

EXECUTIVE COMMITTEE OF THE MASSACHUSETTS CLEAN WATER TRUST

Meeting Minutes

Meeting Date: Wednesday, December 19, 2018
Time: 1:30 PM
Location: Massachusetts Clean Water Trust
1 Center Plaza, Suite 430
Boston, Massachusetts 02108
Notice: Due public notice given
Attendees: Sue Perez, Executive Director, Trust
Steven McCurdy, Director of Program Development, Trust
Maya Jonas-Silver, Director of Finance & Administration, Trust
Also Present: Nathaniel Keenan, Deputy Director, Trust
Maria Pinaud, Deputy Director, MassDEP
Jonathan Maple, Policy Analyst, Trust

SUMMARY OF DISCUSSIONS

1. **Minutes Approval:** The Committee approved minutes from the November 20, 2018 and December 5, 2018.
2. **\$10 million for Contract Assistance in the Supplemental Budget:** Ms. Perez, asked MassDEP if there were any comments related to the letter that the Trust will submit to the EPA for approval of the school water bottle filling stations programs. Mr. McCurdy asked if the Trust should consider including a Clean Water SRF approach to the request. The committee discussed the possibility of including an energy efficiency case that would use CWSRF funding. The Committee determined that the request to EPA should remain solely in the Drinking Water SRF program. Additionally, it was determined that the request should ask for a response within 30 days, so the executive committee could advise the Board of Trustees in the February meeting. Mr. Keenan said he intends to send the letter by the end of the week.
3. **Principal Forgiveness Guarantee Tiers:** Mr. Keenan walked the Committee through a policy that would change the additional subsidy program to guaranteed percentage of principal forgiveness linked to the established tier system. The major reasons for this modification are 1) the percent of loan forgiveness changes and does not allow the Trust to market the loan forgiveness as effectively as it could, and 2) the current system does not allow borrowers to effectively budget for projects. The process does not provide a known incentive for borrowers who are taking projects to town meetings for a vote that is months before the Trust knows what their percent of forgiveness will be.

The new policy would provide a fixed percentage of principal forgiveness based on the community's affordability tier. For Clean Water SRF projects the forgiveness percentages would be 3.33%, 6.66% and 9.99%. For Drinking Water SRF projects the forgiveness

percentages would be 6.66%, 13.33% and 19.99%. Mr. Keenan noted that more forgiveness was allotted to DWSRF projects, because the program is required to provide more additional subsidy than the CWSRF program. This allocation is consistent with the approach used with stimulus funds.

4. **Update on 2018 Principal Forgiveness Numbers:** The committee discussed applying the guaranteed percentages to the 2018 IUP. Mr. McCurdy noted that MassDEP needs to develop a plan to track Best Management Practices, Housing Choice, and enterprise fund certifications when voting and distributing additional subsidy. The committee agreed and will work toward identifying these specific elements during the loan process. MassDEP, has included in the 2018 package that borrowers will be asked to certify required enterprise fund and BMPs are being followed. This will be included in future MassDEP evaluation criteria for proposals.

Ms. Perez asked if there was need to vote to adopt the guaranteed tiers. The committee determined that the vote would only be needed once additional subsidy is assigned and ready for distribution.

5. **Update on DWSRF - Disadvantaged Communities:** Mr. Maple presented a notice for public comments for the Disadvantaged Communities program that is now required for the DWSRF program. The notice describes the existing affordability criteria established in 2015 by the Trust, and proposes how the Trust will define disadvantaged communities, define the method and distribution of additional subsidy, and categorized that additional subsidy as principal forgiveness. The committee discussed some small changes to wording and would circulate an updated draft for review of the agencies. Mr. Keenan, noted that the Trust will send the document to EPA for a final sign off and then the Trust will proceed with the public comment process.
6. **January Board Meeting:** Mr. McCurdy asked about scheduling the January meeting, and coordinating with Commissioner Suuberg, Treasury Goldberg, and Secretary Heffernan. Mr. Keenan noted that we are waiting for all the principals to respond, and that we can move the meeting to February if required. The meeting will include a meeting of the audit committee.
7. **Borrowers with financial difficulties:** Mr. Keenan noted that the Trust is working with Program Counsel to develop a method to assist communities that may encounter financial difficulties after a loan has been financed as part of a bond financing. Methods to be considered could include revising debt service schedules as far as timing of principal payments. The Trust will discuss with DOR DLS if counsel determines this is a permissible option.

LIST OF DOCUMENTS AND EXHIBITS USED:

1. Presentation: Set Percentages for Principal Forgiveness
2. Public Comment Notice for DWSRF Disadvantaged Communities Program

The meeting adjourned at 2:47 p.m.

Minutes Approved: 01/24/2019