



TD Bank
America's Most Convenient Bank®
Global Trade Finance
6000 Atrium Way
Mount Laurel, NJ 08054
T 888 751 9000
F 856 533 6545

tdbank.com

April 8, 2016

TD Bank, N.A.
Attn: Thomas Horsman
370 Main Street
Worcester, MA 01608

Re: **Irrevocable Standby Letter of Credit No. 20007255**
Massachusetts Water Resources Authority

Dear Mr. Horsman:

Enclosed is the original of above referenced Letter of Credit issued in favor of U.S. Bank, National Association which we understand you will hold in escrow until closing.

Please address all correspondence regarding this letter of credit to:

TD Bank, N.A.
Attn: Global Trade Finance
Standby Letter of Credit
6000 Atrium Way
Mt. Laurel, NJ 08054

Be sure to mention our letter of credit number in any correspondence.

If you have any questions, please call me at **1-856-533-6563**, Monday through Friday, 9am - 5pm. Thank you for your cooperation.

Sincerely,

Diane Ruch
Standby Letter of Credit Department

Encl.

cc: Massachusetts Water Resources Authority



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IRREVOCABLE DIRECT PAY LETTER OF CREDIT NO 20007255

Dated: April 12, 2016

ISSUING BANK:

TD Bank, N.A.
6000 Atrium Way
Mt. Laurel, NJ 08054

BENEFICIARY:

U.S. Bank, National Association, as Issuing
and Paying Agent
Attn: Alison Nadeau
Corporate Trust Services
One Federal Street, 3rd Fl.
Boston, MA 02201

APPLICANT:

Massachusetts Water Resources Authority
100 First Avenue
Charlestown Navy Yard
Boston, MA 02129

Amount/Currency:
USD \$161,095,891

Date and Place of Expiry:
April 12, 2019
Mt. Laurel, NJ

At the request and pursuant to the instructions of the Massachusetts Water Resources Authority (the "Authority"), we hereby establish for the account of the Authority, in your favor, as Issuing and Paying Agent (the "Issuing and Paying Agent"), pursuant to an Issuing and Paying Agent Agreement, dated as of April 12, 2016, between you and the Authority (together with all amendments and supplements thereto, the "Issuing and Paying Agent Agreement") and under the Authority's Sixty-Ninth Supplemental Resolution Authorizing The Issuance of \$150,000,000 Tax Exempt Commercial Paper Notes, Series 2016, adopted on October 14, 2015 (together with all supplements and amendments thereto, the "Commercial Paper Resolution"), pursuant to which the Authority's Tax Exempt Commercial Paper Notes, Series 2016 (including Notes issued for the purpose of refunding such Notes, the "Notes") are authorized to be issued, for the benefit of the holders of the Notes, our Irrevocable Direct Pay Letter of Credit No. 20007255 (this "Letter of Credit") in an initial stated amount equal to \$161,095,891 (the "Stated Amount") of which (i) an amount not exceeding \$150,000,000 may be drawn upon by the Issuing and Paying Agent for Principal Drawings, as defined below, and (ii) an amount not exceeding \$11,095,891 (said amount being equal to 270 days of interest on the Notes at an interest rate of ten percent (10%) per annum calculated on the basis of a 365-day year) may be drawn upon for Interest Drawings (as defined below).



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This Letter of Credit shall expire on the close of business on April 12, 2019 (the "Letter of Credit Expiration Date"); provided that this Letter of Credit may be extended upon our delivery to you of a Notice of Extension substantially in the form attached hereto as Annex A. Notwithstanding the foregoing, this Letter of Credit shall expire earlier than the Letter of Credit Expiration Date upon the date as of which this Letter of Credit is canceled by notice from the Authority and the Issuing and Paying Agent to us substantially in the form of the certificate attached hereto Annex B. In the event that the Letter of Credit Expiration Date as specified in this paragraph shall be scheduled to occur on a date other than a Business Day (as defined below), this Letter of Credit shall expire on the close of business on the Business Day next following the scheduled date of expiration. For purposes of this Letter of Credit, the term "Letter of Credit and Reimbursement Agreement" shall mean the Letter of Credit and Reimbursement Agreement, dated as of April 1, 2016 between the Authority and us, and all terms not otherwise defined herein shall have the meanings assigned thereto in said Agreement.

