51                                        |
| Wellfleet                        | 285,000                                   | 166,569                                 | 451,569                | 0.01                                        |
| West Boylston                    | 4,750,615                                 | -                                       | 4,750,615              | 0.12                                        |
| West Boylston Water District     | 502,410                                   | -                                       | 502,410                | 0.01                                        |
| * West Bridgewater               | 342,218                                   | 513,711                                 | 855,929                | 0.02                                        |
| West Groton Water Sewer District | 588,253                                   | -                                       | 588,253                | 0.02                                        |
| West Newbury                     | 73,696                                    | -                                       | 73,696                 | 0.00                                        |
| * West Springfield               | 6,375,440                                 | 7,171,348                               | 13,546,788             | 0.35                                        |
| Westborough                      | 31,218,964                                | 337,137                                 | 31,556,101             | 0.82                                        |
| Westfield                        | 4,756,187                                 | 1,957,927                               | 6,714,113              | 0.18                                        |
| Westford                         | 3,806,606                                 | -                                       | 3,806,606              | 0.10                                        |
| Westminster                      | -                                         | 285,000                                 | 285,000                | 0.01                                        |
| Westport                         | -                                         | 439,887                                 | 439,887                | 0.01                                        |
| Weymouth                         | 22,004,111                                | -                                       | 22,004,111             | 0.57                                        |
| * Whately                        | -                                         | 440,000                                 | 440,000                | 0.01                                        |
| * Whitman                        | 1,494,585                                 | 14,575                                  | 1,509,160              | 0.04                                        |
| Wilbraham                        | 2,238,499                                 | -                                       | 2,238,499              | 0.06                                        |
| Wilmington                       | 105,536                                   | -                                       | 105,536                | 0.00                                        |
| Winchendon                       | 2,745,674                                 | -                                       | 2,745,674              | 0.07                                        |
| Windbrook Acres                  | 60,000                                    | -                                       | 60,000                 | 0.00                                        |
| Woburn                           | 8,221,502                                 | -                                       | 8,221,502              | 0.21                                        |
| Woodvale Condominium Trust       | -                                         | 96,514                                  | 96,514                 | 0.00                                        |
| Worcester                        | 3,952,907                                 | 3,759,519                               | 7,712,426              | 0.20                                        |
| Wrentham                         | 990,272                                   | -                                       | 990,272                | 0.03                                        |
| <b>Total</b>                     | <b>\$2,305,795,300</b>                    | <b>\$1,529,794,921</b>                  | <b>\$3,835,590,222</b> | <b>100.00%</b>                              |
| Clean Water Program              | \$1,821,505,276                           | \$1,001,972,973                         | \$2,823,478,250        |                                             |
| Drinking Water Program           | \$484,290,024                             | \$527,821,948                           | \$1,012,111,972        |                                             |

APPENDIX E – PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Bonds described below, Bond Counsel proposes to deliver an opinion in substantially the following form:



One Financial Center  
Boston, MA 02111  
617 542 6000  
mintz.com

[Date of Closing]

Massachusetts Clean Water Trust  
1 Center Plaza  
Boston, Massachusetts 02108

RE: \$ \_\_\_\_\_ Massachusetts Clean Water Trust, State Revolving Fund Bonds, Series 22  
(Green Bonds) (the “Bonds”)

We have acted as bond counsel to the Massachusetts Clean Water Trust (the “Trust”) in connection with the issuance by the Trust of the Bonds. The Bonds are being issued pursuant to Chapter 29C of the Massachusetts General Laws, as amended, and the Master Trust Agreement dated as of January 1, 2015 (as amended, the “Trust Agreement”) between the Trust and U. S. Bank, National Association, as trustee (the “Trustee”), as supplemented and amended, including by the Fifth Supplemental Trust Agreement dated as of October 1, 2019, between the Trust and the Trustee. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Unless otherwise defined herein, certain capitalized terms used herein shall have the meanings set forth in the Trust Agreement.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Trust is duly created and validly existing as a public instrumentality of the Commonwealth of Massachusetts with the power to enter into the Trust Agreement, perform the agreements on its part contained therein and issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the Trust and are valid and binding special obligations of the Trust, payable solely from the sources provided therefor in the Trust Agreement. The Trust Agreement creates a valid lien on the Revenues and other funds pledged by the Trust Agreement for the security of the Bonds, subject to the application of such amounts to the purposes and on the conditions permitted by the Trust Agreement.
3. The Trust Agreement has been duly and lawfully authorized, executed and delivered, is in full force and effect and is a valid and binding agreement of the Trust enforceable upon the Trust in accordance with its terms.
4. Interest on the Bonds will not be included in the gross income of the holders of the Bonds for federal income tax purposes. This opinion is rendered subject to compliance with various requirements of the

Internal Revenue Code of 1986, as amended, which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon is and continues to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be included in the gross income of holders of the Bonds retroactive to the date of issuance of the Bonds. Interest on the Bonds will not constitute a preference item for purposes of computation of the alternative minimum tax imposed on certain individuals. We express no opinion as to other federal tax consequences resulting from holding the Bonds.

