

**MASSACHUSETTS WATER RESOURCES AUTHORITY  
2021-1 DEFEASANCE ESCROW AGREEMENT**

This Defeasance Escrow Agreement (this “Agreement”), dated as of June 17, 2021, is by and between the Massachusetts Water Resources Authority (the “Authority”) and U.S. Bank National Association, as successor Trustee (the “Trustee”), pursuant to the Bond Resolution (as hereinafter defined). Terms used in this Agreement and not otherwise defined herein shall have the same meanings assigned to them in the Bond Resolution.

WHEREAS, the Authority previously issued its General Revenue Refunding Bonds, 2013 Series A (the “Series 2013A Bonds”), its General Revenue Bonds, 2017 Series B (the “Series 2017B Bonds”), its General Revenue Refunding Bonds, 2017 Series C (the “Series 2017C Bonds”), its General Revenue Bonds, 2018 Series B (the “Series 2018B Bonds”) and its General Revenue Bonds, 2020 Series B (the “Series 2020B Bonds,” and together with the the Series 2013A Bonds, the Series 2017B Bonds, the Series 2017C Bonds, and the Series 2018B Bonds, the “Prior Bonds”) pursuant to the General Revenue Bond Resolution dated January 24, 1990, as amended and supplemented, and as amended and restated by the Amended and Restated General Revenue Bond Resolution effective April 23, 2015 (as from time to time in effect, the “Bond Resolution”) of the Authority; and

WHEREAS, the Trustee is the trustee and paying agent under the Bond Resolution for the Prior Bonds; and

WHEREAS, concurrently with the execution hereof, the Authority is instructing the Trustee to deposit in a Subaccount of the Redemption Account the Defeasance Escrow Fund Investments (hereinafter defined), for the purpose of defeasing the portion of the Prior Bonds described in **Exhibit A** attached hereto (such portion of the Prior Bonds being hereinafter collectively referred to as the “Defeased Bonds”), pursuant to Section 1201(b) of the Bond Resolution and the resolution of the Board of Directors of the Authority adopted on May 26, 2021;

NOW, THEREFORE, the Authority and the Trustee agree as follows, in order to provide for an escrow fund for the defeasance of the Defeased Bonds pursuant to Section 1201(b) of the Bond Resolution:

**Section 1.** An irrevocable trust fund designated the 2021-1 Defeasance Escrow Fund (the “2021-1 Defeasance Escrow Fund”) is hereby established as a Subaccount within the Redemption Account of the Debt Service Fund established under the Bond Resolution, to be held in the custody of the Trustee as a trust fund separate and apart from all other funds of the Authority or the Trustee. The moneys in the 2021-1 Defeasance Escrow Fund shall be held in trust and are irrevocably pledged for the benefit of the registered owners of the Defeased Bonds and not for the benefit of the Authority, subject to the terms and conditions hereof and shall be applied by the Trustee solely to the payment of the principal of, interest on and Redemption Price, if applicable, of the Defeased Bonds.

**Section 2.** The Authority hereby irrevocably instructs the Trustee to transfer, on the date hereof, in accordance with the Authority’s written instructions delivered on or before the date hereof, moneys in the amount of \$30,256,772.93 to the 2021-1 Defeasance Escrow Fund from certain Subaccounts within the Redemption Account pursuant to Sections 519 and 1201(b) of the Bond Resolution. The Trustee hereby acknowledges receipt of such sums and agrees to deposit such sums on the date hereof in the 2021-1 Defeasance Escrow Fund.

**Section 3.** On the date of execution and delivery of this Agreement, the Trustee shall apply so much of the sums deposited in the 2021-1 Defeasance Escrow Fund pursuant to Section 2 hereof as shall be necessary to purchase the Defeasance Obligations (as defined in the Bond Resolution) identified in **Exhibit B** hereto, with a cash balance of \$6.93 (such Defeasance Obligations and cash collectively referred to as the “Defeasance Escrow Fund Investments”). The Authority represents and warrants to the Trustee, relying solely on the Verification Report of The Arbitrage Group, Inc., dated June 17, 2021 (the “Verification Report”), that such Defeasance Escrow Fund Investments mature and bear interest payable in such amounts and at such times as will be sufficient, without reinvestment, together with any uninvested moneys remaining in the 2021-1 Defeasance Escrow Fund after the purchase of the Defeasance Obligations, to pay when due the principal of and interest due and to become due on the Defeased Bonds on and prior to the applicable Payment Dates thereof set forth in **Exhibit A** hereto (the “Call Date or Maturity Date”) and the Trustee may rely conclusively on this representation, and shall not be liable for any insufficiency of funds. The Trustee shall hold all Defeasance Escrow Fund Investments, whether purchased or transferred, in the 2021-1 Defeasance Escrow Fund and shall apply the Defeasance Escrow Fund Investments and the proceeds thereof only for the purposes and in the manner provided in this Agreement.

