

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

May 2, 2018  
1:30 PM

3 Center Plaza, Suite 430  
Boston, Massachusetts

## **Minutes**

**Attendees:** James MacDonald, First Deputy Treasurer, Designee  
Steve McCurdy, Director of Municipal Services, MassDEP  
Rachel Madden, Undersecretary Executive Office of Administration and Finance, Designee

**Also Present:** Susan Perez, Executive Director, MCWT  
Nate Keenan, Deputy Director, MCWT  
Pamela Booker, Accountant, MCWT  
William Kalivas, Treasury Specialist, MCWT  
My Tran, Treasurer, MCWT  
Joshua Derouen, Program Associate, MCWT  
Michael Bergquist, Policy Analyst, Office of the State Treasurer

**CALL TO ORDER:** The meeting was called to order by Mr. MacDonald at 1:37 p.m.

Item #1 **MOTION- VOTE**

**Acceptance and Approval of April 4, 2018 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 April 4, 2018.

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

Ms. Perez stated that instead of an official Report of the Executive Committee, she would discuss each item before the vote was taken because the items on the agenda represent the work of the Committee.

Item #3

**MOTION- VOTE**

The Motion was made by Ms. Madden and Seconded by Mr. McCurdy. During the discussion, Ms. Perez stated that the edits reflect the changes from the legislation passed in 2014. The changes to the document are substantial but represents a reordering of the document in addition to incorporating the legislative changes. The document now reflects how the Trust currently operates and removes items that are no longer relevant to the program.

The motion was voted unanimously in favor of acceptance and approval of the following:

***Approval of the Amendment to the Contract Assistance Agreement***

1. That the Trust (a) approves the amendment and modification of the Amended and Restated Agreement for Contract Assistance between the Massachusetts Clean Water Trust and the Treasurer and Receiver-General of The Commonwealth of Massachusetts (the "Contract Assistance Agreement"), in substantially the form presented at or prior to this meeting, with such additions, deletions or other changes thereto, not inconsistent with this vote, as the Executive Director executing and delivering the same may approve, such execution and delivery to be conclusive evidence of approval and ratification of all such changes, and (b) hereby determines that such amendment and modification is in the best interest of the Trust and the Trust's bondholders.
2. That the Executive Director and such other officers of the Trust as the Executive Director may delegate are hereby authorized to deliver such certifications and notices and perform all such further steps and actions as necessary or convenient to make the Contract Assistance Agreement effective.

Item #4

**MOTION- VOTE**

The Motion was made by Ms. Madden and Seconded by Mr. McCurdy. During the discussion, Ms. Perez stated that since advanced refundings are no longer an option, the best use of the Trust's equity would be to cash defease bonds as they become callable. She then walked the board through the cash defeasance presentation. Mr. MacDonald asked about the Trust's future callable debt. Ms. Perez stated that for the next few years, the Trust's debt portfolio will have approximately \$100 million of callable debt that can be cashed defeased each year.

Mr. McCurdy asked if issuers expect the bonds to be called or if by defeasing these bonds it would create a negative response from investors. Ms. Perez stated that the investors expect municipal bonds to be called on the call date and by calling bonds, a demand is created for bonds in the future because there is less of the Trust's debt outstanding.

The motion was voted unanimously in favor of acceptance and approval of the following:

***Approval of a Cash Defeasance of callable maturities in Series 2009A and 2010A***

1. That the Executive Director of the Trust is hereby authorized, to (a) establish one or more sinking funds for the benefit of the Trust's Series 2009A Bonds and/or its Series 2010A Bonds, with which to defease and redeem all or a portion of the outstanding Series 2009A Bonds on August 1, 2019 and all or a portion of the outstanding Series 2010A Bonds on August 1, 2020, (b) transfer from the Trust's equity fund into such sinking funds amounts sufficient to accomplish the purpose of such defeasances and redemptions and (c) invest such sinking funds in such securities as are permitted for such purpose by the applicable bond resolution.
2. That the Executive Director and such other officers of the Trust as the Executive Director may delegate are hereby authorized to perform all such further steps and actions as the Executive Director, in consultation with the Trust's tax counsel, financial advisor, and arbitrage rebate consultant, determines to be necessary or convenient to accomplish the purposes of this vote, including, without limitation, buying and selling securities, transferring money from the Trust's equity funds, and executing and delivering any instruments, certifications, instructions, or other documents related thereto.