Drawings may be made under this Letter of Credit in accordance with the terms hereof as hereinafter set forth. Multiple Drawings may be made under this Letter of Credit; provided that each Drawing honored by us shall reduce the Stated Amount available to be drawn under this Letter of Credit as of the date of any Drawing by the amount of such Drawing. After (i) any reduction of the Stated Amount to be drawn under this Letter of Credit as provided herein below or pursuant to Section 2.1(e) of the Letter of Credit and Reimbursement Agreement or (ii) any extension of the Letter of Credit Expiration Date, we may, at our option, deliver to the Issuing and Paying Agent a substitute letter of credit in an amount equal to the undrawn amount under this Letter of Credit reflecting the extended expiration date or we may, at our option, deliver a substitute letter of credit reflecting the reduction in the Stated Amount (but otherwise having terms identical to this Letter of Credit), in each case, upon surrender to us by the Issuing and Paying Agent of this Letter of Credit. No Drawing under this Letter of Credit shall be honored in an amount exceeding the Stated Amount to be drawn under this Letter of Credit at the time of such Drawing.

Funds under this Letter of Credit are available to you, as the Issuing and Paying Agent, against sight drafts drawn on and presented to us in the form of Annex C attached hereto, purportedly signed by one of your duly authorized officers and accompanied by our signed written certificate in the form of Annex D attached hereto appropriately completed, which certificate will indicate the amount of such Drawing related to the payment of principal of the Notes (a "Principal Drawing") and the amount of such Drawing related to the payment of interest on the Notes (an "Interest Drawing").

Each Principal Drawing and Interest Drawing may be delivered to us in person, by mail, by a delivery service or by telecopy transmission at such number as is indicated below or as we shall notify you in writing from time to time. Such a Drawing shall be deemed to have been presented on the date actually received by us. The certifications you are required to submit to us along with each such Drawing should be prepared either (y) in the form of a letter on your letterhead purportedly signed by your authorized officer or (z) in the form of a facsimile copy of such a letter sent by one of your authorized officers to the following number (with the original of



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any such certifications, drafts and letters to be delivered to us on the next succeeding Business Day):

Drawings in respect of payments hereunder honored by us shall not, in the aggregate, exceed the Stated Amount, as the Stated Amount may have been reduced or reinstated by us as set forth below. Subject to such reinstatement, each such Drawing honored by the Bank hereunder shall reduce the Stated Amount under this Letter of Credit by the amount of such Drawing.

After an Interest Drawing, our obligation to honor drawings under this Letter of Credit with respect to interest on Notes will be automatically reinstated on the date of our receipt of the reimbursement of all amounts due to us with respect to such Interest Drawing (in accordance with the terms of the Letter of Credit and Reimbursement Agreement), such reinstatement to be in an amount equal to the amount of such Interest Drawing.

After a Principal Drawing, our obligation to honor Drawings under this Letter of Credit with respect to the payment of principal of the Notes will be automatically reinstated on the date of our receipt of the reimbursement of all amounts due to us with respect to such Principal Drawing (in accordance with the terms of the Letter of Credit and Reimbursement Agreement), such reinstatement to be in an amount equal to the amount of such Principal Drawing.

Subject to the foregoing and the further provisions of this Letter of Credit, payment under this Letter of Credit may be demanded by the Issuing and Paying Agent by presentation on a "Business Day" at the office of TD Bank, 6000 Atrium Way, Mount Laurel, NJ 08054 Attention: Global Trade Finance, Telephone: (856) 533-6563, Telecopier: (856) 533-6545 (or such other location or the attention of such other individual as we shall specify by notice to the Issuing and Paying Agent and the Authority) of such sight draft and certificate(s). For purposes of this Letter of Credit, a "Business Day" shall mean any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in the State of New York or The Commonwealth of Massachusetts are authorized or required to close, (iii) a day on which the Issuing and Paying Agent is required or authorized by law to be closed, or (iv) a day on which the New York Stock Exchange is closed. We will pay all drawings under this Letter of Credit with our own funds as provided herein.

