

SENATE No. 2163

The Commonwealth of Massachusetts

PRESENTED BY:

Julian Cyr

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act establishing the Cape Cod Water Protection Trust.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
<i>Julian Cyr</i>	<i>Cape and Islands</i>	
<i>Sarah K. Peake</i>	<i>4th Barnstable</i>	<i>7/13/2017</i>
<i>Dylan Fernandes</i>	<i>Barnstable, Dukes and Nantucket</i>	<i>7/20/2017</i>
<i>Randy Hunt</i>	<i>5th Barnstable</i>	<i>7/20/2017</i>

SENATE No. 2163

By Mr. Cyr, a petition (accompanied by bill, Senate, No. 2163) (subject to Joint Rule 12) of Julian Cyr, Sarah K. Peake, Dylan Fernandes and Randy Hunt for legislation to establish the Cape Cod Water Protection Trust. Environment, Natural Resources and Agriculture.

The Commonwealth of Massachusetts

**In the One Hundred and Ninetieth General Court
(2017-2018)**

An Act establishing the Cape Cod Water Protection Trust.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 21 of the General Laws, as appearing in the 2016 Official Edition,
2 is hereby amended by adding after section 27A, the following new section:-

3 Section 27B. (a) As used in this section, the following words shall have the following
4 meanings unless the context clearly indicates otherwise:

5 "Board", the board of trustees of the Cape Cod Water Protection Trust.

6 "Bond act", a general or special law authorizing a local governmental unit to incur
7 indebtedness for all or a part of the cost of a clean water or water pollution abatement project.

8 "Bonds", bonds, notes or other evidences of indebtedness of the trust.

9 "Clean Water Act", the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq.

10 “Clean water project”, a project intended to improve or protect water quality including,
11 but not limited to, a water pollution abatement project or a septic system maintenance and repair
12 program or a project listed in an approved 208 regionwide water quality plan adopted pursuant to
13 the Clean Water Act.

14 “Clean Water Project Administration Fund”, a fund from which operating costs of the
15 trust shall be charged; provided, however, that such costs shall include the hiring of personnel,
16 the execution of contracts and such other costs as may be necessary for the operations of the
17 fund; and provided further, that not more than 4 per cent of the amount in the fund shall be
18 expended for operating costs.

19 "Cost", as applied to a clean water project, any costs to a local governmental unit,
20 whenever incurred, which is approved by the department in accordance with section 27A of
21 chapter 21 of the General Laws, of carrying out a project including, without limiting the
22 generality of the foregoing, costs for the planning, preparation of studies and surveys, design,
23 construction, expansion, facilities, improvement and rehabilitation, acquisition of real property,
24 personal property, materials, machinery or equipment, start-up costs, demolitions and
25 relocations, reasonable reserves and working capital, interest on loans, local governmental
26 obligations and notes in anticipation thereof prior to and during construction of the project or
27 prior to the date of such loan, if later, administrative, legal and financing expenses and other
28 expenses necessary or incidental to the aforesaid.

29 "Department", the department of environmental protection.

30 "Eligible recipient", with respect to a clean water project, a local governmental unit
31 authorized to own, operate, finance or otherwise implement a clean water project and, with

32 respect to a drinking water project, a local governmental unit or any other person, public or
33 private, authorized to own, operate, finance or otherwise implement a drinking water project.

34 "Financial assistance or other forms of financial assistance", a type of assistance provided
35 to or on behalf of an eligible local governmental unit as authorized by Title VI of the Clean
36 Water Act.

37 "Fund", the Cape Cod Water Protection Fund.

38 "General revenues", when used with reference to a local governmental unit, any revenues,
39 receipts, assessments and other money of a local governmental unit and all rights to receive the
40 same including, without limitation: (i) revenue as defined in section 1 of chapter 44 of the
41 General Laws; (ii) local system revenues; (iii) assessments upon or payments received from any
42 other local governmental unit that is a member or service recipient of the local governmental
43 unit; (iv) proceeds of loans made in accordance with this section and proceeds of grants made in
44 accordance with section 33E of chapter 21 of the General Laws; (v) investment earnings, (vi)
45 reserves for debt service or other capital or current expenses; (vii) receipts from any tax, excise
46 or fee, all or a part of which are payable or distributable to or for the account of the local
47 governmental unit; (viii) local aid distributions; and (ix) receipts, distributions, reimbursements
48 and other assistance from the federal government; provided, however, that "general revenues"
49 shall not include any money restricted by law to specific statutorily defined purposes inconsistent
50 with their treatment as general revenues for the purposes of this section.

51 "Loan", a form of financial assistance subject to repayment in whole or in part that is
52 provided by the trust to a local governmental unit or other eligible borrower for all or any part of
53 the cost of a clean water project or a drinking water project, as applicable. A loan may: (i)

54 provide for planning, construction, bridge or permanent financing; (ii) be disbursed in
55 anticipation of reimbursement of or direct payment of costs of a project or take the form of a
56 guarantee, line of credit, bond purchase agreement or other form of financial assistance; and (iii)
57 be issued at such rates of interest including, but not limited to, variable rates and zero interest,
58 may mature at such times and may be redeemable at the option of the board or the local
59 governmental unit or other eligible borrower, all as may be determined in accordance with this
60 section.

61 "Loan agreement", an agreement entered into between the trust and a local governmental
62 unit or other eligible borrower pertaining to a loan or the purchase and delivery of local
63 governmental obligations or other instruments evidencing or securing a loan; provided, however,
64 that a "loan agreement" may contain, in addition to financial terms, provisions relating to the
65 regulation and supervision of a clean water project or the wastewater system of which it is a part;
66 and provided further, that "loan agreement" shall include, but not be limited to including, a loan
67 agreement, trust agreement, trust indenture, security agreement, reimbursement agreement,
68 guarantee agreement, bond or note resolution, loan order or similar instrument whether secured
69 or unsecured.

70 "Local governmental obligations", bonds, notes or other evidences of indebtedness issued
71 by a local governmental unit to evidence a loan.

72 "Local governmental unit", a city, town, district, commission, agency or board in
73 Barnstable and Nantucket counties and in the county of Dukes County; provided, however, that
74 "Local governmental unit shall not include a county.

75 "Local system revenues", rates, rents, fees, assessments, charges and other receipts
76 derived or to be derived by a local governmental unit from any water pollution abatement
77 projects, any system of which such projects are a part and any other revenue producing facilities
78 under its ownership or control or from the services provided thereby including, but not limited
79 to, the proceeds of grants, gifts, appropriations and loans, including the proceeds of loans or
80 grants made by the trust or the department, investment earnings, reserves for capital and current
81 expenses, proceeds of insurance or condemnation and the sale or other disposition of property

82 "Regional local governmental unit", a local governmental unit or at least 2 municipalities
83 operating under the terms of an intermunicipal agreement or as a joint powers entity which
84 provides wastewater collection, treatment or nutrient management services either on a wholesale
85 or retail basis to service recipients in those municipalities, or designated parts thereof, and which
86 derives all or part of its general revenue or local system revenues by assessment or other charge
87 on those municipalities.