5. Under existing law, interest on the Bonds and any profit made on the sale thereof are exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion as to other Massachusetts tax consequences arising with respect to the Bonds nor as to the taxability of the Bonds, their transfer, and the income therefrom, including any profit made on the sale thereof, under the laws of any state other than the Commonwealth.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Trust Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

MINTZ, LEVIN, COHN, FERRIS, GLOVSKY AND POPEO, P.C.

## APPENDIX F – SUMMARY OF CONTINUING DISCLOSURE UNDERTAKINGS

**A. Trust Continuing Disclosure Certificate**

The Trust will execute and deliver a Continuing Disclosure Certificate (the “Disclosure Certificate”) upon issuance of the Bonds. The Disclosure Certificate will be executed and delivered by the Trust for the benefit of the registered owners, including beneficial owners, of the Bonds (the “owners”) and in order to assist the Underwriters of the Bonds in complying with Rule 15c2-12 adopted by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934 (the “Rule”).

**Provision of Annual Reports**

Not later than 270 days after the end of each fiscal year of the Trust, commencing with the fiscal year ending June 30, 2019, the Trust will provide an Annual Report containing the information described below to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system pursuant to the Rule. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in the Disclosure Certificate. If the Trust is unable to provide an Annual Report to the MSRB by the foregoing date, the Trust will send a notice to that effect to the MSRB.

The Trust’s Annual Report will contain or incorporate by reference (i) the most recently available audited financial statements of the Trust, prepared in accordance with generally accepted accounting principles and (ii) updated financial and operating information, updated through the Trust’s prior fiscal year, relating to the information regarding the borrowers under the Trust’s SRF Bond program and the debt obligations of such borrowers to the Trust under the SRF Bond program in substantially the same level of detail as found in Appendix D to the Official Statement in the table entitled “SRF Bond Program – Borrowers.” If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and the Trust will provide the audited financial statements as soon as practicable after the audited financial statements become available. The financial statements may be incorporated by reference from other documents, including official statements of debt issues of the Trust or related public entities, which (i) are available to the public on the MSRB Internet Web site, or (ii) have been filed with the Securities and Exchange Commission. The Trust will clearly identify each such other document so incorporated by reference.

As noted in this Official Statement under the caption “CONTINUING DISCLOSURE,” each Borrower will agree in its Financing Agreement to provide an annual report to the Trust, containing or incorporating the most recently available audited financial statements of such Borrower, not later than 270 days after the close of each fiscal year during any period during which such Borrower is an “obligated person” with respect to the Bonds within the meaning of the Rule, as evidenced by a notice to that effect furnished to the Borrower by the Trust. In accordance with a standard adopted by the Trust pursuant to the Rule, a Borrower shall be considered an “obligated person” with respect to the Bonds if the aggregate principal amount of all of its SRF Bond program Borrower Obligations outstanding as of the end of any fiscal year constitutes twenty percent (20%) or more of the aggregate principal amount of all SRF Bond program Borrower Obligations outstanding as of the end of such fiscal year. The Trust will covenant in its Disclosure Certificate to annually determine if any Borrowers constitute obligated persons with respect to the Bonds, and to provide notice to those Borrowers, if any, which satisfy that standard, and to file any annual reports received from such Borrowers with the MSRB at the same time and in the same manner as the Trust Annual Report for that year.

Also as noted in this Official Statement under the caption “CONTINUING DISCLOSURE,” the Commonwealth has covenanted under the Commonwealth Assistance Contract to provide annual financial information and operating data, not later than 270 days after the close of each fiscal year during any period during which the Commonwealth is an “obligated person” with respect to the Bonds within the meaning of the Rule, as evidenced by a notice to that effect furnished to the Commonwealth by the Trust. In accordance with a standard adopted by the Trust pursuant to the Rule, the Commonwealth shall be considered an “obligated person” with respect to the Bonds if twenty percent (20%) or more of the debt service on all of the Trust’s outstanding SRF Bonds in any fiscal year is expected to be paid with Contract Assistance Payments. Pursuant to this standard, as of the date of issuance of the Bonds, the Commonwealth is not considered an obligated person with respect to the Bonds. The Trust will covenant in its Disclosure Certificate to annually determine if the Commonwealth constitutes an obligated person with respect to the Bonds, and to provide notice to the Commonwealth if it satisfies that standard.

## Reporting of Significant Events

In a timely manner, not in excess of ten business days after the occurrence of any of the following events with respect to the Bonds, the Trust will file a notice of such occurrence with the MSRB.