**Section 4.** Pursuant to Section 602 of the Bond Resolution, the Authority hereby provides written notice to the Trustee of its election to redeem, in accordance with the terms of Article VI of the Bond Resolution and the applicable Supplemental Resolution, the Series 2013A Bonds maturing August 1, 2025 and August 1, 2026 and the Series 2018B Bonds maturing August 1, 2026, in the principal amounts and on the Payment Dates set forth on **Exhibit A** (collectively, the “Redeemed Bonds”).

Pursuant to Sections 602 and 1201(b) of the Bond Resolution the Authority hereby irrevocably instructs and directs the Trustee as follows: (i) to give written notice of redemption, in accordance with the terms of Article VI of the Bond Resolution and the applicable Supplemental Resolution, of the redemption of the Redeemed Bonds; (ii) to pay the principal of and interest on the Defeased Bonds to their applicable Call Date or Maturity Date in accordance with their terms; (ii) to pay in full the Defeased Bonds on their Call Date or Maturity Date at one hundred percent (100%) of the principal amount thereof plus accrued and unpaid interest to the Call Date or Maturity Date; (iii) to give written notice of the defeasance of the Defeased Bonds as provided in Section 1201(b)(iii) of the Bond Resolution; and (iv) otherwise to perform generally those duties assigned to the Trustee in the Bond Resolution with respect to the Defeased Bonds, as well as those duties and obligations imposed upon the Trustee in this Agreement.

**Section 5.** The Trustee shall collect on the due dates thereof the principal of and interest and premium, if any (the “Escrow Receipts”), on the Defeasance Escrow Fund Investments on deposit in the 2021-1 Defeasance Escrow Fund and shall apply the Escrow Receipts in accordance with the provisions of this Agreement. The Trustee shall without further authorization or direction apply such Escrow Receipts and uninvested cash in the 2021-1 Defeasance Escrow Fund (i) on each date up to and including the Call Date or Maturity Date of each Defeased Bond upon which an installment of interest thereon falls due, to the payment on each such date of such installment of interest on such Defeased Bond, and (ii) on the Call Date or Maturity Date of each Defeased Bond, to the payment in accordance with the Bond Resolution of the principal of, plus accrued interest to such date on such Defeased Bond. Attached to the Verification Report as Exhibit A thereto is a projection of the amounts expected to be available in the 2021-1 Defeasance Escrow Fund to pay debt service on the Defeased Bonds. Escrow Receipts not applied on each interest payment date of the Defeased Bonds as provided in clause (i) above shall remain on deposit in the 2021-1 Defeasance Escrow Fund (except as provided in Section 10 hereof) and shall be reinvested at the written direction of the Authority in Defeasance Obligations at a yield not to exceed the yield on the Defeased Bonds to which such Defeasance Obligations are allocable in accordance with Section 519 of the Bond Resolution), unless the Trustee and the Authority shall have received a Bond Counsel’s Opinion advising that a higher yield is permitted without adversely affecting the exclusion of interest on the Defeased Bonds from gross income for federal income tax purposes.

**Section 6.** Upon written direction of the Authority, subject to the conditions and limitations herein set forth, the Trustee shall sell, effect the redemption of, or otherwise dispose of the Defeasance Escrow Fund Investments in the 2021-1 Defeasance Escrow Fund (it being understood that any direction to such effect shall allow for the lapse of the applicable subscription period imposed by the United States Treasury Department in connection with the acquisition of other Defeasance Obligations), provided that there are substituted therefor other Defeasance Obligations as hereinafter provided. A sale, redemption, or other disposition and substitution of Defeasance Escrow Fund Investments pursuant to this section may be effected only by a simultaneous transaction and only if (i) the obligations to be substituted are Defeasance Obligations and such obligations, together with the Defeasance Obligations and uninvested moneys which will continue to be held in the 2021-1 Defeasance Escrow Fund will mature and will earn interest in such amounts and at such times so that sufficient moneys will be available to pay when due the principal of and interest on the Defeased Bonds that have not previously been paid (as certified by the Authority to the Trustee based on a mathematical verification prepared by a firm of independent, certified public accountants selected by the Authority and acceptable to the Trustee who are recognized on a nationwide basis for skill and expertise in the preparation of such verifications (“Qualified Accountants”)), and (ii) the Trustee receives a Bond Counsel’s Opinion that such transaction will not cause interest on the Defeased Bonds to be included in gross income of the registered owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, or any successor statute of similar import then in effect. The Authority will supply copies of all materials provided to the Trustee under this Section 6 to any Rating Agency that maintains a rating on the Defeased Bonds.