Item #5

**MOTION- VOTE**

**Mr. McCurdy requested that the motion be tabled until next meeting. Commissioner Suuberg had additional questions on the vote and Mr. McCurdy needed more time to get back to him.**

The Motion was made by Ms. Madden and Seconded by Mr. McCurdy and voted unanimously in favor to table the following:

***Approval of Funding Aspects of the Drinking Water Program Through the Administrative Expense Fund***

1. That in lieu of funding portions of Drinking Water program through ‘set-asides’ from the federal Drinking Water grants received by the Trust, the Trust may instead provide all or a portion of such funding from the Administrative Expense Fund established under the Master Trust Agreement between the Trust and U.S. Bank National Association, as Master Trustee; provided, that the amount of funding shall be decided by the Executive Committee as an appropriate amount to expend from the Administrative Expense Fund.
2. That the Executive Director and such other officers of the Trust as the Executive Director may delegate are hereby authorized to deliver such certifications and notices and perform all such further steps and actions as necessary or convenient to effect the funding described in this vote.

Item #6

**MOTION- VOTE**

The Motion was made by Ms. Madden and Seconded by Mr. McCurdy. During the discussion, Ms. Perez stated that the State Treasurer has the authority to sign the grant agreement on the behalf of the Trust. The grant will now be submitted online and by giving the authority to execute the grant to the Executive Director, it will make the process simpler.

Mr. McCurdy asked if this would involve a change to the Trust’s bylaws. Mr. Keenan stated that the Trust’s general counsel had reviewed the issue and the State Treasurer has authority to sign the agreement as chair of the board, not through the by-laws.

The motion was voted unanimously in favor of acceptance and approval of the following:

***Authorization for the Executive Director to Sign Grant Applications and Serve as the Trust’s Authorized Organization Representative***

1. That the Board of Trustees authorizes and appoints the Executive Director of the Trust to execute and deliver, on behalf of the Trust, clean water and drinking water grant applications and related documents for federal capitalization grants and to serve as the Trust’s authorized organization representative on the federal Grants.gov ([www.grants.gov](http://www.grants.gov)) website.
2. That the Board of Trustees further authorizes the Executive Director to designate other officers of the Trust as authorized organizational representatives on Grant.gov.

Item #7

**MOTION- VOTE**

The Motion was made by Mr. McCurdy and Seconded by Ms. Madden. During the discussion, Ms. Perez stated that the Trust has been working with the Massachusetts Department of Capital and Asset Management (DCAM) for approximately fourteen months on possible changes to the Trust's office location. Since the discussions with DCAM began, Center Plaza's landlord has changed. Negotiations with Center Plaza's current landlord have been going well and DCAM is recommending the Trust stay in their current space. A final recommendation from DCAM will be received by the Trust prior to signing the lease. Rent at Center Plaza will increase but building ownership is allocation \$30 per square foot in improvements to the office spaces for Center Plaza tenants. The Trust is looking to install a security wall and new carpet in its office space with the improvement funds. Ms. Perez had also mentioned that the Trust would like to remain in Center Plaza because of the time constraints that would be involved with moving the office by September 2018.

The motion was voted unanimously in favor of acceptance and approval of the following:

***Approval of Extension of Trust's Lease of Three Center Plaza, Suite 430***

1. That the Board of Trustees authorizes the Executive Director of the Trust to execute and deliver, on behalf of the Trust, an Eighth Amendment to Lease and Lease Extension, or such other lease form as required by the Division of Capital Asset Management and Maintenance ("DCAMM"), to evidence the lease of Three Center Plaza, Suite 430, Boston, Massachusetts 02108 (the "Premises") by the Trust, as a "user agency," for an extended lease term ending on September 30, 2023 (the "Lease").
2. That the Board of Trustees further authorizes the Executive Director of the Trust, prior to the execution of the lease or the commencement of the lease term, to negotiate, either directly or through DCAMM, with the landlord for the design and construction of any improvements to the Premises including, without limitation, security improvements, and to make any necessary commitments and to execute any necessary documents in connection with the design, construction, and delivery of such improvements.
3. That the Board of Trustees further authorizes the Executive Director of the Trust, to take such other steps necessary or convenient to complete the documentation of the leasehold, the commencement of the lease, the improvements to the Premises, and any further actions necessary relating to the Trust's relationship to the landlord and DCAMM on matters related to the lease and the Premises.

Item #8

**MOTION- VOTE**

The Motion was made by Mr. McCurdy and Seconded by Ms. Madden. During the discussion, Ms. Perez stated that the Trust's rebate funds for certain pools are currently underfunded. Due to a change in the rebate calculation that resulted from a change in treatment of the rebate fund, the Trust now owes more money to the IRS than was expected.

The motion was voted unanimously in favor of acceptance and approval of the following:

***Approval of Transferring Equity Funds to the Applicable Rebate Funds***

1. To the extent the amount on deposit in the Rebate Fund applicable to any series of Prior Bonds (as defined in the Master Trust Agreement) is insufficient to make a required arbitrage rebate and/or yield reduction payment under the Internal Revenue Code with respect to such series of Prior Bonds, the Trust approves, subject to the limitations in Section 6.3 of the Master Trust Agreement, the transfer from the Equity Funds into the applicable Rebate Fund of the amount required to cure such insufficiency.
2. That the Executive Director and the other Authorized Officers of the Trust under the Master Trust Agreement are authorized to determine the amount and timing of each such transfer, as conclusively evidenced in each case by the execution and delivery of a certificate to the Master Trustee directing such transfer.

Item #9

**MOTION- VOTE**

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

***Clean Water Loan Commitments***

<b><u>PAC No.</u></b>	<b><u>Borrower</u></b>	<b><u>Amount</u></b>	<b><u>Equivalent Interest Rate</u></b>
CW-18-05	Nantucket	\$5,296,200	2%

Item #10

**MOTION- VOTE**

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

***Drinking Water Loan Commitments***

<b><u>PAC No.</u></b>	<b><u>Borrower</u></b>	<b><u>Amount</u></b>	<b><u>Equivalent Interest Rate</u></b>
DW-14-10	Norton	\$10,300,000 <sup>1</sup>	2%

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<sup>1</sup> First Revision: Original PAC Amount was \$8,900,000

Item #11

**MOTION- VOTE**

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

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

<b><u>PAC No.</u></b>	<b><u>Borrower</u></b>	<b><u>Amount</u></b>	<b><u>Equivalent Interest Rate</u></b>
CW-15-26	Nantucket	\$8,472,975 <sup>2</sup>	0%
CW-18-05	Nantucket	\$5,296,200	2%
CW-17-28	Revere	\$600,000	2%
CW-17-29	Revere	\$1,200,000	2%

Item #12

**MOTION- VOTE**

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

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

<b><u>PAC No.</u></b>	<b><u>Borrower</u></b>	<b><u>Amount</u></b>	<b><u>Equivalent Interest Rate</u></b>
DW-14-10	Norton	\$10,300,000	2%

**OTHER BUSINESS:** None

**ADJOURN:** The motion was made by Mr. McCurdy and Seconded by Ms. Madden and voted unanimously in favor of adjourning the meeting at 2:00 p.m.

**LIST OF DOCUMENTS AND EXHIBITS USED:**

1. Agenda
2. Minutes, April 4, 2018
3. Amended and Restated Agreement for Contract Assistance- Redlined Version
4. Amended and Restated Agreement for Contract Assistance
5. Cash Defeasance Opportunity Presentation
6. Project Descriptions

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<sup>2</sup> First Revision: Original PRA Amount was \$7,872,975