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to the rights of security holders, if material;
8. (i) bond calls, if material, and (ii) tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the Trust or any other “obligated person” with respect to the Bonds\*;
13. the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets of the Trust, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. incurrence of a financial obligation of the Trust or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation\*\* of the Trust or other obligated person any of which affect security holders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation\*\* of the Trust or other obligated person, any of which reflect financial difficulties.

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\* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Trust or any other “obligated person” with respect to the Bonds in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of such “obligated person,” or if such jurisdiction has been assumed by leaving the existing governing body and officials in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of such “obligated person.”

\*\* As noted in the Rule, the term “financial obligation” means (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) a guaranty of an instrument described in (i) or (ii). The term does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

## **Termination of Reporting Obligation**

The Trust's obligations under the Disclosure Certificate will terminate upon the defeasance of the Bonds in accordance with the terms of the Bond Resolution or the prior redemption or payment in full of all of the Bonds.

## **Amendment**

Notwithstanding any other provision of the Disclosure Certificate, the Trust may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law, which may also include bond counsel to the Trust, to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to the Disclosure Certificate shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of information being provided in the Annual Report.

If the amendment to the Disclosure Certificate pertains to the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to evaluate the ability of the Trust to meet its obligations. To the extent reasonably feasible, the comparison also will be quantitative. A notice of the change in the accounting principles will be sent to the MSRB.

## **Default**

In the event of a failure of the Trust to comply with any provision of the Disclosure Certificate any owner of the Bonds may seek a court order for specific performance by the Trust of its obligations under the Disclosure Certificate. Similarly, either the Trust or any owner of the Bonds may seek a court order for specific performance by any Borrower which is an "obligated person" with respect to the Bonds within the meaning of the Rule of such Borrower's disclosure obligations under the Financing Agreement and its financing closing certificate in the event of the failure of such Borrower to comply with those obligations.

A default under the Disclosure Certificate shall not constitute an Event of Default under the Master Trust Agreement or a default with respect to the Bonds, and the sole remedy under the Disclosure Certificate in the event of any failure of the Trust to comply with the Disclosure Certificate shall be an action for specific performance of the Trust's obligations thereunder and not for money damages in any amount. Similarly, a default by any Borrower of its disclosure obligations under the applicable Financing Agreement and such Borrower's closing certificate shall not constitute an event of default under the Financing Agreement, and the sole remedy for such default shall be an action for specific performance of the Borrower's obligations.

## **Beneficiaries**

The Disclosure Certificate will inure solely to the benefit of the owners of the Bonds from time to time, and shall create no rights in any other person or entity.

## **B. The Massachusetts Water Resources Authority Continuing Disclosure Agreement**

Prior to the issuance of the Bonds, the MWRA will undertake for the benefit of the owners of the Bonds to provide certain continuing disclosure in accordance with its Continuing Disclosure Agreement dated November 21, 1995, which has been previously supplemented (as supplemented, the "MWRA Continuing Disclosure Agreement") between the MWRA and State Street Bank and Trust Company, predecessor in interest to U.S. Bank National Association, as Dissemination Agent (the "Dissemination Agent").

In May 2015, the MWRA failed to timely file a notice of rating upgrade of certain of its variable rate bonds due to an upgrading of the short-term credit rating of the liquidity provider for such bonds. The MWRA subsequently made a corrective filing in August 2016.

## **Annual Filings**

Pursuant to the MWRA Continuing Disclosure Agreement, not later than January 1 of each year, commencing January 1, 1998, the MWRA will, or will cause the Dissemination Agent to, provide an Annual Filing (as described below) to the MSRB through EMMA. The Annual Filing may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in the MWRA Continuing Disclosure Agreement. If the Dissemination Agent determines that the MWRA has failed to comply with the undertaking regarding the Annual Filing, the Dissemination Agent will send a notice to that effect in a timely manner to the MSRB through EMMA.

The MWRA's Annual Filing will contain or incorporate by reference the following:

(a) quantitative information for, or as of the end of, the preceding fiscal year of the type presented in the MWRA's most recent official statement, including (i) a summary table of revenues, expenses and fund deposits, (ii) the amount of outstanding indebtedness of the MWRA, and the debt limit as of the end of the fiscal year, (iii) a summary table with respect to the coverage covenants in the MWRA's General Resolution and (iv) a summary table showing the MWRA's capital investments by major category during the preceding fiscal year;

(b) quantitative information for the current fiscal year of the type presented in the MWRA's most recent official statement, including (i) a table of the MWRA's current water and wastewater charges by Local Body, (ii) the current expense budget's rate revenue requirement and the percentage increases for water and wastewater over the prior fiscal year and (iii) executive summaries of the MWRA's most recently adopted current expense budget and capital improvement program; and

(c) the most recently available audited financial statements of the MWRA, prepared in accordance with accounting principles generally accepted in the United States of America. (If audited financial statements for the preceding fiscal year are not available when the Annual Filing is submitted, the Annual Filing will include unaudited financial statements for the preceding fiscal year.)