If the certificate in the form of Annex D presented indicates that that we shall effect payment in immediately available funds; we shall effect payment in immediately available funds, we will initiate the wire transfer of such payment no later than 2:00 P.M. (New York City time) on the same day (or such later date as is indicated) the draft and certificate are received if received no later than 12:30 P.M. (New York City time) or no later than 2:00 P.M. (New York City time) on the next Business Day (or such later date as is indicated) if received thereafter.



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If a demand for payment made by the Issuing and Paying Agent does not conform to the terms and conditions of this Letter of Credit, we will notify the Issuing and Paying Agent thereof, by notice in electronic, telephonic or written (including bank wire, telegram, telecopier, telex or similar writing) form, within six hours (including only hours or portion thereof occurring between 9:00 A.M. and 5:00 P.M. (New York City time) on a Business Day) after our receipt of such demand for payment, and any such electronic or telephonic notice shall be promptly confirmed by written notice to the Issuing and Paying Agent and the Authority. Any such notice shall state that the purported negotiation was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefor and that we are holding any documents at your disposal or are returning the same to you, as we may elect. Upon being notified that the purported negotiation was not effected in accordance with this Letter of Credit, you may attempt to correct any such nonconforming demand for payment if, and to the extent that, you are entitled without regard to the provisions of this sentence and you are able to do so.

This Letter of Credit sets forth in full terms of our undertaking and shall not in any way be amended, amplified or limited by reference to any document, instrument or agreement referred to herein or which this Letter of Credit is referred to or to which this Letter of Credit relates, except for the certificates referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificates.

This Letter of Credit is transferable and retransferable in its entirety (but not in part) to any transferee who has succeeded you as Issuing and Paying Agent pursuant to the Commercial Paper Resolution and may be successively transferred. Transfer of this Letter of Credit to such transferee shall be effected by the presentation to such successor Issuing and Paying Agent of this Letter of Credit and delivery to us of a certificate substantially in the form of Annex E to this Letter of Credit. After any such transfer of this Letter of Credit, we may at our option deliver to the successor Issuing and Paying Agent a substitute letter of credit in an amount equal to the Stated Amount of this Letter of Credit and having terms identical to this Letter of Credit upon surrender to us of this Letter of Credit, or may endorse the Letter of Credit to the transferee.

Only the Issuing and Paying Agent or transferee who has succeeded you as Issuing and Paying Agent under the Commercial Paper Resolution may make a Drawing under this Letter of Credit. Upon the termination of this Letter of Credit we shall be fully discharged of our obligation hereunder. This Letter of Credit shall be promptly surrendered to us by the Issuing and Paying Agent or your transferee upon such termination.

To the extent consistent with the express provisions hereof, this letter of credit shall be governed by and construed in accordance with the uniform customs and practices for Documentary Credits (2007 revision), International Chamber of Commerce Publication No. 600, or any successor publication thereto (the "UCP") and, to the extent consistent with the UCP and the express provisions hereof, the laws of the Commonwealth of Massachusetts.



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This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Note Documents and the Notes), except only the certificate(s), the sight drafts and the UCP referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificate(s) and such sight draft(s).

Communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at the address set forth above specifically referring to the number of this Letter of Credit.

TD Bank, N.A.

A handwritten signature in cursive script, appearing to read "Diane Ruch".

Diane Ruch
Vice President



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ANNEX A

NOTICE OF EXTENSION

Massachusetts Water Resources Authority
100 First Avenue
Charlestown Navy Yard
Boston, MA 02129

U.S. Bank, National Association
Corporate Trust Services
Attention: Alison Nadeau
One Federal Street, 3rd floor
Boston, MA 02210

Ladies and Gentlemen:

TD Bank, N.A. hereby extends the stated expiration date of its Irrevocable Direct Pay Letter of Credit No. 20007255 to _____.