**Section 7.** Except for the obligations of the Authority to the Trustee set forth in Sections 11 and 12 hereof, this Agreement shall terminate when the principal of and interest on the

Defeased Bonds shall have been paid or set aside for payment to the persons entitled thereto in accordance with the provisions of the Bond Resolution. Any amounts held by the Trustee on the termination of this Agreement and not required to pay any reasonable fees, compensation and expenses of the Trustee under this Agreement shall be paid promptly over to the Authority upon its written request.

**Section 8.** The obligation and liability of the Trustee to make the payments and transfers required by this Agreement shall be limited to the Defeasance Escrow Fund Investments and amounts realized thereon, deficiency payments, if any, made by the Authority pursuant to Section 9, and the moneys on deposit with the Trustee pursuant to this Agreement. The Trustee shall not be liable for any loss resulting from any investment made pursuant to this Agreement in compliance with the provisions hereof or for any verification report. The Trustee shall have no lien on the 2021-1 Defeasance Escrow Fund for the payment of sums due it.

**Section 9.** If, on any date upon which an installment of principal of or interest on the Defeased Bonds falls due, the amount of Escrow Receipts then due and collected by the Trustee on the Defeasance Escrow Fund Investments together with other funds on deposit in the 2021-1 Defeasance Escrow Fund shall be insufficient to pay in full such installment of principal of or accrued interest on the Defeased Bonds, the Trustee shall notify the Authority immediately upon becoming aware of such deficiency and the Authority shall supply the amount of such deficiency by depositing cash into the 2021-1 Defeasance Escrow Fund within the earlier of seven (7) days of such notification by the Trustee or the date upon which such installment becomes due.

**Section 10.** If, on any date, the 2021-1 Defeasance Escrow Fund contains moneys which will not be required for the payment of installments of interest on or the principal of the Defeased Bonds, the Authority may request that such moneys be paid into the Revenue Fund, provided that before requesting any such payment prior to the Call Date or Maturity Date, the Authority shall certify to the Trustee, based solely upon a mathematical verification report to be supplied to the Trustee from a firm of Qualified Accountants, that the amounts of moneys and investments remaining in the 2021-1 Defeasance Escrow Fund after such payment will mature and will earn interest in such amounts and at such times so that sufficient moneys will be available to pay when due in accordance with Section 5 hereof all installments of principal of and interest on the Defeased Bonds which remain outstanding after the payment and the Trustee may rely conclusively on such certification, and shall not be liable for any insufficiency of funds. The Authority will supply copies of all materials provided to the Trustee under this Section 10 to any Rating Agency that maintains a rating on the Defeased Bonds.

**Section 11.** The Authority shall pay when billed all reasonable fees, compensation and expenses of the Trustee arising out of its performance of this Agreement, including reasonable fees for the Trustee's legal counsel. The Trustee, by its execution hereof, agrees that the provisions of the foregoing sentence and the provisions in the last sentence of Section 7 hereof are satisfactory to it. Under no circumstances shall the Trustee assert a lien on any moneys in the 2021-1 Defeasance Escrow Fund for any of its fees, compensation or expenses.

**Section 12.** The Authority agrees to indemnify the Trustee for, and to hold it harmless against, any depreciation, loss, liability or expense incurred without gross negligence or bad faith on the part of the Trustee arising out of or in connection with this Agreement or any action taken under or contemplated by this Agreement.

**Section 13.** The Trustee agrees to perform all the duties and obligations imposed upon it by this Agreement as well as those provisions of the Bond Resolution applicable to the performance of this Agreement.

**Section 14.** The Trustee, solely in reliance upon (i) the irrevocable directions and written notice contained in Section 4 of this Agreement and (ii) an opinion of Greenberg Traurig, LLP, Bond Counsel to the Authority, of even date herewith, relating to the defeasance of the Defeased Bonds, agrees that, upon execution of this Agreement by the parties hereto and receipt of the Defeasance Escrow Fund Investment by the Trustee, the Defeased Bonds will be defeased within the meaning of Section 1201(b) of the Bond Resolution and will no longer be Outstanding within the meaning of Section 101 of the Bond Resolution.

**Section 15.** If any one or more of the covenants or agreements provided in this Agreement on the part of the Authority or the Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

**Section 16.** This Agreement shall be construed and interpreted in accordance with the laws of The Commonwealth of Massachusetts and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in The Commonwealth of Massachusetts.