88 "Revenues", when used with reference to the trust, any receipts, fees, revenues or other
89 payments received or to be received by the trust including, but not limited to, receipts and other
90 payments received by or deposited in the fund, payments of principal, interest or other charges
91 on loans, grants, appropriations or other assistance from the commonwealth or the federal
92 government or any political subdivision or instrumentality of either of them, investment earnings
93 on its funds and accounts including, but not limited to, the fund, and any other fees, charges or
94 other income received or receivable by the trust or the fund.

95 "Trust", the Cape Cod Water Protection Trust.

96 "Trust agreement", an agreement entered into by a board providing for the issuance,
97 security and payment of bonds; provided, however, that "trust agreement" shall include a trust
98 agreement, trust indenture, security agreement, reimbursement agreement, currency or interest
99 rate exchange agreement, bond or note resolution or other similar instrument.

100 "208 plan", an areawide waste treatment management plan in Barnstable and Nantucket
101 counties and in the county of Dukes County that is certified by the governor or the governor's
102 designee and approved by EPA pursuant to the Clean Water Act.

103 "Water pollution abatement project", any abatement facilities including, but not limited
104 to, rehabilitation of abatement facilities to remove, curtail or otherwise mitigate infiltration and
105 inflow, collection systems, treatment works and facilities as defined in section 26A of chapter 21
106 of the General Laws and any eligible facilities or projects and technologies consistent with those
107 listed in an approved 208 plan for implementation of a nonpoint source pollution control
108 management program or estuary conservation and management plan pursuant to the Clean Water
109 Act.

110 (b)(1) There shall a Cape Cod Water Protection Trust to be administered by an unpaid
111 board of trustees. The board shall consist of 2 persons to be appointed by the governor, of whom
112 1 shall have expertise in municipal finance and 1 shall be a representative of a regional
113 environmental organization on Cape Cod, and 1 person to be appointed by each board of
114 selectmen or town council in each of the municipalities within the area covered by an approved
115 regionwide 208 plan; provided, however, that the appointees by the boards of selectmen or town
116 councils shall be either members of their respective appointing authority or its town manager or
117 administrator. The trust shall administer the fund.

118 (2) Each municipality within Barnstable county shall be a member of the trust and each
119 membership in the trust shall be confirmed by an affirmative vote of the board of selectmen or
120 town council in the respective municipalities or upon the acceptance by each municipality of a
121 local option funding source designated to be deposited in the fund. Municipalities in the county
122 of Dukes County or Nantucket county may elect to become members of the trust if the
123 municipality has a comprehensive wastewater management plan approved by the department or
124 the department determines that the project is consistent with a regional water resources
125 management plan, including but not limited to a 208 plan, if such a plan exists and by affirmative
126 vote of their respective boards of selectmen. Upon membership of a municipality in Nantucket
127 county or the county of Dukes County, the definitions of “trust” and “fund” shall include the
128 Islands. Each member of the board shall serve for a term of 3 years and until a successor is
129 appointed and qualified and each member of the board shall be eligible for reappointment. Each
130 member of the board of directors appointed to fill a vacancy on the board shall be appointed for
131 the unexpired term of the vacant position. Each member of the board of directors before entering
132 upon his duties shall take an oath to administer the duties of office faithfully and impartially and
133 a record of such oaths shall be filed in the office of the secretary of the commonwealth. Any
134 member of the board of directors may be removed by the appointing authority for misfeasance,
135 malfeasance or willful neglect of duty upon the filing by the appointing authority with the
136 secretary of the commonwealth of a statement of facts and circumstances which form the basis
137 for such removal. The exercise by the trust and by the board thereof of the powers conferred by
138 this section shall be deemed to be the performance of an essential public function.

139 (3) The governor shall designate a member to serve as the chair of the board. The board
140 shall annually elect 1 of its members as the vice-chair. A majority of the members of the board

141 shall constitute a quorum and the affirmative vote of a majority of the trustees present shall be
142 necessary for any action taken by the board. Any action of the board may take effect
143 immediately and need not be published or posted unless otherwise provided by law. No vacancy
144 in the membership of the board shall impair the right of a quorum to exercise the powers of the
145 board. Meetings of the board shall be subject to section 20 of chapter 30A of the General Laws;
146 provided, however, that said section 20 of said chapter 30A shall not apply to any meeting of the
147 board in the exercise of the board members' duties as officers of the commonwealth if no matters
148 relating to the official business of the trust are discussed and decided at that meeting. The trust
149 shall be subject to all other provisions of said chapter 30A; provided, however, that said chapter
150 30A shall not apply to any rules, procedures and guidelines adopted by the board pursuant to
151 subsection (g). Records pertaining to the administration of the trust shall be subject to section 42
152 of chapter 30 of the General Laws and section 10 of chapter 66 of the General Laws. The fund
153 and any other money of the trust shall be public funds for the purposes of chapter 12A of the
154 General Laws. The operations of the trust shall also be subject to chapters 268A and 268B of the
155 General Laws to the same extent that the office of the state treasurer is subject to said chapters
156 268A and 268B.

157 (4) Notwithstanding any other general or special law to the contrary, a member of the
158 board of directors who is also an officer or employee of the commonwealth or of a municipality
159 or other public body shall not thereby be precluded from voting for or acting on behalf of the
160 trust, the commonwealth or the respective municipality or other public body on any matter
161 involving the trust, the commonwealth or that municipality or other public body and any
162 member, officer, employee or agent of the trust shall not be precluded from acting for the trust

163 on a particular matter solely because of any interest therein which is shared generally with a
164 substantial segment of the public.

165 (5) Former and current employees of the Commonwealth of Massachusetts or of a county
166 or municipality therein shall not be eligible for appointment to any position on the Cape Cod
167 Water Protection Trust unless:

168 (i) a minimum of three years have passed since the individual's termination of service as
169 an employee of the Commonwealth, county, or municipality; or

170 (ii) the individual earned an annual salary of less than 50,000 dollars while employed by
171 the Commonwealth, county, or municipality.

172 (c)(1) The trust shall receive, hold, administer and disburse financial assistance to local
173 governmental units as beneficiaries of the trust to finance and otherwise defray and lower the
174 costs of clean water projects as provided in and as necessary to implement this section. In
175 accordance with the terms of a trust agreement entered into by the trust with respect to bonds
176 secured by money or revenues of the fund, the holders of such bonds shall also be beneficiaries
177 of the trust. The board shall apply and disburse money and revenues of the fund without
178 appropriation or allotment by the commonwealth.

