

REQUESTS FOR RESPONSES

Underwriting Services – Series 20 Bonds

Questions and Answers

Clarification Note: Reference to Series 14 bonds in question 14(c) of the RFR refers to the \$409,530,000 *Massachusetts Water Pollution Abatement Trust, State Revolving Fund Bonds, Series 14*, which was a new money issue in 2009.

The Trust has received the following questions:

Question 1:

The following questions were asked by multiple Firms: (1) How should the requested PDF copy of the response be delivered? (2) Should the PDF file be submitted on a USB Flash Drive/CD-ROM with the paper copies of the Response, or sent via email to the attention of the Contact Person or someone else? (3) If email is okay, please confirm the email address to which it should be sent.

Answer 1:

It should be sent by email to the Contact Person. The Contact Person is Bernard Greene and his email address is: bgreene@tre.state.ma.us

Question 2:

The following four questions can be answered as one question: (1) Whether companies from Outside USA can apply for this? (like from India or Canada); (2) Whether we need to come over there for meetings? (3) Can we perform the tasks (related to RFP) outside USA? (like from India or Canada); (4) Can we submit the proposals via email?

Answer 2:

The RFR is limited to firms that are on a pre-qualified list pursuant to the Commonwealth's *Request for Qualifications: Pre-Qualification of Firms to Provide Investment Banking and Underwriting Services*, dated October 12, 2016 (the "RFQ"). To learn how to become pre-qualified under the ongoing pre-qualification provision of the RFQ, vendors should review the RFQ on CommBuys.

Question 3:

What is the expected disbursement schedule for the new money bond proceeds after the delivery date?

Answer 3:

It is dependent on borrowers' draw schedules and in accordance with the IRS regulations.

Question 4:

What is the expected amortization of the new money bonds?

Answer 4:

The amortization will be typical of a Trust financing and similar to Series 19, which has been posted on CommBuys, but with a final maturity not to exceed 30 years.

Question 5:

What are the pool numbers associated with each series of outstanding bonds? For example, on the Debt Service Reserve Fund Earnings Schedule, which pool numbers are associated with Series 14?

Answer 5:

Please see the file “Revised – DSRF Investments Outstanding,” which is a revision to clarify the original file “DSRF Investments Outstanding.”

Question 6:

On the Debt Service Reserve Fund Earnings Schedule, does the 2014 refunding (Pool 10) represent blended schedule of a portion subject to 3.92% GIC and a portion subject to 4.2% GIC?

Answer 6:

Yes, it is a blended schedule.

Question 7:

Does the “Schedule of Free-Up Releases to Equity” represent deallocated reserve, earnings on reserve, remaining contract assistance after debt service payment and earnings on contract assistance?

Answer 7:

Deallocated reserve.

Question 8:

How is the refunding efficiency defined? Is it $(\text{savings}/(\text{savings} + \text{negative arbitrage}))$?

Answer 8:

$\text{Net present value savings}/(\text{net present value savings} + \text{negative arbitrage})$.

Question 9:

A Firm asked for the following additional information: (1) An arbitrage certificate for the Series 14 bonds? (2) Detail of the investments in the reserves A and B for the Series 14 bonds? (3) All rebate reports for the Series 14 bonds to date?

Answer 9:

The requested information will be posted on CommBuys and on the Trust’s website.

Question 10:

Please provide the current equity fund balances for each of the Clean Water and Drinking Water programs?

Answer 10:

The balances as of 12/31/2016 for Clean Water Equity Fund and Drinking Water Equity Fund are as follows:

Clean Water Equity Fund - \$353.3 million

Drinking Water Equity Fund - \$94.2 million

Question 11:

We note that Section 11 (Indemnification) of the Commonwealth Terms and Conditions appears to relate to procurement processes related to goods and services other than bond underwriting services. Since the RFP precludes modifying any of the Commonwealth Terms and Conditions, can we instead agree that, if selected as underwriter, to enter into a Bond Purchase Agreement in a form that is substantially similar to those typical for bond underwriting services, such as the BPAs for the Trust's Series 18 Bonds or the Commonwealth's CTF 2016 Series A (REP & ABP + Refunding) Bonds? We note that the Commonwealth Terms and Conditions were not included in the RFR for the Trust's Series 18 Green Bonds (Bid Number BD-15-1108-TREWP-WPA00-00000001985) or the RFR for the Commonwealth's 2016 Green Bonds (Bid Number BD-16-1108-TREAN-ANF00-00000008054).

Answer 11:

Yes, the Trust will enter into a bond purchase agreement and the terms of the agreement will be negotiated with the book-running senior underwriter.

Question 12:

Can you please confirm under Section 14 f. "Fee Proposal" that the final maturity of the anticipated financing will be in 2048?

Answer 12:

The final maturity of the bonds will not exceed 30 years.

Question 13:

Does Question 14b (ii) refer only to a Green Bond project assessment from the rating agencies, or do third-party verifications also fall under the scope of the question?

Answer 13:

The question was meant to inquire into your thoughts on third party certifications for Green Bonds.

Question 14:

Does the Trust have a specific definition for refunding efficiency, referenced in Question 14c (ii), or would it be appropriate to use $PV \text{ Savings} / (PV \text{ Savings} + \text{Negative Arbitrage})$?

Answer 14:

Yes, it would be appropriate to use $PV \text{ Savings} / (PV \text{ Savings} + \text{Negative Arbitrage})$.

Question 15:

Could the Trust make available the verification report for Refunding Series 2014?

Answer 15:

Yes, it will be posted on CommBuys and on the Trust's website.

Question 16:

Does Appendix 3 "Contractor Authorized Signatory Listing" have to be filled out, if previously sent to the Commonwealth?

Answer 16:

Yes.