TD BANK, N.A.

By: _____

Name:

Title:



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ANNEX B

CERTIFICATE OF CANCELLATION

TD BANK, N.A.
6000 Atrium Way
Mount Laurel, NJ 08054

Attention: Standby Letter of Credit Department

Re: Irrevocable Direct Pay Letter of Credit No. 20007255

Ladies and Gentlemen:

The undersigned, a duly authorized officer of U.S. Bank, National Association (the "Issuing and Paying Agent"), hereby surrenders the above-referenced Letter of Credit to you for cancellation and hereby instructs you to cancel the same, effective on the date of your receipt of this Certificate.

By its execution hereof, the Massachusetts Water Resources Authority hereby certifies to the Bank and to the Issuing and Paying Agent that all conditions precedent to the cancellation of the Letter of Credit have been satisfied and that after giving effect to the cancellation of the Letter of Credit there shall be no Notes outstanding except Notes (if any) that were not sold in reliance on the Letter of Credit and hereby joins in the Issuing and Paying Agent's instructions to the Bank to cancel the same.

All capitalized terms used herein and not defined shall have the respective meanings assigned to such terms in the above referenced Letter of Credit.

IN WITNESS WHEREOF, the Issuing and Paying Agent and the Massachusetts Water Resources Authority have executed and delivered this Certificate as of the ____ day of _____

U.S. BANK, NATIONAL ASSOCIATION, as Issuing
and Paying Agent

By: _____
Name:
Title:



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ANNEX C

FORM OF DRAFT

Dated: _____

TD BANK, N.A.
6000 Atrium Way
Mount Laurel, NJ 08054

Attention: Standby Letter of Credit Department

Re: Irrevocable Direct Pay Letter of Credit No. 20007255

Pay to the order of U.S. Bank, National Association the amount of \$ _____ drawn on TD Bank, N.A., as issuer of its Irrevocable Direct Pay Letter of Credit No. _____ dated _____. Funds payable to the Issuing and Paying Agent shall be wired to ABA No. _____ for credit to _____, Account No. _____, Ref: _____.

U.S. BANK, NATIONAL ASSOCIATION, as Issuing
and Paying Agent

By: _____
Name:
Title:



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ANNEX D

CERTIFICATE FOR PRINCIPAL AND INTEREST DRAWING

TD Bank, N.A.
6000 Atrium Way
Mount Laurel, NJ 08054

Attention: Standby Letter of Credit Department

Re: Irrevocable Direct Pay Letter of Credit No. 20007255

Ladies and Gentlemen:

The undersigned, a duly authorized officer of U.S. Bank, National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent"), hereby certifies to TD Bank, N.A. (the "Bank"), that:

(1) The Issuing and Paying Agent is the Issuing and Paying Agent under the Commercial Paper Resolution.

(2) The Issuing and Paying Agent is making a drawing under the above referenced Letter of Credit pursuant to the sight draft accompanying this certificate in the amount of \$_____ to provide moneys to pay \$_____ principal amount of the Notes at their maturity and to pay \$_____ of accrued interest on such Notes which is due and payable pursuant to and in accordance with the Commercial Paper Resolution.

(3) The amounts demanded hereby do not exceed the amounts available for their respective purpose on the date hereof to be drawn for such purpose under the above referenced Letter of Credit.

(4) The Notes, the principal of which is being paid by the Issuing and Paying Agent (i) have become due and payable pursuant to and in accordance with the Commercial Paper Resolution, and (ii) were issued prior to receipt of any notice from you under Section 2.1(c) or 7.2 of the Letter of Credit and Reimbursement Agreement declaring your obligation to permit Drawings under the Letter of Credit to be terminated except with respect to Notes issued prior to receipt of such notice (or on or prior to such date if notice was not received before 9:30 A.M. (New York City time)).