179 (2) Without limiting the generality of the foregoing and any other powers of the trust, the
180 board may:

181 (i) adopt and amend by-laws and rules and procedures for the conduct of the business of
182 the trust as it deems necessary to carry out this section;

183 (ii) apply for, receive, administer and comply with the conditions and requirements
184 respecting any grant, gift or appropriation of services or money;

185 (iii) borrow and repay money by issuing bonds of the trust, to apply the proceeds thereof
186 as provided in this section and to pledge or assign or create security interests in the fund and the
187 receipts thereto to secure bonds;

188 (iv) make loans and other forms of financial assistance to local governmental units to
189 finance or refinance or otherwise subsidize the costs of clean water projects, may acquire, hold
190 and sell local governmental obligations and other instruments evidencing the loans and other
191 forms of financial assistance at such prices and in such manner as the board shall deem advisable
192 and may secure bonds of the trust with loans, local governmental obligations and other
193 instruments;

194 (v) enter into contracts, arrangements and agreements with other persons and execute and
195 deliver all trust agreements, loan agreements and other instruments necessary or convenient to
196 the exercise of the powers of the trust;

197 (vi) obtain insurance and enter into agreements of indemnification necessary or
198 convenient to the exercise of the powers of the trust;

199 (vii) sue and be sued and prosecute and defend actions relating to the affairs of the trust
200 and the fund; provided, however, that the trust shall not become a debtor under the United States
201 Bankruptcy Code; and

202 (viii) engage accounting, management, legal, financial, consulting and other professional
203 services necessary to the conduct the programs of the trust.

204 (3) The trust may execute the powers and authorities granted to an entity created pursuant
205 to section 4A1/2 of chapter 40 of the General Laws. The trust shall not be or constitute: (i) a
206 bank or trust company within the jurisdiction or under the control of the department of banking
207 and insurance of the commonwealth or the Office of the Comptroller of the Currency in the
208 United States Department of the Treasury; or (ii) a bank, banker or dealer in securities within the
209 meaning of, or subject to the provisions of, any securities, securities exchange or securities
210 dealers' law of the United States or of the commonwealth.

211 (4) The trust may apply for and receive loans and financial assistance from the trust and
212 may pass through the proceeds of such funds to local governmental units in accordance with the
213 terms and conditions established by the trust.

214 (d)(1) The board shall receive in trust, hold, administer and disburse in and from the fund
215 exclusively for the benefit of the beneficiaries thereof the following funds:

216 (i) amounts designated by law as a funding source to the trust for the purposes of the
217 fund;

218 (ii) amounts appropriated by the commonwealth to the trust for purposes of the fund;

219 (iii) proceeds of bonds of the trust to the extent required by the board's resolution for
220 issuance of such bonds or any applicable trust agreement;

221 (iv) loan repayments and other payments received by the trust in respect of loans to local
222 governmental units;

223 (v) investment earnings on money in the fund; and

224 (vi) any other amounts required to be credited to the fund by law or by resolution, loan
225 agreement or trust agreement of the board or which the board shall otherwise determine to
226 deposit therein.

227 (2) Actions by the board with respect to the fund shall be subject to this section and the
228 applicable provisions of any loan agreement or trust agreement of the trust; provided, however,
229 that when the board takes discretionary action, it shall be guided by the purpose of best effecting
230 this section to implement financial assistance in support of clean water practices consistent with
231 the responsibilities of the trust to its bondholders, local governmental units and other
232 beneficiaries of the trust. The state treasurer shall be the treasurer and custodian of the fund and,
233 subject to any applicable trust agreement, the state treasurer may invest money held in the fund
234 in such investments as may be legal investments for funds of the commonwealth.

235 (e) Subject to any other law relative to the use of particular money in the fund and subject
236 to any trust agreement for bonds of the trust, the board may apply and disburse money and
237 revenues of the fund or any segregated account therein to:

238 (i) make and enter into binding commitments to make loans and other forms of financial
239 assistance to local governmental units for the purpose of financing or refinancing or otherwise
240 defraying the costs of clean water projects and to provide for all or any part of the debt service
241 costs on loans and other forms of financial assistance made by the trust during the
242 implementation of such projects and for such period thereafter as the board shall determine;

243 (ii) provide reserves for or otherwise secure bonds of the trust and to provide insurance
244 and letters or lines of credit or other credit enhancements which it deems reasonable and
245 appropriate for bonds;

246 (iii) transfer to the Clean Water Projects Administration Fund not more than 4 per cent of
247 the amounts derived from the proceeds of each funding source received by the trust to the extent
248 determined by the board; and

249 (iv) provide payment from any available sources for reasonable and necessary
250 professional and financial services incident to the conduct of the programs of the trust, including
251 the costs of issuance of its bonds.

252 (f)(1) Subject to any other laws relative to the use of money in the fund and any trust
253 agreements for bonds of the trust, the board may also apply and disburse money and revenues in
254 the fund or segregated accounts therein: (i) after taking account of any grant made by the
255 department under section 33E of chapter 21 of the General Laws to provide, and enter into
256 binding commitments to provide, a subsidy for local governmental units in the payment of debt
257 service costs on loans and other forms of financial assistance made by the trust or to otherwise
258 assist local governmental units for that purpose; and (ii) to provide reserves for or to otherwise
259 secure amounts payable by local governmental units on loans and other forms of financial
260 assistance made by the trust under this section.

261 (2) The board shall apply and disburse money in the fund, may commit such available
262 funds to provide additional financial assistance to local governmental units as it deems
263 appropriate and may include debt service on existing loans for water pollution abatement
264 projects financed by the trust prior to the effective date of this section under terms and conditions
265 determined by the board to be equitable to those local governmental units relative to the benefits
266 received by other eligible local governmental units.

267 (3) The board shall establish rules, including the types of eligible projects and criteria that
268 the department shall use to evaluate applications for additional subsidies beyond those provided
269 by the trust. The board shall make every effort to align criteria for funds with the state revolving
270 fund established under chapter 29C of the General Laws. The additional subsidies shall be made
271 available to eligible projects appearing on the department's 2017 intended use plan and
272 subsequent years. The criteria shall be reflective of: (i) the board's current priorities; (ii) best
273 management practices; and (iii) sustainability criteria, compliance with the 208 plan and the
274 assurance that, to the extent the local governmental unit has eligible projects, it receives financial
275 benefits over the life of the fund equal to the amount of money originating in that local
276 governmental unit and deposited in the fund.