**Section 17.** The Authority and the Trustee acknowledge and agree that the Trustee shall perform its obligations under this Agreement in its capacity as Trustee under the Bond Resolution and the Trustee, in acting hereunder, shall be entitled to all of the protections, immunities and rights granted to it under the Bond Resolution. Although (upon satisfaction of the conditions set forth in Section 14 hereof) the Defeased Bonds will be deemed paid within the meaning of Section 1201 of the Bond Resolution, such that they no longer will be entitled to any benefit under the Bond Resolution, certain duties, rights and obligations provided for in the Bond Resolution (including, without limitation, the replacement of lost, mutilated, stolen or destroyed bonds, the payment of interest and principal on the due dates thereof, the transfer and exchange and registration of bonds from time to time, and all rights, immunities, indemnities and protections of the Trustee) must, by their nature, be performed by or for the benefit of the Trustee after the defeasance of the Defeased Bonds and, accordingly, the Authority and the Trustee agree to be bound by and comply with such provisions of the Bond Resolution until the actual payment in full of the Defeased Bonds.

**Section 18.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original; but such counterparts together shall constitute one and the same instrument. Counterparts may be executed and delivered via facsimile, electronic mail or

other transmission method and may be executed by electronic signature (including, without limitation, any .pdf file, .jpeg file, or any other electronic or image file, or any “electronic signature” as defined under the Uniform Electronic Transactions Act, which includes any electronic signature provided using Orbit, Adobe Sign, DocuSign, or any other similar platform identified by the Authority and reasonably available at no undue burden or expense to the Trustee) and any counterpart so delivered shall be valid, effective and legally binding as if such electronic signatures were handwritten signatures and shall be deemed to have been duly and validly delivered for all purposes hereunder. Delivery of an executed counterpart of this instrument by facsimile, electronic mail or other transmission method shall be effective as delivery of a manually executed counterpart of this instrument.

**Section 19.** This Agreement may be amended only by written instrument executed on behalf of both the Authority and the Trustee. No amendment of this Agreement shall take effect until written notice thereof shall have been provided to each Rating Agency that maintains a rating on the Defeased Bonds.

*[Remainder of this page intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their proper officers thereunto duly authorized as of the date and year first above written.

MASSACHUSETTS WATER RESOURCES  
AUTHORITY

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By:   
Treasurer

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

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their proper officers thereunto duly authorized as of the date and year first above written.

MASSACHUSETTS WATER RESOURCES  
AUTHORITY

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Treasurer

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



## EXHIBIT A

### TABLE OF DEFEASED BONDS

The Prior Bonds of the Authority to be defeased are described below.

<b>Bonds</b>	<b>Maturity (August 1)</b>	<b>Defeased Par</b>	<b>Defeased Bond CUSIP</b>	<b>Payment Date (August 1)</b>
General Revenue Refunding Bonds, 2013 Series A	2025	\$ 285,000	576051GS9	2023
	2026	355,000	576051GT7	2023
General Revenue Bonds, 2017 Series B	2026	2,345,000	576051QZ2	2026
General Revenue Refunding Bonds, 2017 Series C	2023	9,000,000	576051RX6	2023
	2026	3,500,000	576051SA5	2026
General Revenue Bonds, 2018 Series B	2024	3,190,000	576051SN7	2024
	2026	3,510,000	576051SQ0	2025
General Revenue Bonds, 2020 Series B	2024	3,825,000	576051WR3	2024

**EXHIBIT B**

**TABLE OF DEFEASANCE ESCROW FUND INVESTMENTS**

<b>Security Type</b>	<b>Principal Amount</b>	<b>Interest Rate (%)</b>	<b>Maturity Date</b>	<b>First Interest Payment Date</b>
Certificate	\$ 616,973.00	0.00%	08/01/2021	08/01/2021
Certificate	574,160.00	0.03	02/01/2022	02/01/2022
Note	574,270.00	0.50	08/01/2022	08/01/2021
Note	574,413.00	0.10	02/01/2023	08/01/2021
Note	10,214,701.00	0.16	08/01/2023	08/01/2021
Note	345,071.00	0.24	02/01/2024	08/01/2021
Note	7,360,486.00	0.34	08/01/2024	08/01/2021
Note	198,574.00	0.45	02/01/2025	08/01/2021
Note	3,709,021.00	0.57	08/01/2025	08/01/2021
Note	121,842.00	0.68	02/01/2026	08/01/2021
Note	5,967,255.00	0.80	08/01/2026	08/01/2021