

**MEETING OF THE MASSACHUSETTS  
CLEAN WATER TRUST  
BOARD OF TRUSTEES**

June 21, 2017  
1:30 PM

State House  
Room 227  
Boston, Massachusetts

**MINUTES**

**Attendees:** Treasurer Deborah Goldberg  
Commissioner Martin Suuberg, Department of Environmental Protection  
Rachel Madden, Designee of the Secretary of Administration and Finance

**Also Present:** James MacDonald, First Deputy Treasurer  
Susan Perez, Executive Director, MCWT  
Steve McCurdy, Director of Municipal Services of MassDEP  
Nate Keenan, Deputy Director, MCWT  
Bernard Greene, Senior Legal Counsel, MCWT  
Sally Peacock, Controller, MCWT  
My Tran, Treasurer, MCWT  
Lilly Anderson, Intern, Administration and Finance

**CALL TO ORDER:** The meeting was called to order by Treasurer Goldberg at 1:35 p.m.

Item #1 **MOTION – VOTE**

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg and **voted unanimously in favor of** acceptance and approval of the minutes of the meeting of the Board held on May 17, 2017.

Item #2 **REPORT OF THE EXECUTIVE COMMITTEE**

Mr. Keenan presented the investment report to the Board. He noted that the Trust uses a conservative approach in its investing, emphasizing safety and liquidity. The Trust's investments are up \$11.3 million from last year.

GICS. Exposure to Guaranteed Investment Contracts (GICs) has been reduced as bonds mature. As of the end of calendar 2016 there was \$540.7 million outstanding, down from \$604.6 million last year. Of the remaining GICs, 85% have a double-A

rating or better by S&P. The Committee discussed the Trust's GIC portfolio. GIC providers are required to deposit collateral securities if the provider's credit rating goes below a specified level. Portigon A.G., the successor German Company to WestLB, has reached out to the Trust inquiring as to the termination of the subsidy fund left outstanding when the debt service reserve funds of the New Bedford 1998A Bonds were terminated in 2013. Portigon made an offer to terminate at a make-whole price that was approximately \$1 million short of what the Trust believes is adequate. The Trust will give Portigon a counter-offer. The subsidy fund is not associated with any bonds and is a part of the Trust's equity fund. Responding to a question from Mr. McCurdy, Ms. Perez said that Dexia has made a similar request to the Trust but the Trust has not agreed to terminate the Dexia GICs.

Treasuries and Agencies. The Trust had \$291.8 million invested in U.S. Treasury and agency securities at the end of calendar year 2016, which has been reduced by \$16.9 million compared to 2015 due to bonds maturing.

Cash. The Trust had \$504.2 million invested in the MMDT cash portfolio and \$93.5 million invested in MMDT's Short Term Bond Fund. The Trust invests its program equity funds in MMDT, which had a return of 0.42% over calendar year 2016. The Trust uses its program equity funds to provide construction financing.

Commissioner Suuberg presented three program ideas for consideration by the Board:

First, following up on the lead in school drinking water initiative, he would like to look at ways that communities can be assisted in replacing lead service lines from the main water line in the street to individual private residences. MWRA offered a non-interest loan program and Boston has a rebate program that offset the cost of line replacement. Ms. Perez suggested that the Trust could reach out to MWRA and see how they structured their program.

Second, he would like to expand the asset management planning grants program to help communities look at their capital and operating needs. This program is currently making 10 grants at \$40,000 per year.

Third, increasing support to communities for the new federal storm-water permitting requirements. DEP is currently providing technical assistance, but could provide other support.

Ms. Perez reported to the Board on the situation in Falmouth. The Barnstable Superior Court handed down a decision that stopped the operation of both Wind I and Wind II. The Trust notified the Town in April of 2013 that if the Trust financed Wind II turbine ceased operating as an energy efficient project the Town would not be given principal forgiveness on the \$4,865,000 original principal amount of its loan. The Board discussed options for assisting the Town following this court decision: (1) begin paying back the loan at 2% pursuant to the original Schedule C; (2) begin paying back the loan at 2%, but with a credit for the years that Wind II did operate as an energy efficient project; (3) make the loan a zero-percent loan, also with a credit for the seven years that Wind II did operate and re-amortize the loan to reduce debt service per payment period; and (4) forgive the loan. The Board agreed

that the loan cannot be forgiven. Ms. Perez will communicate to the Town the Board's willingness to offer assistance.

Item #3 **MOTION – VOTE**

***Interim Budget for the Fiscal Year Beginning July 1, 2017***

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg and **voted unanimously in favor of** the interim budget for the fiscal year beginning July 1, 2017 as follows:

1. That the Massachusetts Clean Water Trust may expend 1/6 of the amount authorized for the fiscal year 2017 budget from the Administrative Fund for the administration of the programs of the Trust during the interim period between July 1, 2017 and August 31, 2017; and
2. That the Massachusetts Clean Water Trust may transfer to the Department of Environmental Protection up to an amount equal to 1/6 of the fiscal year 2017 budget for the Department approved by the Trust, from the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund, for the administration of the State Revolving Fund programs during the interim period between July 1, 2017 and August 31, 2017.

Item #4 **MOTION- VOTE**

***Clean Water Loan Commitments***

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg and **voted unanimously in favor of** approval of the following:

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
CW-17-05	Bellingham	\$300,000	2%
CW-16-38	Taunton	\$4,117,776 <sup>1</sup>	2%
CW-16-26	Uxbridge	\$42,800,000 <sup>2</sup>	2%

Item #5 **MOTION- VOTE**

***Drinking Water Loan Commitments***

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg and **voted unanimously in favor of** approval of the following:

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
DW-14-09	Barnstable	\$1,574,299 <sup>3</sup>	2%
DW-17-04	Webster	\$10,000,000	2%

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<sup>1</sup> First Revision. Original PAC was voted for \$4,000,000.  
<sup>2</sup> First Revision. Original PAC was voted for \$32,000,000.  
<sup>3</sup> Second Revision. Original PAC was voted for \$1,428,500.

Item #6 **MOTION- VOTE**

***Clean Water Loans/ Local Government Obligations and Financing Agreements***

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg and **voted unanimously in favor of** approval of the following:

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
CWT-17-05	Bellingham	\$300,000	2%
CWP-16-29	Brockton	\$3,120,242	2%
CW-15-26	Nantucket	\$7,872,975	0%
CWP-16-38	Taunton	\$4,117,776	2%
CW-16-26	Uxbridge	\$13,600,000	2%
CW-16-26A	Uxbridge	\$29,200,000	0%

Item #7 **MOTION- VOTE**

***Drinking Water Loans/Local Government Obligations and Financing Agreements***

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg and **voted unanimously in favor of** approval of the following:

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
DW-14-09-A	Barnstable	\$17,960	2%
DWP-16-09	Fall River	\$3,695,000	2%

**OTHER BUSINESS:** None

**LIST OF DOCUMENTS AND EXHIBITS USED:**

1. Agenda
2. Minutes, May 17, 2017
3. Investment Report
4. Project Descriptions

**ADJOURN:** The Motion was made by Treasurer Goldberg and Seconded by Commissioner Suuberg and **voted unanimously in favor of** adjourning the meeting at 2:15 p.m.