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the MWRA or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB.

Pursuant to the MWRA Continuing Disclosure Agreement, the MWRA will also undertake to provide in a timely manner to the MSRB through EMMA and to the SID, if any, notice of certain enumerated events, including any change in the credit rating of outstanding bonds issued by the MWRA.

## **Termination of Reporting Obligation**

The MWRA's and Dissemination Agent's obligations under the MWRA Continuing Disclosure Agreement to the owners of the Bonds will terminate upon the defeasance, prior redemption or payment in full of the Bonds.

## **Amendment; Waiver**

Notwithstanding any other provision of the MWRA Continuing Disclosure Agreement, the MWRA and the Dissemination Agent may amend the MWRA Continuing Disclosure Agreement, and any provision of the MWRA Continuing Disclosure Agreement may be waived, if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities laws, acceptable to both the MWRA and the Dissemination Agent, to the effect that such amendment or waiver would not, in and of itself, cause the MWRA's undertakings to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

If the amendment to the MWRA Continuing Disclosure Agreement provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Filing for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall

include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the MWRA to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to each Repository.

#### **Default**

In the event of a failure of the MWRA or the Dissemination Agent to comply with any provision of the MWRA Continuing Disclosure Agreement, the Dissemination Agent may (and, at the request of any of the owners of at least 25% aggregate principal amount outstanding of the Bonds, shall), or any owner of the Bonds may, seek a court order for specific performance by the MWRA or Dissemination Agent, as the case may be, of its obligations under the MWRA Continuing Disclosure Agreement. A default under the MWRA Continuing Disclosure Agreement shall not be deemed an Event of Default under the MWRA's General Resolution or under the Trust's Master Trust Agreement, and the sole remedy under the MWRA Continuing Disclosure Agreement in the event of any failure of the MWRA or the Dissemination Agent to comply with the MWRA Continuing Disclosure Agreement shall be an action to compel performance of the defaulting party's obligations thereunder and not for money damages in any amount.

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**APPENDIX G – THE DEPOSITORY TRUST COMPANY****Book-Entry Only System**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a particular maturity of the Bonds is being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed, unless other arrangements are made between DTC and the Trust.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trust as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trust or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Trust, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trust or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The information in this Appendix G concerning DTC and DTC's book-entry system has been obtained from sources that the Trust believes to be reliable, but the Trust takes no responsibility for the accuracy thereof.

#### **No Responsibility of the Trust, the Master Trustee or Paying Agent**

NONE OF THE TRUST, THE PAYING AGENT OR THE MASTER TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDOWNERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

#### **Certificated Bonds**

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Trust and the Master Trustee. In addition, the Trust may determine that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners. If for either reason the Book-Entry Only system is discontinued, Bond certificates will be delivered as described in the Master Trust Agreement and the Supplemental Trust Agreement and the Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Bondowner. Thereafter, Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the principal corporate trust office of the Master Trustee. The transfer of any Bond may be registered on the books maintained by the Master Trustee for such purpose only upon the assignment in the form satisfactory to the Master Trustee. For every exchange or registration of transfer of Bonds, the Trust and the Master Trustee may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the Bondowner for any exchange or registration of transfer of the Bonds. The Trust will not be required to transfer or exchange any Bond during the notice period preceding any redemption if such Bond or any part thereof is eligible to be selected or has been selected for redemption.

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## APPENDIX H – PRIOR BONDS AND PRIOR RESOLUTIONS

The Trust previously administered its SRF Programs pursuant to its “Amended and Restated Resolution Authorizing and Establishing a Water Pollution Abatement and Drinking Water Project Financing Program” adopted on March 4, 1993, as amended and supplemented (the “Program Resolution”) pursuant to which it issued bonds under several bond resolutions, including for its Prior Pool Bonds and its Prior Single Obligor Bonds (each as defined in the front part of this Official Statement, and, collectively, the “Prior Bonds”). Each series of Prior Bonds was issued pursuant to a separate bond resolution (collectively, the “Prior Bond Resolutions” and together with the “Program Resolution,” the “Prior Resolutions”). The most significant of these programs was its Pool Program, under which Prior Pool Bonds are outstanding in the approximate principal amount of \$1.4 billion. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the front part of this Official Statement or in Appendix A – “Form of Master Trust Agreement.”

The Prior Bonds are special obligations of the Trust and do not constitute a pledge of its full faith and credit. The Prior Bonds are payable solely from the funds pledged therefor pursuant to the Program Resolution and the applicable Prior Bond Resolution.