277 (g)(1) The board shall take all necessary or incidental actions to:

278 (i) cooperate with appropriate state and federal agencies in all matters related to the
279 administration of the fund;

280 (ii) prepare and enter into grant agreements, operating agreements and other agreements
281 with the federal government and the department relating to the fund;

282 (iii) submit annual and other reports and audits on the activities of the board pertaining to
283 the fund to the governor, the general court, the department of environmental protection and the
284 department of revenue;

285 (iv) establish and collect such fees, charges and interest rates as the board shall determine
286 to be reasonable and to hold, apply and disburse such money within or without the fund to the
287 implementation of this section;

288 (v) establish jointly with the state treasurer fiscal controls and accounting procedures for
289 the fund and the trust; and

290 (vi) adopt rules, procedures and guidelines for administration of its programs and for the
291 maintenance of suitable accounting procedures by local governmental units for fund proceeds
292 and projects.

293 (2) The trust may:

294 (i) adopt and amend by-laws for the regulation of its affairs and the conduct of its
295 business;

296 (ii) adopt an official seal and alter the same as it deems necessary;

297 (iii) maintain an office at such places as it may determine;

298 (iv) adopt a fiscal year to conform with the fiscal year of the commonwealth;

299 (v) adopt and enforce rules and procedures in connection with the performance of its
300 functions and duties and, without limitation on other reasonable means of enforcement, may
301 establish penalties for violations of its rules; provided, however, that no penalty shall exceed
302 \$10,000 each a single violation; and provided further, that in the case of a continuing violation,
303 the trust may count each day as a separate violation;

304 (vi) sue and be sued, prosecute and defend actions relating to its affairs and be liable in
305 tort in the same manner as a private person except that the trust and its members, employees and
306 agents shall not be liable in tort for acts and omissions constituting: (A) the exercise of a
307 legislative or judicial function; (B) the exercise of an administrative function involving the
308 determination of fundamental governmental policy; or (C) the exercise of a discretionary

309 function or duty; provided, however, that property of the Trust, other than, in actions to enforce
310 payment of bonds, the revenues and funds pledged to the payment of bonds, shall not be subject
311 to attachment nor levied upon by execution; and provided further, that the trust shall not become
312 a debtor under the United States Bankruptcy Code;

313 (vii) employ personnel as hereinafter provided and engage engineering, accounting,
314 management, legal, financial and environmental consulting and other professional services,
315 including any environmental monitoring necessary to assess and evaluate ongoing water quality
316 changes; provided, however, that costs under this clause shall not be more than 4 per cent of the
317 amount in the fund;

318 (viii) receive and apply its revenues to the purposes of this section without appropriation
319 or allotment by the commonwealth or any political subdivision thereof;

320 (ix) borrow money and issue bonds and pledge or assign or create security interests in
321 funds or revenues of the trust to pay or secure those bonds;

322 (x) obtain insurance and enter into agreements of indemnification necessary or
323 convenient to the exercise of the trust's powers;

324 (xi) apply for, receive, administer and comply with the conditions and requirements
325 respecting any grant, gift or appropriation of property, services or money;

326 (xii) enter into contracts, arrangements and agreements with other persons in matters
327 necessary or convenient to its operation including, but not limited to, matters or technical
328 cooperation, planning, management, administration and operations and execute and deliver
329 instruments necessary or convenient to the exercise of its powers;

330 (xviii) appear on its own behalf before public bodies including, but not limited to, the
331 Congress of the United States and the general court of the commonwealth in all matters relating
332 to its powers and purposes; and

333 (xix) do all other things necessary, convenient or desirable for carrying out this section
334 notwithstanding any other provision of this section relative to the trust's regulations, charges and
335 operations or any powers the trust may exercise under any other general or special law.

336 (3) An administrator, who shall be a person professionally skilled and experienced in
337 finance, public works or public utility programs or public administration with significant
338 experience in wastewater pollution abatement, shall be appointed by the board for a term of not
339 more than 5 years as chief executive officer of the trust and shall continue to serve until a
340 successor is appointed and qualified. An administrator shall be eligible for reappointment for
341 like 5-year terms. An administrator may be removed by the board for misfeasance, malfeasance
342 or willful neglect of duty upon the filing by the board with the state secretary of a statement of
343 facts and circumstances which form the basis for such removal. The administrator shall
344 administer the affairs of the trust including, but not limited to, matters relating to contracting,
345 procurement, personnel and administration under the supervision of the board of directors in
346 accordance with such authorizations as the board of directors may from time to time reasonably
347 adopt. The trust shall also appoint persons to hold the offices of secretary and treasurer to the
348 trust. The secretary and treasurer shall not be members of the board. The secretary shall be the
349 custodian of the books and records of the trust and of the trust's seal and shall keep a record of
350 the proceedings of the board. The secretary may cause copies to be made of all minutes and other
351 records and documents of the trust and may give certificates under its official seal to the effect
352 that such copies are true copies and all persons dealing with the trust may rely upon such

353 certificates. The treasurer shall have charge of the books of account and accounting records of
354 the trust and shall be responsible, under the supervision of the administrator, for financial control
355 for the trust. Upon the recommendation of the administrator, the board shall appoint and
356 establish reasonable compensation, benefits and other terms of employment for other officers
357 and other employees of the trust as it deems necessary, including assistant secretaries and
358 assistant treasurers in who may be vested with any of the powers of the secretary and the
359 treasurer, respectively. Except as otherwise provided for the appointment of the administrator,
360 other officers and employees of the trust shall serve at the pleasure of the board or under
361 collective bargaining agreements or contracts of employment; provided, however, that no
362 contract of employment, except for that of the administrator, shall exceed a term of 3 years;
363 provided, however, that such contracts may be renewed.

364 (4) The trust may indemnify any present or past director, officer, employee or agent of
365 the trust against liabilities, claims, costs and expenses, including legal expenses, in connection
366 with any actual or threatened proceeding, and any settlement thereof approved by the trust if
367 such action or proceeding has arisen by reason of any act or omission within the scope of such
368 person's duties for the trust; provided, however, that no indemnification shall be provided to a
369 person concerning a matter as to which the person is finally adjudicated to have acted either
370 without the belief held in good faith that the conduct was in the best interests of the trust or with
371 reason to believe that such person's conduct was unlawful. Costs and expenses may be paid prior
372 to a final disposition upon receipt of an undertaking, which the trust may accept without regard
373 to the financial resources of the person indemnified, that the person receiving the benefit of
374 payments shall repay such payments if such person shall be finally adjudicated not to be entitled
375 to indemnification under this paragraph. The trust may purchase insurance on behalf of itself and

376 any of its directors, officers, employees or agents against any liability arising out of such person's
377 status as such whether or not the trust would have the power to indemnify that person against
378 such liability.

379 (5) The trust and its employees shall be subject to chapter 150E of the General Laws and,
380 for the purposes of said chapter 150E, the trust shall be deemed to be an employer or public
381 employer and a legislative body. The trust may designate a representative to act in its interest in
382 labor relations matters with its employees.

