

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

November 1, 2017
1:30 PM

State House
Room 227
Boston, Massachusetts

MINUTES

Attendees: State Treasurer Deborah Goldberg
Steve McCurdy, Director of Municipal Services of MassDEP, Designee
Rachel Madden, Undersecretary Executive Office of Administration and
Finance, Designee

Also Present: James MacDonald, First Deputy Treasurer
Susan Perez, Executive Director, MCWT
Bernard Greene, Senior Legal Counsel, MCWT
Sally Peacock, Controller, MCWT
My Tran, Treasurer, MCWT
Jonathan Maple, Program Associate, MCWT
Joshua Derouen, Program Associate, MCWT
Dan Truong, Communications Assistant, Office of the State Treasurer

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

Item #1 **MOTION- VOTE REQUESTED**

Acceptance and Approval of October 4, 2017 Minutes

The Motion was made by Ms. Madden and Seconded by Mr. McCurdy and voted unanimously in favor of acceptance and approval of the minutes of the meeting of the Board held on October 4, 2017.

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

Ms. Perez reported that the first task force meeting was held to address three programs proposed by MassDEP Commissioner Suuberg at the Board's June 2017 meeting. Representatives of MassDEP, A&F, and the Trust participated. Ms. Perez stated that the task force was focusing on planning grants for asset

management programs and that it intends to be operating the first program in the early part of the upcoming calendar year.

Item #3

MOTION- VOTE REQUESTED

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

1. That the Board hereby approves the transfer from the Equity Fund to the Contract Assistance Fund, of \$25,225,341, representing the present value of Contract Assistance savings realized and to be realized as a result of the Trust's State Revolving Fund Refunding Bonds, Series 2014, no portion of which is required by the Act, the Federal Acts, the Trust Agreement, or any applicable Financing Agreement to be returned to Equity Fund.
2. That the Board hereby approves the establishment of an account within the Contract Assistance Fund for funds to be applied to additional subsidies for projects on the 2018 Intended Use Plan and the transfer from the Contract Assistance Fund into such account of \$7,565,200.

Item #4

MOTION- VOTE REQUESTED

Approval Prepayment of Charlton's Drinking Water Loans and Application of Equity of the Trust to Permit such Prepayments

Ms. Perez noted that the Trust does not normally allow prepayment. However, court settlement funds were awarded to the Town of Charlton due to a legal settlement with Exxon Mobil. the Trust believes that allowing prepayment in this case is in the best interest of the Trust and the Town of Charlton.

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

1. That the Trust shall permit the Town of Charlton (the "Town") to prepay its outstanding Drinking Water Loans numbered, in the outstanding principal amounts, bearing interest at the rates or equivalencies, and funded from the Series of Trust Bonds, as follows:

<u>Loan Number</u>	<u>Interest</u>	<u>Outstanding Principal Amount</u>	<u>Series Financed</u>
DW-01-04	50% grant equivalency	\$742,947.30	Pool 8
DW-01-04-A	0%	\$401,583.11	Series 15/2010
DW-09-10	2%	\$867,064.97	Series 16/2012

2. That in connection with such prepayments, the Trust is hereby authorized to transfer unrestricted Equity of the Trust to the trustees of the Trust Bonds relating to such Loans in the amounts necessary to pay any shortfalls in debt service on such Trust Bonds as a result of the prepayment of the Loans, if any.

3. That the Board of Trustees hereby delegates to the Executive Director authority to do all things necessary or desirable to implement the prepayments contemplated by this vote, including without limitation, providing certifications, direction and notices to the relevant trustees and rating agencies, and determining that amounts, if any, that are to be transferred from the Equity Fund.

Item #5

MOTION- VOTE REQUESTED

Approval of Termination of Repurchase Agreement

Ms. Perez explained that Portigon A.G., the successor to WestLB, contacted the Trust in June 2017. Portigon inquired about the termination of the subsidy fund in its investment agreement that was left outstanding after DSRF-A&B 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 believed to be adequate. After further discussion, Portigon responded with a new offer of a total of \$30.6 million, which is a good outcome for the Trust. Ms. Perez noted that there are no tax implications because the investment agreement was in the Trust's Equity Fund.

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

1. That the Trust approves the termination of an investment of the Equity Fund, the Repurchase Agreement dated as of December 23, 1998 among Portigon, AG ("Portigon"), U.S. Bank National Association, as trustee, and Wells Fargo Bank, National Association, as custodian (the "Investment Agreement").
2. That the Board of Trustees hereby delegates to the Executive Director authority to negotiate the final terms of the termination and the amount of the termination payment and the authorizes the Executive Director to do all things necessary or desirable to implement the termination and receipt of the termination payment as contemplated by this vote, including without limitation, executing a termination and release agreement with the parties to the Investment Agreement, and providing certifications, direction and notices to the trustee and/or the custodian.

Item #6

MOTION- VOTE REQUESTED

Clean Water Loan Commitments

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

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
CW-17-18	Grafton	\$2,780,000	2%
CW-17-09	New Bedford	\$499,700	2%
CW-17-10	New Bedford	\$2,996,600	2%

Item #7 **MOTION- VOTE REQUESTED**

Drinking Water Loan Commitments

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

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
DW-17-08	Fall River	\$4,239,980	2%

Item #8 **MOTION- VOTE REQUESTED**

Clean Water Loans/ Local Government Obligations and Financing Agreements

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

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
CWP-16-32	Dartmouth	\$1,899,077 ¹	2%
CWP-15-08-A	Norwood	\$414,356	2%

Item #9 **MOTION- VOTE REQUESTED**

Drinking Water Loans/ Local Government Obligations and Financing Agreements

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

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
DWP-17-04	Webster	\$10,000,000	2%

OTHER BUSINESS: None

LIST OF DOCUMENTS AND EXHIBITS USED:

1. Agenda
2. Minutes, October 4, 2017
3. Project Descriptions

ADJOURN: The Motion was made by Mr. McCurdy and Seconded by Ms. Madden and **voted unanimously in favor of** adjourning the meeting at 1:49 p.m.

¹ First Revision: Original PRA Amount was \$1,260,000