

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

December 14, 2016
1:30 PM

Conference Room
3 Center Plaza, Suite 430
Boston, Massachusetts

MINUTES

Attendees: James A. MacDonald, First Deputy Treasurer
Rachel Madden, Executive Office for Administration and Finance Designee
Steven McCurdy, Director of Municipal Services, MassDEP

Also Present: Sue Perez, Executive Director, MCWT
Nate Keenan, Deputy Director, MCWT
Bernard Greene, Senior Legal Counsel, MCWT
My Tran, Treasurer, MCWT
William Kalivas, Treasury Specialist, MCWT
Sally Peacock, Controller, MCWT
Pamela Booker, Accountant, MCWT
Heather Saxelby O'Donnell, Program Specialist, MCWT
Jane Peirce, Deputy Director of Municipal Services, MassDEP
Dan Truong, Assistant Communication Director, Office of the State Treasurer

CALL TO ORDER: The meeting was called to order by Mr. MacDonald at 1:30 PM.

Item #1

MOTION- VOTE

The motion was made by Mr. McCurdy, seconded by Ms. Madden and **voted unanimously in favor** of acceptance and approval of amendments to minutes of the meeting held on June 9, 2016.

Item #2

MOTION- VOTE

The motion was made by Mr. McCurdy, seconded by Ms. Madden and **voted unanimously in favor** of acceptance and approval of the minutes of the meeting held on November 2, 2016.

Item #3

MOTION- VOTE

The motion was made by Mr. McCurdy, seconded by Ms. Madden and **voted unanimously in favor** of acceptance and approval of the minutes of the special meeting held on November 15, 2016.

Item #4

REPORT OF THE EXECUTIVE COMMITTEE

Ms. Perez reported on the following:

1. The swap of unspent bond proceeds of the Series 18 bonds, will close on Friday, December 16, 2016.
2. Ms. Perez reported that she was served with a subpoena for a deposition related to the case brought by two residents who live close to Wind Turbine II against the Falmouth Zoning Board of Appeals. The attorney was seeking information related to the letter sent by the Trust to the Town on April 2, 2013 concerning the shut-down of Wind Turbine II. He is seeking clarification of the Trust's position as stated in the letter. The subpoena was improperly issued, however, and was withdrawn. Mr. MacDonald inquired as to whether MassDEP has a position on the Falmouth situation. Mr. McCurdy responded that MassDEP does not have an official position. The department has been waiting to see how things develop with the Town. Mr. MacDonald also asked whether anyone else had been served with a subpoena. Ms. Perez and Mr. McCurdy were not aware of anyone else being served. The Town's Counsel has reached out to the Trust, but there have been no press inquiries about this matter.
3. Ms. Perez reported on the Trust's efforts to terminate Wells Fargo Bank as bond trustee and paying agent for the Series 9, 10, 11 bonds and the Series 13 refunding trustee, and replacing them with U.S. Bank. The Trust, following the lead of the Treasurer, is taking this step because of major deficiencies in their business practices, including incentive systems that resulted in the creation of millions of fake customer accounts. To terminate the relationships, the Trust will have to give them notice, give notice to DTC, and post the changes to the EMMA website. A majority of bondholders can move to appoint a different trustee than recommended by the Trust by acting within 45 days following the announcement. Ms. Perez stated that there will be a vote on this at the next Board meeting.
4. Mr. McCurdy noted that the 2017 Draft Clean Water and Drinking Water Intended Use Plans have been issued. A preliminary hearing will be held on January 4, 2017.
5. Regulations related to the 2014 legislation have been approved and were been sent to the Executive Office of Energy and Environmental Affairs for review.

- 6 The testing of drinking water in public schools for lead and copper will be complete by the end of January. To date, 600 schools have been tested. A full report will be issued and presented to the Board of Trustees upon completion of the testing.

Item #5

MOTION- VOTE

The motion was made by Ms. Madden, seconded by Mr. McCurdy and **voted unanimously in favor** of the following:

Approval of Recommendation for Investment Advisory Services

1. That the recommendation of the Procurement Management Team established by the Executive Director to review and evaluate responses to the Trust's Request for Responses for Investment Advisory Services, dated October 26, 2016 is hereby approved.
2. That the Board hereby delegates to the Executive Director, and/or any other authorized officers of the Trust, authority to negotiate and enter into such engagement letters and other undertakings as she determines necessary and appropriate and to take all such further action, as necessary, to finalize the engagement of the selected firm.

Item #6

MOTION- VOTE

The motion was made by Mr. McCurdy, seconded by Ms. Madden and **voted unanimously in favor** of the following:

Funds Transfer Program: Authorization of a Permanent Funds Transfer from Clean Water To Drinking Water Equity in the amount of \$5,098,830 for Federal Fiscal Year 2016

1. That, pursuant to and as further implementation of the Funds Transfer Program approved by the Board on January 8, 2014, the Board hereby re-affirms the Executive Director's authority to make such transfers between the Clean Water SRF and the Drinking Water SRF as she determines to be necessary, including without limitation a permanent transfer of \$5,098,830, which is the maximum allowable amount for Federal Fiscal Year 2016, from the Clean Water SRF to the Drinking Water SRF.
2. That the Executive Director is further authorized to take all necessary steps to effectuate such transfer, including executing and delivering any and all letters, certificates, and other instruments and documents necessary or desirable in connection therewith and obtaining any necessary opinions of counsel.

Item #7

MOTION- VOTE

The motion was made by Mr. McCurdy, seconded by Ms. Madden and **voted unanimously in favor** of acceptance of the following:

Clean Water Loan Commitments

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
CW-16-27	Brockton	\$1,100,000	2%
CW-16-28	Brockton	\$400,000	2%

Item #8

MOTION- VOTE

The motion was made by Mr. McCurdy, seconded by Ms. Madden and **voted unanimously in favor** of acceptance of the following:

Drinking Water Loan Commitment

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
DW-16-04	Chicopee	\$12,272,751 ¹	2%

Item #9

MOTION- VOTE

The motion was made by Mr. McCurdy, seconded by Ms. Madden and **voted unanimously in favor** of acceptance of the following:

Clean Water Loans/ Local Government Obligations and Financing Agreements

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
CW-16-27	Brockton	\$1,100,000	2%
CW-16-28	Brockton	\$400,000	2%
CW-14-16	Lawrence	\$8,978,897 ²	2%
CWP-16-07	Plymouth	\$36,701,181 ³	2%

¹First Revision. Original PAC amount was \$12,106,400.

²First Revision. Original PRA amount was \$3,346,107.

³First Revision. Original PRA amount was \$30,202,980.

Item #10

MOTION- VOTE

The motion was made by Mr. McCurdy, seconded by Ms. Madden and **voted unanimously in favor** of acceptance of the following:

Drinking Water Loans/Local Government Obligations and Financing Agreements

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
DW-16-04	Chicopee	\$11,561,383	2%

OTHER BUSINESS: None

ADJOURN: Seeing no other business, at 1:44 PM the motion to adjourn was made by Mr. McCurdy, seconded by Ms. Madden and voted unanimously in favor.

LIST OF DOCUMENTS AND EXHIBITS USED:

1. June 9, 2016 Minutes
2. November 2, 2016 Minutes
3. November 15, 2016 Minutes
4. Memo, *2016 RFR for Investment Advisory Services Recommendation of the Procurement Management Team.*
5. Request for Responses, *Investment Advisory Services*
6. Project Descriptions