383 (6) The trust shall establish an internal special audit unit which, under the direct
384 supervision of the administrator, shall monitor the quality, efficiency and integrity of the trust's
385 operating and capital programs. The audit unit shall make periodic recommendations and reports
386 to the administrator and the board of directors.

387 (h) Upon the board's request, the state treasurer shall pay to the trust for deposit in the
388 fund money appropriated by the commonwealth to the trust for any purposes of the fund or any
389 account therein. The board and the state treasurer shall enter into agreements establishing
390 procedures for the payment of amounts appropriated by the commonwealth to the trust. An
391 agreement may include such covenants and undertakings of the commonwealth and the trust as
392 the board and the state treasurer may deem necessary or desirable. Notwithstanding any general
393 or special law to the contrary and unless otherwise specifically provided for in such laws, any
394 law enacted by a vote taken by the yeas and nays of 2/3 of each house of the general court
395 present and voting thereon and approved by the governor which authorizes the state treasurer to
396 issue bonds or notes of the commonwealth or otherwise authorizes the commonwealth to borrow
397 money to provide money to meet any appropriation to the trust for the purposes of the fund shall

398 be deemed to authorize the state treasurer, with the approval of the governor, to enter into
399 agreements with the trust pledging the full faith and credit of the commonwealth to a schedule of
400 payments to the fund of the amounts therein appropriated including, without being limited to, the
401 amount, time and manner of those payments. The agreements of the commonwealth and the
402 rights of the trust thereunder may be assigned and pledged as security for the bonds of the trust.
403 No agreement authorized by this section shall supersede or interfere with the exercise of the
404 powers specifically reserved to the department under section 27A of chapter 21 of the General
405 Laws. Notwithstanding any general or special law to the contrary and in the discretion of the
406 state treasurer, with the approval of the governor, payments to the trust of amounts authorized
407 pursuant to the issuance of bonds by the commonwealth as provided in this section may be met
408 by the deposit in the fund of bonds of the commonwealth which are so authorized to meet such
409 appropriation. Bonds so deposited may be assigned and pledged as security for any bonds of the
410 trust and may mature or be redeemable on such dates and in such amounts, may bear interest at
411 such rates or be deposited in the fund at such discount or premium, may bear such limitations on
412 negotiation or resale by the trust and may bear such other terms and conditions, as the state
413 treasurer shall determine to be in the best interests of the commonwealth; provided, however,
414 that the effective yield on such bonds shall not exceed the greater of the effective yield on the
415 bonds of the trust which they secure and the effective yield on comparable bonds not so
416 deposited in the fund, as determined by the state treasurer after consultation with the secretary of
417 administration and finance. For the purposes of section 49 of chapter 29 of the General Laws, the
418 net proceeds of bonds deposited in the fund as instruments, the principal amount of which
419 increases during the life of the instrument, shall be deemed to be the present value of the amount
420 payable thereon at maturity discounted to the date of deposit at the yield on such bonds.

421 (i)(1) The board may provide by resolution for the issuance from time to time of bonds
422 for any purpose of the trust, which bonds may be issued as general obligations of the trust or as
423 special obligations payable solely from particular revenues or money of the trust. The bonds of
424 each issue may be dated, may bear interest at such rates, including rates variable from time to
425 time, and may mature or otherwise be payable or redeemable at such times as the board may
426 determine. The board shall determine the denominations of bonds, the details of their execution
427 and authentication and their places of payment within or without the commonwealth. Prior to the
428 initial issuance of each series of bonds, the board shall advise the state finance and governance
429 board established in section 97 of chapter 6 of the General Laws of the terms of the bonds and
430 the timing of their issuance. In case any trustee or officer whose signature appears on any bonds
431 shall cease to be such trustee or officer before their delivery, the signature shall nevertheless be
432 valid and sufficient as if the trustee or officer had remained in office until delivery. Bonds may
433 be issued in certificated or uncertificated form, payable to bearer or registered owners and, if
434 notes, may be made payable to bearer or to order. The board may sell the bonds of the trust at
435 public or private sale at par or for such premium or discount price as it may determine. The
436 board may by resolution delegate to any trustee or officer of the trust the power to determine any
437 of the matters set forth in this section.

438 (2) Bonds of the trust may be secured by a trust agreement between the trust and the bond
439 owners or a corporate trustee which may be a trust company or bank having the powers of a trust
440 company within or without the commonwealth. A trust agreement may pledge or assign, in
441 whole or in part, any loan agreements and local governmental obligations and the revenues,
442 funds and other assets or property held or to be received by the trust including, but not limited to,
443 all money and investments on deposit from time to time in the fund or any account thereof and

444 any contract or other rights to receive the same, whether then existing or thereafter coming into
445 existence and whether then held or thereafter acquired by the trust and the proceeds thereof. A
446 trust agreement may contain, without limitation, provisions for protecting and enforcing the
447 rights, security and remedies of the bondholders, provisions defining defaults and establishing
448 remedies, which may include acceleration and may also contain restrictions on the remedies by
449 individual bondholders. A trust agreement may also contain covenants of the trust concerning the
450 custody, investment and application of money, the enforcement of loan agreements and local
451 governmental obligations, the issue of additional or refunding bonds, the use of surplus bond
452 proceeds, the establishment of reserves and the regulation of other matters customarily treated in
453 trust agreements. At the request of the board, the state treasurer shall join in any trust agreement
454 or to otherwise agree with the trust, any lender or any trustee for bondholders to hold the fund in
455 compliance with any covenants and provisions relating to the fund contained in any trust
456 agreement.

457 (3) Bonds may be issued by the trust in the form of lines of credit or other credit
458 enhancements under terms and conditions determined by the board. In addition to other lawful
459 security, bonds may be secured, in whole or in part, by financial guarantees, by insurance, by
460 letters or lines of credit or by other credit enhancements issued to the trust or to a trustee or other
461 person, by a bank, trust company, insurance or surety company or other financial institution,
462 within or without the commonwealth. The trust may pledge or assign, in whole or in part, any
463 loan agreements and local governmental obligations and the revenues, funds and other assets and
464 property held or to be received by the trust and any contract or other rights to receive the same,
465 whether then existing or thereafter coming into existence and whether then held or thereafter

466 acquired by the trust and the proceeds thereof as security for such guarantees or insurance or for
467 the reimbursement to any issuer of a letter or line of credit.