With the establishment of the Master Trust Agreement in 2015, the Trust closed its Program Resolution, and will not issue any additional bonds secured by the Program Resolution, except for refunding bonds with debt service requirements less than or equal to the debt service requirements on the refunded bonds in each fiscal year. As funds become available in the Deficiency Fund held under the Program Resolution, the Program Trustee will promptly transfer such amounts to the Master Trustee to be held in the applicable Equity Fund under the Master Trust Agreement, and applied as provided therein. See “Security under the Program Resolution” and “Releases to the Equity Funds” below.

### Sources of Payment and Security for the Prior Bonds

#### Sources of Payment

The debt service on the Prior Bonds is expected to be paid from a combination of three sources: (i) Borrower Payments (“Prior Borrower Payments”) on Loans funded by the Prior Bonds (“Prior Loans”); (ii) interest payments on Loans funded by the Trust’s SRF Program Funds which were pledged to a particular series of Prior Bonds (“Prior Pledged Direct Loans”), or earnings on debt service reserve funds established for such Prior Bonds in the applicable Prior Bond Resolution, or a combination thereof; and (iii) payments provided by the Commonwealth pursuant to the Act and the Commonwealth Assistance Contract and interest earnings, if any, thereon. The related Prior Borrower Payments, interest payments on any applicable Prior Pledged Direct Loans, if any, applicable reserve fund earnings, if any, Contract Assistance Payments and other moneys expected to be available to pay the debt service on such Prior Bonds are in the aggregate at least sufficient to pay debt service on the Prior Bonds when due.

- ***Borrower Repayments.*** Each Borrower is obligated to repay the principal amount of its Prior Loan or Prior Pledged Direct Loan at an interest rate of 2% or less, depending on the subsidy level to which each Borrower is entitled. Certain Borrowers with loan terms greater than 20 years may have an interest rate in excess of 2% in order to provide sufficient cash flow to pay the net additional interest expense on the related Prior Bonds that results from extending the term of the financing beyond 20 years. Payments on the Prior Loans and Prior Pledged Direct Loans are due to the Trust fifteen (15) days in advance of debt service payments on the related series of Prior Bonds. Along with certain other Commonwealth agencies, the Trust has the right to intercept local aid payments made by the Commonwealth to a city or town if such city or town fails to make its payments under its financing agreement as described more fully in the Official Statement. See “SECURITY FOR THE BORROWER OBLIGATIONS” in the front part of this Official Statement for a description of the security and sources of payment for the local bonds issued by the Borrowers.
- ***Investment of Reserve Funds.*** To assure the receipt of investment earnings in amounts and at times sufficient to provide adequate reserve fund earnings to pay debt service on the certain series of Prior Bonds, the Trust (i) entered into investment agreements with one or more investment agreement providers or (ii) invested amounts in the debt service reserve fund in other investment obligations with terms sufficient to maintain the ratings on the related series of Prior Bonds. The investment

agreements are general obligations of the related providers. The providers, however, do not guarantee payment of any portion of the principal of or interest on the related series of Prior Bonds.

Such investment agreements are with providers (or a guarantor of such providers' obligations) rated at the time of execution of such agreements at least "AA-" by S&P Global Ratings ("S&P") and "Aa3" by Moody's Investors Services, Inc. ("Moody's"). See "Debt Service Reserve Fund Investment Providers" below for additional information regarding the specific investment agreements relating to the Prior Bonds. Each investment agreement required that the obligations of the provider be collateralized either upon execution of such agreement or, unless other remedial action is taken, upon the occurrence of certain events, and at all times thereafter, by securities or other obligations issued or guaranteed by the United States, by certain federal agencies or corporations or, in some cases, by corporate or municipal issuers rated "AAA" by S&P and "Aaa" by Moody's, at the time of delivery of such collateral with a market value sufficient to ensure that there is no adverse effect on the ratings on the related Prior Bonds. The collateral securities, if any, are held by the related Prior Bond trustee or a third-party collateral agent for the account of such trustee and may be liquidated by the Prior Bond trustee upon any payment default by a provider under the related investment agreement. Upon any payment default by a provider, such provider is obligated to reimburse the Trust (either directly or through the sale of collateral) for any unpaid principal and accrued interest on the investment agreement and for any loss realized by the Trust upon reinvestment.

- ***Contract Assistance Payments.*** Pursuant to the Act and the Amended and Restated Agreement for Contract Assistance dated as of June 1, 2018 (as amended from time to time, the "Commonwealth Assistance Contract") between the Trust and the Treasurer and Receiver-General of the Commonwealth, the Commonwealth makes payments to the Trust on behalf of certain borrowers to provide for a portion of the debt service subsidy on Loans. Such payments, together with investment earnings thereon, are applied to pay a portion of the debt service on the related series of Prior Bonds.