(5) (a) Upon receipt by the Issuing and Paying Agent of the amount demanded hereby, the Issuing and Paying Agent will apply \$_____ directly to the payment of the principal amount of the Notes which is due and payable and \$_____ directly to the payment of accrued interest on such Notes which is due and payable, and (b) no portion of said amount in 5(a) above, shall be commingled with other funds held by the Issuing and Paying Agent, and (c) no portion of said amount in 5(a) above shall be applied by the Issuing and Paying Agent for any purpose other than as set forth herein.



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(6) The amount of the drawing accompanying this Certificate was computed in accordance with the terms and conditions of the Letter of Credit and the Commercial Paper Resolution.

(7) This Drawing will be effected by means of wire transfer.

All capitalized terms used herein and not defined shall have the respective meanings assigned to such terms in the above referenced Letter of Credit.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate as of the _____ day of _____.

U.S. BANK, NATIONAL ASSOCIATION, as Issuing
and Paying Agent

By: _____

Name:

Title:



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ANNEX E
NOTICE OF TERMINATION BY ISSUING BANK

Date: _____

Massachusetts Water Resources Authority

Goldman, Sachs & Co.
 200 West Street, 5th Floor
 New York, NY 10282

U.S. Bank, National Association

Morgan Stanley & Co.
 85 Broad Street
 New York, NY 10004

Re: Irrevocable Direct Pay Letter of Credit No. 20007255

Capitalized terms are used with the meanings set forth for those terms in the Letter of Credit referred to above. We hereby terminate your ability to make Drawings with respect to the Letter of Credit referred to above, provided that this notice shall not terminate your ability to make Drawings with respect to (i) Notes issued prior to the date of receipt of this notice if this notice is received by you prior to 9:30 A.M. (New York City time) on such date, and (2) Notes issued on or prior to the date of receipt of this notice if this notice is received by you after 9:30 A.M. (New York City time) on such date.

As provided in subsection 7.2(ii) of the Letter of Credit and Reimbursement Agreement, the Stated Amount of the Letter of Credit is hereby reduced to the amount of outstanding Notes supported by this Letter of Credit (as set forth in your notice to us referred to below) and interest payable thereon at maturity of such Notes, and the Stated Amount hereof shall be automatically further reduced as such outstanding Notes are paid. Further, we hereby instruct the Issuing and Paying Agent to stop issuing and delivering Notes, which termination and instruction shall take effect as of the commencement of business on the Business Day next following the Business Day on which this notice is received by you or, if this notice is received by you prior to 9:30 AM, New York time, on a Business Day, at the time this notice is received by you.

As provided in the Issuing and Paying Agent Agreement, upon receipt of this notice, you shall notify us no later than the Business Day immediately succeeding the date you receive such notice as to (i) the aggregate principal amount of Notes outstanding as of the close of business on the date you receive such notice, (ii) the amount of interest payable with respect to such Notes on the respective maturity date(s) thereof, and (iii) the applicable maturity dates of such Notes.

Very truly yours,

TD BANK, N.A.

By: _____

Name:

Title:



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ANNEX F
INSTRUCTION TO TRANSFER

Date: _____

TD Bank, N.A.
 6000 Atrium Way
 Mount Laurel, NJ 08054

Attention: Standby Letter of Credit Department

Re: Irrevocable Direct Pay Letter of Credit No. 20007255

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably advises you that it transferred to:

 (Name of Transferee)

 (Address)

all rights of the undersigned beneficiary to draw under the above-captioned Letter of Credit. The transferee has succeeded the undersigned as Issuing and Paying Agent under the Commercial Paper Resolution (as defined in the Letter of Credit). Accordingly, all payments to [name of successor Issuing and Paying Agent] under the Letter of Credit should be made to [account and name].

By this transfer, all rights of the undersigned beneficiary in the Letter of Credit are transferred to the transferee and the transferee shall hereafter have the sole rights as beneficiary thereof; provided, however, that no rights shall be deemed to have been transferred to the transferee until such transfer complies with the requirements of the Letter of Credit and the Commercial Paper Resolution pertaining to transfers.

Very truly yours,

U.S. Bank, National Association, as predecessor
 Issuing and Paying Agent

By: _____

Name:

Title:



