

**EXECUTIVE COMMITTEE OF THE
MASSACHUSETTS CLEAN WATER TRUST**

Meeting Minutes

Meeting Date: Wednesday, March 1, 2023
Time: 1:30 PM
Location: Remote
Notice: Due public notice given
Attendees Sue Perez, Executive Director, Trust
Maria Pinaud, Director of Program Development, Trust
Timur Yontar, Director of Finance & Administration, Trust
Also Present Nate Keenan, Deputy Director, Trust
My Tran, Treasurer, Trust
Sally Peacock, Controller, Trust
Nicole Munchbach, Accountant, Trust
Pam Booker, Accountant, Trust
Sunkarie Konteh, Accountant, Trust
Joshua Derouen, Senior Program Associate, Trust
Rachel Stanton, Investor Relations and Communications Graphic Designer, Trust
Kailyn Fellmeth, Program Associate, Trust
Julian Honey, Program Associate, Trust
Jonathan Maple, Senior Policy Analyst, Trust
Robin McNamara, Deputy Director of Municipal Services, DEP
Ashraf Gabour, Program Manager, DEP
Jennifer Pederson, Executive Director, Massachusetts Water Works Association

SUMMARY OF DISCUSSIONS

Open the Meeting: Ms. Perez opened the meeting after confirming the attendees present.

1. **Discussion on the Private Borrower Policy:** Ms. Perez said that the Trust's private borrower policy was last revised in 2009 after a private borrower filed for bankruptcy. The current policy ensures additional security for the Trust in the event of a default or bankruptcy.

The Trust asked Mintz Levin, the Trust's outside general counsel, to compare the requirements between public and private borrowers to ensure that the policy is not overly onerous. Mintz Levin compared requirements between public water entities and private borrowers and found that the current private borrower policy is not overly onerous compared to the security pledges public entities provide.

Security

Mr. Keenan said that public entities provide primary security through a general obligation (GO) pledge. However, security from private borrowers is limited to water revenues. A deposit

account control agreement (DACA), which allows secured party control over revenues, is held as adequate security.

State aid interception is a secondary security for public entities. State aid interception is not an option for private borrowers. Instead, private borrowers may select a secondary security from options including a Trust-approved letter of credit from a bank, marketable securities with at least 120% of the loan amount, guarantee of a rated corporate affiliate, or a waiver with additional documentation provided.

The greatest risk when issuing loans to private borrowers is that they can file for bankruptcy unlike public entities. Thus, requiring similar securities to that of public entity borrowers, the Trust's private borrower policy is not onerous.

The Trust requires similar security from both public and private borrowers which is similar to the requirements for a commercial loan issued by a bank.

It is also important to note that loans issued to any private borrower are direct loans separate from bond financings, meaning there is no risk to the outstanding bonds and bondholders of default by making loans to private borrowers.

Prospective Private Borrowers

Mr. Keenan said that due to the current requirements, the Trust is not helping many of the in-need, smaller private borrowers.

A tiered system for private borrowers could help make loans more accessible. Tier 1 borrowers would be larger companies that have parent companies able to provide additional security. Tier 2 borrowers would be smaller communities such as mobile home parks and condominium associations. The Trust and MassDEP need to help Tier 2 private borrowers access subsidized financing in a way that is a safe investment for the Trust and not as burdensome on the borrowers.

We will work to see how many prospective private borrowers in the Tier 2 that would benefit from our financing.

Next Steps

Ms. Perez said that there are communities in need such as Pine Valley Plantation, which is a 600-person mobile home park with elderly residents with a large water infrastructure need.

The United States Department of Agriculture used to issue loans to private borrowers but has since stopped. This has created a greater need with smaller private borrowers, the Trust is researching if there is a role it can play in this area.

Other Business (Items not reasonably anticipated by the Chair 48 hours in advance of the meeting)

None

Adjourn the Meeting: Ms. Perez requested a motion to adjourn the meeting. Ms. Pinaud moved the motion. A roll call was held, and all members approved the motion.

Minutes Approved: April 19, 2023