The obligation of the Commonwealth under the Commonwealth Assistance Contract to provide assistance payments to the Trust constitutes a general obligation of the Commonwealth, for which its full faith and credit are pledged. However, it should be noted that Chapter 62F of the Massachusetts General Laws imposes a state tax revenue growth limit and does not exclude Commonwealth debt obligations, including contract assistance, from the scope of the limit. This statute is subject to amendment or repeal by the Legislature. Currently, actual tax revenue growth is below the statutory limit. The Commonwealth Assistance Contract is pledged under the Program Resolution to the Program Trustee for the benefit of all holders of the Prior Bonds, and the Contract Assistance Payments are pledged, upon receipt, under the applicable Prior Bond Resolutions for the benefit of the holders of the individual series of Prior Bonds. In addition, the Trust has covenanted in the Prior Bond Resolutions to enforce the terms of the Commonwealth Assistance Contract as they pertain to the applicable series of Prior Bonds.

Payments under the Commonwealth Assistance Contract with respect to the Prior Bonds are made during the first twenty years of the term of the applicable series of Prior Bonds. For certain Prior Bonds with a term greater than twenty years, portions of the Contract Assistance Payments received in the first twenty years are deposited in a subsidy fund held under the related bond resolution and, in certain cases, invested in investment agreements or other instruments with provisions similar to those described above for the investment of reserve funds. The amounts deposited in the subsidy funds and the related investment earnings are used to pay debt service on the related Prior Bonds after the first twenty years.

- ***Federal Subsidy Payments with Respect to Build America Bonds.*** The Trust designated its Series 15B Bonds as "build America bonds" ("BABs") for purposes of the American Recovery and Reinvestment Act of 2009 ("ARRA") and is thereby entitled to receive cash subsidy payments from the United States Treasury ("Federal Subsidy Payments") equal to 35% of the interest payable on the Series 15B Bonds provided it makes certain required filings in accordance with applicable federal rules pertaining to the Federal Subsidy Payments. Receipt of Federal Subsidy Payments by the Trust has been and will be adversely affected by implementation of certain provisions of federal law. In federal fiscal year 2016, such payments were subject to a sequestration reduction of 6.8%, with the Bipartisan

Budget Act of 2015, approved by the President on November 2, 2015, extending the sequestration provisions through federal fiscal year 2025. For federal fiscal years 2017, 2018 and 2019, such payments were subject to reductions of 6.9%, 6.6% and 6.2%, respectively, and for federal fiscal year 2020 there will be a 5.9% reduction. Federal Subsidy Payments could become subject to a much larger sequestration reduction, and potentially be eliminated altogether, under the Statutory Pay-As-You-Go (PAYGO) Act of 2010, which is designed to limit federal deficit spending. Since the enactment of the PAYGO Act, the U. S. Congress has consistently acted to prevent its implementation, but there can be no assurance that it will continue to do so. The Trust requested and received, and expects to continue to receive, additional Contract Assistance Payments to make up for the shortfall caused by the reduction in Federal Subsidy Payments. The Trust is obligated to make payments of the principal and interest on the Series 15B Bonds whether or not it receives Federal Subsidy Payments.

### **Security for the Prior Bonds – Prior Pledged Direct Loans and SRF Reserve Funds**

Under the applicable bond resolution, each series of Prior Bonds is secured by (i) the related Prior Borrower Payments, (ii) Contract Assistance Payments allocable to the Prior Bonds and (iii) either the related Prior Pledged Direct Loan borrower loan repayments or the reserve funds established for such Prior Bonds or a combination thereof. Certain refunding bonds previously issued by the Trust are not secured by a reserve fund under the applicable bond resolution, and the Trust's 2004 Refunding Bonds and 2014 Refunding Bonds (each as defined below) are secured by a bond-funded reserve fund.

Prior Pool Bonds are further secured by the Pool Program Reserve Fund and all Prior Bonds are further secured by the Deficiency Fund, both held under the Program Resolution, all as further described below.

#### **Additional security under the applicable Prior Bond Resolution**

- ***Prior Pledged Direct Loans.*** Upon the issuance of certain of the Prior Pool Bonds, the Trust pledged repayments on the applicable Prior Pledged Direct Loans to provide additional security for such Prior Pool Bonds. The principal repayments on such Prior Pledged Direct Loans will be available to cure or prevent any default in the payment of debt service on the related series of Prior Pool Bonds. On each date that the Trust pays down the principal amount of the related series of Prior Pool Bonds, principal repayments on the Prior Pledged Direct Loans that are not needed to cure or prevent a default on such Prior Pool Bonds will be transferred to the Pool Program Reserve Fund, and then to the Deficiency Fund, each held under the Program Resolution, as described below.
- ***Reserve Funds.*** Upon the issuance of certain of the Prior Bonds, the Trust used SRF Program Funds to fund a reserve fund for such series of Prior Bonds to provide additional security for such Prior Bonds. Such reserve funds are available to cure or prevent any default in the payment of debt service on the related series of Prior Bonds, or, if applicable, on any scheduled payments due from the Trust pursuant to an interest rate hedge agreement in accordance with the applicable bond resolution.

Except for the reserve funds established for its 2004 Refunding Bonds and 2014 Refunding Bonds, each described below, on each date that the Trust pays down the principal amount of a series of Prior Bonds or borrowers pay down the principal amount of the related loans, the amount held in the related reserve fund is reduced proportionately, and the amounts released from each such reserve fund are transferred either to the Pool Program Reserve Fund and then to the Deficiency Fund as described below, or directly to the Deficiency Fund.

- ***2004 Debt Service Reserve Fund and 2014 Debt Service Reserve Fund.*** The reserve fund (the "2004 Debt Service Reserve Fund") for the Trust's State Revolving Fund Refunding Bonds, Series 2004 (the "2004 Refunding Bonds") was funded from proceeds of such 2004 Refunding Bonds and will be maintained in an amount equal to 10% of the principal amount of such 2004 Refunding Bonds outstanding from time to time. The reserve fund (the "2014 Debt Service Reserve Fund") for the Trust's State Revolving Fund Refunding Bonds, Series 2014 (the "2014 Refunding Bonds") was funded from transfers of reserve funds held with respect to Prior Bonds refunded by the 2014 Refunding Bonds, including a portion of the 2004 Debt Service Reserve Fund.

Amounts released from the 2004 Debt Service Reserve Fund will be applied to the payment of debt service on the 2004A Refunding Bonds and will not be transferred to the Pool Program Reserve Fund. Amounts released from the 2014 Debt Service Reserve Fund that were originally part of the 2004 Debt Service Reserve Fund will be used to pay debt service on the 2014 Refunding Bonds and the remaining amounts will be transferred to the Pool Program Reserve and/or the Deficiency Fund to provide additional security for the Prior Bonds. In addition, the Prior Bond Resolution for the 2014 Refunding Bonds allows the Trust to change the release dates and/or amounts or to release all of the 2014 Debt Service Reserve Fund from the lien of such Prior Bond Resolution at any time upon meeting certain conditions set forth in such Prior Bond Resolution.

### **Security under the Program Resolution**

- ***Pool Program Reserve Fund and Deficiency Fund.*** The Pool Program Reserve Fund and the Deficiency Fund are established under the Program Resolution and held by the Program Trustee. The Pool Program Reserve Fund is pledged to secure all Prior Pool Bonds on a parity basis, as well as scheduled payments payable by the Trust pursuant to any interest rate hedge agreement with respect to such Prior Pool Bonds. The Deficiency Fund is pledged to secure all Prior Bonds on a parity basis, as well as scheduled payments payable by the Trust pursuant to any interest rate hedge agreement, in accordance with the Program Resolution.

Amounts in the Pool Program Reserve Fund are available to pay debt service on any series of Prior Pool Bonds, or if applicable, scheduled payments payable by the Trust pursuant to any related interest rate hedge agreement, to the extent that there are insufficient funds available to make such payment from the related reserve fund or from repayments of principal of related Prior Pledged Direct Loans. Amounts in the Deficiency Fund are available to pay debt service on any series of Prior Bonds, or if applicable, scheduled payments payable by the Trust pursuant to any interest rate hedge agreement, after application of amounts in other reserves. In addition, amounts in the Pool Program Reserve Fund are available as necessary to satisfy a deficiency in any reserve fund for a series of Prior Pool Bonds and amounts in the Deficiency Fund are available as necessary to satisfy a deficiency in any reserve fund for a series of Prior Bonds and to the extent that there are insufficient funds in the Pool Program Reserve Fund, for Prior Pool Bonds.

As amounts are released from each reserve fund securing certain Prior Pool Bonds, such amounts, together with certain amounts released from the reserve funds securing the MWRA SRF Bonds which have been refunded in part by Prior Pool Bonds, are transferred to the Pool Program Reserve Fund. As borrowers make principal repayments on the Prior Pledged Direct Loans, such amounts also are transferred to the Pool Program Reserve Fund (to the extent not needed to cure or prevent a default in the payment of debt service on the related series of Prior Pool Bonds). Amounts not required to be used or held in the Pool Program Reserve Fund are promptly transferred to the Deficiency Fund. As amounts are released from the Pool Program Reserve Fund and the reserve fund securing the MWRA SRF Bonds (other than those amounts from such reserve funds first transferred to the Pool Program Reserve Fund), such amounts, together with certain Direct Loan repayments not otherwise pledged to secure any series of Prior Bonds, are transferred to the Deficiency Fund.

The availability of amounts in the Pool Program Reserve Fund and the Deficiency Fund to satisfy deficiencies with respect to the Prior Bonds is dependent on the borrowers making their payments in a timely manner, including borrowers making repayments on Prior Pledged Direct Loans, on the timely receipt of earnings on the reserve funds and Contract Assistance Payments, and on the timing of scheduled releases from the reserve funds allocable to such borrowers or the Prior Bonds.

### **Release to the Equity Funds**

Amounts not required to be used or held in the Deficiency Fund will be promptly transferred to the Master Trustee under the Master Trust Agreement to be held in either the clean water Equity Fund or the drinking water Equity Fund. The Master Trust Agreement provides that the Master Trustee will make amounts in the applicable Equity Fund available to the Program Trustee as described under “The MTA Bonds – Flow of Funds under the Master Trust Agreement – Equity Funds” and “The MTA Bonds – Sources of Payment and Security – Transfers Out of the Master Trust Agreement” in the front part of this Official Statement.

## Derivative Transactions

In connection with the issuance of the Series 2006 Bonds, the Trust entered into two interest rate swap agreements (the “2006 Swap Agreements”) with Bear Stearns Capital Markets, Inc. (the “Series 2006 Counterparty”) in notional amounts of \$30,650,000 and \$46,605,000, respectively, in order to create a “synthetic fixed rate” for the Series 2006 Bonds maturing on August 1, 2022 and August 1, 2023 that bear interest at a variable rate. Under the terms of the 2006 Swap Agreements, the Series 2006 Counterparty has agreed to make variable rate payments to the Trust which are equal to the Trust’s variable rate debt service payments on such Series 2006 Bonds and the Trust has agreed to make fixed rate payments to the Series 2006 Counterparty which are secured on a parity with and payable from the funds pledged to all other Series 2006 Bonds. The obligations of the Series 2006 Counterparty are guaranteed by JPMorgan Chase & Co. Effective December 10, 2008, all of the rights and obligations of the Series 2006 Counterparty under the 2006 Swap Agreements were transferred to JPMorgan Chase Bank, N.A.

The 2006 Swap Agreements are subject to mandatory and optional termination by the Trust or the counterparty under certain circumstances. If at the time of any termination the Trust would be liable to the counterparty for a termination payment, such amount is payable solely from amounts which are not pledged to the payment of any debt obligations of the Trust outstanding at the date of such termination, including any outstanding Bonds or other SRF Bonds.

For further information regarding the 2006 Swap Agreements, reference is made to the audited financial statements of the Trust for the fiscal year ended June 30, 2018 which have been filed with the Municipal Securities Rulemaking Board (the “MSRB”).

## Debt Service Reserve Fund Investment Agreement Providers

Certain amounts held in the debt service reserve funds allocable to the outstanding Prior Bonds are invested in investment agreements with the providers and in the amounts as of the date of delivery of the Bonds as set forth in the table on the following page.

A portion of the debt service reserve funds allocable to the outstanding Prior Pool Bonds are invested in bonds, notes and other evidence of indebtedness of certain United States government agencies or instrumentalities in the aggregate principal amount of \$145.5 million, as of the date of delivery of the Bonds.

| <b>Debt Service Reserve</b>                                                                                   |                      |                            |
|---------------------------------------------------------------------------------------------------------------|----------------------|----------------------------|
| <b><u>Provider</u></b>                                                                                        | <b><u>Series</u></b> | <b><u>Fund Amounts</u></b> |
| Citigroup                                                                                                     | Series 12 Bonds      | \$60.0 million             |
| Natixis Funding Corp. <sup>1</sup>                                                                            | Series 6 Bonds       | \$2.7 million              |
|                                                                                                               | Series 7 Bonds       | \$4.9 million              |
|                                                                                                               | Series 8 Bonds       | \$30.3 million             |
|                                                                                                               | MWRA 2002A Bonds     | \$22.5 million             |
| FSA Capital Management Services, LLC <sup>2</sup>                                                             | Series 2014 Bonds    | \$49.3 million             |
|                                                                                                               | Series 2004A Bonds   | \$8.4 million              |
|                                                                                                               | Series 11 Bonds      | \$31.8 million             |
| Mass Mutual Financial Group / Trinity Funding Company, LLC and Trinity Plus Funding Company, LLC <sup>3</sup> | Series 9 Bonds       | \$43.4 million             |
|                                                                                                               | MWRA 1999A Bonds     | \$57.6 million             |

1. The obligations of Natixis Funding Corp. are guaranteed by CDC IXIX.
2. The obligations of FSA Capital Management Services, LLC, are guaranteed by Financial Security Assurance Inc.
3. Trinity Funding Company, LLC and Trinity Plus Funding Company, LLC sold to Mass Mutual Financial Group their interests in certain investment agreements.

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