468 (4) The board may by resolution provide for the issue by the trust of interim receipts or
469 temporary bonds, exchangeable for definitive bonds when the bonds are executed and are
470 available for delivery. The board may also provide for replacement of mutilated, destroyed or
471 lost bonds. The trust may purchase and invite offers to tender for purchase any outstanding
472 bonds; provided, however, that no purchase by the trust shall be made at a price, exclusive of
473 accrued interest if any, exceeding the bond's principal amount or, if greater, its redemption price
474 when next redeemable at the option of the trust. The trust may resell any bonds it purchases in
475 such manner and for such price as it may determine.

476 (5) The board may also provide for issue by the trust of temporary notes in anticipation of
477 grants, revenues or appropriations to the fund. The issue of such notes shall be governed by the
478 applicable provisions of this section relating to the issue of bonds; provided, however, that notes
479 issued in anticipation of revenues shall mature not later than 1 year from their respective dates or
480 the date of expected receipt of such revenues, if later, and notes issued in anticipation of grants
481 shall mature no later than 6 months after the expected date of receipt of such grant. The board
482 may also issue refunding bonds of the trust paying pay any bonds at or prior to maturity.
483 Refunding bonds may be issued at any time at or prior to the maturity or redemption or purchase
484 of the refunded bonds. Refunding bonds may be issued in sufficient amounts to pay or provide
485 for payment of the principal of the bonds being refunded, together with any redemption premium
486 thereon, any interest or discount accrued or to accrue to the date of payment, costs of issuance
487 and other expenses and reserves reasonably necessary to achieve the refunding.

488 (6) Bonds of the trust shall be: (i) securities in which public officers and agencies,
489 insurance companies, financial institutions, investment companies, executors, administrators,
490 trustees and others may properly invest funds, including capital within their control; and (ii)
491 securities which may be deposited with any public officer or agency for any purpose for which
492 the deposit of bonds is authorized by law.

493 (7) Bonds issued prior to January 1, 2023 shall be backed by the full faith and credit of
494 the commonwealth. Bonds issued by the trust after January 1 2023 shall not be deemed to be a
495 debt or a pledge of the full faith and credit of the commonwealth or of any of its political
496 subdivisions but shall be payable solely from the revenues and money of the fund and other
497 money and rights pledged to their payment. Bonds shall recite that neither the commonwealth
498 nor any political subdivision thereof shall be obligated to pay the same and neither the full faith
499 and credit nor the taxing power of the commonwealth or any political subdivision is pledged to
500 their payment. A bond shall recite whether it is a general obligation of the trust or a special
501 obligation payable solely from particular revenues, funds, assets or other property.

502 (8) Bonds of the trust shall be deemed to be investment securities under chapter 106 of
503 the General Laws. Bonds, their transfer and the income therefrom, including any profit made on
504 the sale thereof, shall be exempt from taxation by and within the commonwealth. The trust shall
505 not be required to pay any taxes, assessments or excises upon its income, existence, operation or
506 assets, money or revenues.

507 (9) Any bank or trust company may act as a depository of the fund or trustee under a trust
508 agreement if it furnishes such indemnification and reasonable security as the board may require.
509 Any assignment or pledge of revenues, funds and other assets and property made by the trust

510 shall be valid and binding and shall be deemed continuously perfected for the purposes of
511 chapter 106 of the General Laws or any other law when made. The revenues, funds and other
512 assets and property, rights therein and thereto and proceeds so pledged and then held or
513 thereafter acquired or received by the trust shall immediately be subject to the lien of such pledge
514 without any physical delivery or segregation or further act and the lien of any such pledge shall
515 be valid and binding against all parties having claims of any kind in tort, contract or otherwise
516 against the trust, whether or not such parties have notice thereof. The trust agreement by which a
517 pledge is created shall not be required to be filed or recorded to perfect the pledge except in the
518 records of the board and no filing shall be required to be made pursuant to said chapter 106. Any
519 pledge or assignment made by the trust shall be an exercise of its political and governmental
520 powers and loan agreements, local governmental obligations, revenues, funds, assets, property
521 and contract or other rights to receive the same and the proceeds thereof which are subject to the
522 lien of a pledge or assignment created under this section shall not be applied to any purposes not
523 authorized by the pledge or assignment. A holder of a bond and a trustee under a trust agreement,
524 except to the extent its rights may be restricted by the trust agreement, may bring suit upon the
525 bonds and may pursue any other legal action to protect and enforce its rights and compel
526 performance of all duties required to be performed by the trust and the board.

527 (j)(1) A local governmental unit may apply to the trust for assistance in financing the cost
528 of a clean water pollution project. At the option of the trust, financial assistance may be in the
529 form of a grant payment of new or existing debt service on instruments issued by a local
530 governmental unit or loans, unsecured or secured by local governmental obligations for delivery
531 to the trust to evidence the loan. Each award of financial assistance shall be made pursuant to an

532 agreement between the trust and the local governmental unit acting by and through the officer,
533 board, committee or other body authorized by law or otherwise or by its chief executive officer.

534 (2) A local governmental unit may receive, apply, pledge, assign and grant security
535 interests in its general revenues and local system revenues to secure its obligations under a
536 financing agreement and local governmental obligations as provided in this section and may fix,
537 revise, charge and collect fees, rates, rents, assessments and other charges of general or special
538 application for the operation or services of a clean water project, the system of which it is a part
539 and any other revenue-producing facilities from which the local governmental unit derives local
540 system revenues to meet its obligations under any agreement or local governmental obligation or
541 otherwise to provide for the construction, maintenance and operation of the project and the
542 system and facilities.

543 (3) For entering into a loan and establishing the authorized terms and conditions thereof,
544 and for issuing any local governmental obligations a local governmental unit shall be deemed to
545 have the powers expressly granted to local governmental units in this section and the powers
546 granted to that local governmental unit in any bond act applicable to it specifically or as a
547 member of a class of governmental instrumentalities. Liberal construction shall be given in
548 support of the broadest interpretation of local governmental unit powers derived from either this
549 section or any bond act, provided that nothing in this section shall be construed as affecting the
550 manner of voting and other procedures relating to, or otherwise required by any bond act for, the
551 authorization of indebtedness of any local governmental unit by the governing body thereof or
552 any limitations on indebtedness of local governmental units.

553 (4) If any town, or any board, commission or other public instrumentality thereof or of
554 the commonwealth which is a service recipient of a regional local governmental unit shall fail to
555 pay when due and after demand any certified charges of the regional local governmental unit
556 required to meet its obligations under this section, the regional local governmental unit may
557 certify to the state treasurer the amount owing to the regional local governmental unit by such
558 city, town or other instrumentality and the state treasurer shall promptly pay over to the regional
559 local governmental unit without further appropriation any local aid distributions otherwise
560 certified to the state treasurer as payable to the city or town or, in the case of any other
561 instrumentality, as payable to all cities and towns in the service area of such instrumentality until
562 such time as any deficiency in the amounts due to the regional local governmental unit shall have
563 been offset by such payments from the state treasurer. In the event of a dispute between a city or
564 town and the regional local governmental unit relative to the amount to be repaid to the regional
565 local governmental unit by a city or town, the dispute shall be arbitrated by an appeals board
566 consisting of the commissioner of revenue or a designee, the commissioner of environmental
567 protection or a designee and a third person to be nominated by the Massachusetts Municipal
568 Association. The state treasurer shall not offset any deficiency amount from the local aid
569 distribution due to a city or town until the appeals board has rendered its decision. Any amount
570 paid to a city or town by the treasurer under this section which is later determined, upon audit, to
571 be in excess of the actual amount due to the regional local governmental unit shall, upon demand
572 by the city or town, be repaid by the regional local governmental unit to the city or town.

573 (5) In addition to authority otherwise provided by law, if all or any part of a project shall
574 fail to be approved for financial assistance pursuant to this act, the local governmental unit may
575 apply to the Massachusetts Industrial Finance Agency for a loan to finance all or any part of such

576 project. For such purposes, any local governmental unit as defined in this chapter shall qualify as
577 a public body under section thirty of chapter twenty-three A. The second sentence of paragraph
578 (c) of section thirty-five of said chapter twenty-three A shall not apply to bonds issued by the
579 agency.

580 (k) The trust may recover from a local governmental unit in an action in superior court
581 any amount due to the trust together with any other actual damages the board shall have
582 sustained from the failure or refusal of the local governmental unit to make payments owing to
583 the trust.

584 (l)(1) In order to provide for the collection and enforcement of fees, rates, rents,
585 assessments and other charges for the operation of a water pollution abatement project, the
586 system of which it is a part and any other revenue-producing facilities from which the local
587 governmental unit derives local system revenues, in addition to any other authority provided by
588 law or any applicable bond act, local governmental units shall have all of the powers and
589 privileges granted to them by the General Laws with respect to any similar fee, rate, rent,
590 assessment or other charge. Without limiting the generality of the foregoing, local governmental
591 units shall have the powers and be subject to the limitations, to the extent applicable and
592 consistent with this section, as provided in sections 42A to 42F, inclusive, of chapter 40 of the
593 General Laws whether or not said sections 42A to 42F, inclusive, of said chapter 40 have been
594 accepted by the local governmental unit, and chapters 60, 80 and 80A of the General Laws.

595 (2) A local governmental unit may enter into agreements with the trust or the department
596 regarding the operation of a pricing system for the services provided by a clean water pollution
597 project, the system of which it is a part and any other revenue-producing facilities from which

598 the local governmental unit derives local system revenues. Such agreements may include, but
599 shall not be limited to including, provisions defining the costs of such services, the water
600 pollution abatement project and any local system and other facilities and covenants or
601 agreements regarding the fixing and collection of fees, rates, rents, assessments and other
602 charges for such costs and the maintenance of such pricing system at levels sufficient to pay or
603 provide for those costs and any payments due to the trust under a loan agreement or local
604 governmental obligations.

605 (3) A local governmental unit may enter into agreements with the trust and the
606 department regarding the operation of an enterprise fund established for a clean water pollution
607 project, the system of which it is a part and any other revenue-producing facilities from which
608 the local governmental unit derives local system revenues. Such agreements may include, but
609 shall not be limited to including, fiscal and accounting controls and procedures, provisions
610 regarding the custody, safeguarding and investment of local system revenues and other amounts
611 credited thereto, the establishment of reserves and other accounts and funds and the application
612 of any surplus funds.

613 (4) A local governmental unit may or, in the case of a regional local governmental unit, a
614 city, town, board, commission or other instrumentality which is a member or other service
615 recipient thereof may: (i) for furnishing wastewater services, establish rates, rents, fees,
616 assessments and other charges on the basis of a flat rate per volume of wastewater processed or
617 on the basis of ascending unit rates based on the quantity or strength of wastewater processed;
618 and (ii) provide for furnishing wastewater services in its charges or through abatement
619 proceedings conducted in accordance with its regulations for assurance of service to persons who
620 by reason of age, infirmity or poverty are unable to pay the charges otherwise applicable;

621 provided, however, that the aggregate liability of the local governmental unit or such member or
622 other service recipient for amounts attributable to any loan or local governmental obligations
623 shall not be diminished thereby. A local governmental unit and any such member or other service
624 recipient which raises all or any part of the cost of wastewater services or an assessment therefor
625 through real and personal property taxes assessed by the local governmental body shall indicate
626 on the tax bills furnished to each taxpayer the portion of the tax assessed for such services.

627 (m)(1) Local governmental obligations issued by a local governmental unit shall be
628 dated, may bear interest at such rates, including rates variable from time to time subject to such
629 minimum or maximum rate, if any, as may be determined by such index or other method of
630 determination provided in the applicable loan agreement, shall mature in such amounts and at
631 such times, not later than the maximum dates if any provided herein and may be made
632 redeemable in whole or in part before maturity at the option of the local governmental unit or at
633 the option of the trust at such prices and under such terms and conditions as may be fixed in the
634 loan agreement prior to the issuance of the local governmental obligations. The local
635 governmental obligations may be issued as serial bonds or term bonds or any combination
636 thereof with such provisions, if any, for sinking funds for the payment of bonds as the local
637 governmental unit and the trust may agree. Local governmental obligations may be in such form,
638 payable to the bearer thereof or the registered owner, be certificated or uncertificated, be in such
639 denominations, payable at such places within or without the commonwealth and otherwise bear
640 such terms and conditions, not inconsistent with this section and the applicable bond act, as
641 provided in the applicable loan agreement or as the board and the local governmental unit shall
642 otherwise agree. Local governmental obligations may be issued in a principal amount equal to

643 the loan evidenced thereby or at such discount as the board and the local governmental unit shall
644 agree.

645 (2) Local governmental obligations shall be payable within a period not exceeding the
646 greater of the period, if any, specified in the applicable bond act or the useful life of the clean
647 water pollution project financed by such obligations as determined by the department or, if
648 incurred to finance more than 1 project, the average useful life of the projects. Except as
649 otherwise provided in this section, local governmental obligations shall be payable in such
650 installments of principal, annual or otherwise, as will extinguish the same at maturity, the first
651 installment to be payable not later than 1 year after the date of issuance of the obligations or 1
652 year after the date of completion of the project financed by the obligations as determined by the
653 department, whichever date is later, and the remaining installments of principal, if any, shall be
654 in such amounts and payable on such dates as the board and the local governmental unit shall
655 agree.

656 (3) If a local governmental unit has authorized a loan in accordance with this section and
657 the issuance of local governmental obligations under any bond act, the local governmental unit
658 may, subject to the loan agreement and with the approval of the board, issue notes to the trust or
659 any other person in anticipation of the receipt of the proceeds of the loan. The issue of such notes
660 shall be governed by this section relating to the issue of local governmental obligations other
661 than notes, to the extent applicable; provided, however, that the maturity date of such notes shall
662 not exceed 3 years from the date of issuance of such notes or the expected date of completion of
663 the project financed thereby as determined by the department, if later. Notes issued for less than
664 the maximum maturity date may be renewed by the issuance of other notes maturing not later
665 than the maximum maturity date.

666 (4) A local governmental unit may issue local governmental obligations to refund or pay
667 at maturity or earlier redemption any local governmental obligations outstanding under a loan
668 agreement or to refund or pay any other debt of the local governmental unit issued to finance the
669 water pollution abatement project to which such loan agreement pertains. Local governmental
670 obligations for refunding may be issued in sufficient amounts to pay or provide for the principal
671 of the obligations refunded, any redemption premium thereon, any interest accrued and to accrue
672 to the date of payment of such obligations, the costs of issuance of such refunding obligations
673 and any reserves required by the applicable loan agreement. An issuance of refunding local
674 governmental obligations, the amount and dates of maturities and other details thereof, the
675 security therefor and the rights, duties and obligations of the local governmental unit in respect to
676 the same shall be governed by this section relating to the issuance of local governmental
677 obligations other than refunding obligations as the same may be applicable.

678 (5) Except as otherwise provided in subsection (n), the applicable bond act or by
679 agreement between the trust and a local governmental unit, all local governmental obligations
680 shall be general obligations of the local governmental unit issuing the same for which its full
681 faith and credit are pledged and for the payment of which all taxable property in the local
682 governmental unit shall be subject to ad valorem taxation without limit as to rate or amount
683 except as otherwise provided by law.

684 (n) Notwithstanding any general or special law to the contrary, when authorized by a
685 majority vote, local governmental obligations may be issued as limited obligations payable
686 solely from local system revenues pledged to their payment in accordance with subsection (o).
687 Unless otherwise provided in the applicable loan agreement, local governmental obligations
688 issued in accordance with this section shall not be general obligations of the local governmental

689 unit or a pledge of its full faith and credit and, notwithstanding any general or special law to the
690 contrary, the amount of principal and premium of, if any, and interest on such obligations shall
691 not be included in the computation of any limit on the indebtedness of the local governmental
692 unit or on the total taxes assessable by the local governmental unit in any year or on any
693 assessment, levy or other charge made by the local governmental unit on any other political
694 subdivision or instrumentality of the commonwealth. A local governmental obligation issued in
695 accordance with this section shall recite on its face that it is a limited obligation payable solely
696 from local system revenues pledged to its payment.

697 (o)(1) Notwithstanding any general or special law to the contrary and when authorized by
698 a majority vote, local governmental obligations may be secured by security agreements between
699 the local governmental unit and a corporate trustee, which may be a trust company or bank
700 having the powers of a trust company within or without the commonwealth, or directly between
701 the trust and the local governmental unit. Any such security agreement shall be in such form and
702 shall be executed as provided in the applicable loan agreement or as otherwise agreed to between
703 the board and the local governmental unit.

704 (2) A security agreement directly or indirectly securing local governmental obligations,
705 other than local governmental obligations issued in accordance with subsection (n), may pledge
706 or assign and create security interests in all or a part of the general revenues of the local
707 governmental unit. A trust agreement securing local governmental obligations issued in
708 accordance with said subsection (n) may pledge or assign and create security interests in all or a
709 part of the local system revenues of the local governmental unit but shall not otherwise pledge or
710 assign any other general revenues of the local governmental unit unless otherwise authorized by
711 the applicable bond act. A security agreement may contain such provisions for protecting and

712 enforcing the rights, security and remedies of the trust or other holders of the local governmental
713 obligations as may be determined by the board and the local governmental unit including, but not
714 limited to, provisions defining defaults and providing for remedies including, but not limited to,
715 the acceleration of maturities and, in the case of local governmental obligations issued under said
716 subsection (n), the appointment of a receiver of the project financed thereby and the system of
717 which it is a part, the covenants setting forth the duties of and limitations on the local
718 governmental unit in relation to the custody, safeguarding, investment and application of money,
719 including general revenues and local system revenues, the issuance of additional and refunding
720 local governmental obligations and other bonds, notes or obligations on a parity or superior
721 thereto, the establishment of reserves, the establishment of sinking funds for the payment of local
722 governmental obligations and the use of surplus proceeds. A security agreement securing local
723 governmental obligations issued in accordance with said subsection (n) may also include
724 covenants and provisions not in violation of law regarding the acquisition, construction,
725 operation and carrying out of the water pollution abatement project financed by such obligations,
726 the system of which it is a part and any other revenue-producing facilities from which the local
727 governmental unit derives local system revenues, the fixing and collection of local system
728 revenues and the making and amending of contracts relating thereto. Any local governmental
729 obligations may also be secured by insurance or by letters or lines of credit or other credit
730 enhancements and a local governmental unit may pledge or assign any of its general revenues or
731 local system revenues, as appropriate, as security for payments made thereon.

732 (3) Any pledge of general revenues or local system revenues made by a local
733 governmental unit shall be valid and binding and shall be deemed continuously perfected for the
734 purpose of chapter 106 of the General Laws and any other relevant law. The general revenues,

735 local system revenues, money, rights and proceeds so pledged and then held or thereafter
736 acquired or received by the local governmental unit shall immediately be subject to the lien of
737 such pledge without any physical delivery or segregation thereof or further act and the lien of
738 such pledge shall be valid and binding against all parties having claims of any kind in tort,
739 contract or otherwise, regardless of whether such parties have notice thereof. Neither the security
740 agreement or any other agreement by which a pledge is created shall be required to be filed or
741 recorded except in the records of the local governmental unit and no filing shall be required to be
742 made under said chapter 106.

743 (4) A pledge of general revenues or local system revenues in accordance with this section
744 shall constitute a sufficient appropriation thereof for the purposes of any provision for
745 appropriation for so long as such pledge shall be in effect and, notwithstanding any general or
746 special law to the contrary, such revenues shall be applied as required by the pledge and the
747 security agreement evidencing the same without further appropriation.

748 (p) The trust and its existence shall continue until terminated by law; provided, however,
749 that no law shall take effect so long as the trust shall have bonds outstanding unless adequate
750 provision has been made for the payment or satisfaction of those bonds. Upon termination of the
751 trust, the title to the fund and all properties of the trust which remain after provision for the
752 payment or satisfaction of all bonds of the trust shall vest in the commonwealth. The obligations,
753 debts and liabilities of the trust shall be assumed by and imposed upon the commonwealth and
754 shall be transferred to the state treasurer or to such other successor as the general court may
755 designate.