

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

June 3, 2015
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: Maureen Godsey Valente, Deputy Treasurer
Sue Perez, Executive Director, MCWT
Nathaniel Keenan, Deputy Director, MCWT
My Tran, Treasurer, MCWT
Sally Peacock, Controller, MCWT
Bernard Greene, Senior Legal Counsel, MCWT
Pam Booker, Accountant, MCWT
William Kalivas, Treasury Specialist, MCWT
Heather Saxelby O'Donnell, Program Associate, MCWT
Joe Delaney, Deputy Director of Municipal Services, MassDEP

CALL TO ORDER: The meeting was called to order by Mr. MacDonald at 1:32 PM.

Item #1

MOTION- VOTE

The motion to vote was made by Steven McCurdy, seconded by Rachel Madden and voted unanimously in favor of acceptance and approval of the minutes of the meeting held on May 6, 2015.

Item #2

REPORT OF THE EXECUTIVE COMMITTEE

Ms. Perez reported on the following

1. The Trust received a letter from the City of Fall River's legislative delegation requesting additional financial assistance from the Trust. Mr. McCurdy and Mr. Keenan have attended two meetings with the delegation regarding this request. The letter outlines the fact that the city is experiencing a fiscal crisis. There are concerns that the city will need to raise water and sewer rates at the same time as raising property taxes, which would be politically unpopular. The city is under a court order to improve its sewer system. As a result, it has been working on a CSO project totaling \$189 million, 89% of which will be borrowed from the Trust. The project will be completed in 2025. The City of Fall River is the second largest borrower from the Trust. The difference between the second and third largest borrowers is not significant. The city's new mayor's transition team has reported that the enterprise funds are not self-sufficient and there are no reserves in the funds. The request from the city is that the Trust provide \$1 million from the Trust's administrative fund in addition to waiving all administrative fees on the city's loans. The savings for the city under this proposal would be \$2.3 million on the life of the loan. The Executive Committee has discussed the proposal and has determined that funds cannot be taken from the administrative fund to give to Fall River, as this is not an allowable use under EPA regulations.. Ms. Perez noted that every borrower is subject to the administrative fee. If the Trust grants exemption from the administrative fee to Fall River, other borrowers are sure to follow suit. The administrative fee is not excessive, at 0.15%, and waiving the fee will not solve the real problems of the city. Ms. Perez noted that that legislation passed in the previous fiscal year could help with the remaining CSO work that Fall River needs to complete. The legislation would allow the Trust to provide additional subsidies, but the bill was not funded. Additionally, the Sewer Rate Relief Fund could have provided help, but it too is not currently funded. Ms. Perez recommends that the legislative delegation provide funding through the budget process, rather than through the Trust's administrative fund. Another suggestion is that Trust staff meet with Fall River's financial and utility management team in order to see if best practices are being utilized, what is truly needed, and if any solutions may be reached. The situation is not a one-time problem. Although the CSO project is very large, the city also has most recently borrowed for a number of drinking water loans which are unrelated. Ms. Perez indicated that is necessary for the Trust to respond to the letter in some way.
2. Mr. MacDonald recommended that a motion be made to adopt the recommendations of the Executive Committee and to authorize the Executive Director to communicate the recommendation of the Executive Committee to the delegation. The motion was made by Mr. McCurdy, seconded by Ms. Madden

- and voted unanimously in favor.
3. Ms. Valente suggested that the Trust communicate with Sean Cronin, the Senior Deputy Commissioner of Local Services for the Executive Office for Administration and Finance regarding the possibility of an evaluation of the city's operations.
 4. Mr. Keenan noted that he had attempted to contact Mr. Cronin for the past week.
 5. Ms. Perez noted that legislation passed in the previous fiscal year could provide funding for the city to hire a consultant.

Item #3

MOTION- VOTE

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

That, as interim budgets for the fiscal year beginning July 1, 2015

1. The Massachusetts Clean Water Trust may expend 1/6 of the amount authorized for the fiscal year 2015 budget from the Administrative Fund for the administration of the programs of the Trust during the interim period between July 1, 2015 and August 31, 2015; and
2. The Massachusetts Clean Water Trust may transfer to the Department of Environmental Protection up to an amount equal to 1/6 of the fiscal year 2015 budget for the Department approved by the Trust, from the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund, for the administration of the State Revolving Fund programs during the interim period between July 1, 2015 and August 31, 2015.

Item #4

MOTION- VOTE

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

Authorization for Specified Authorized Officers to Execute Loan Documents

1. That the Chairman and Vice Chairman of the Trust (and each designee thereof pursuant to G.L. Ch. 30, §6A) and the Executive Director and the Treasurer of the Trust (each an "Authorized Officer") are hereby authorized to execute and deliver, pursuant to G.L. Ch. 29C, §6, (1) all Loan Commitments for eligible costs of Drinking Water or Clean Water projects and (2) all Financing Agreements for Drinking Water or Clean Water loans, (3) all Local Governmental Obligations for Drinking Water or Clean Water loans, and (4) all other agreements, certificates and further assurances as may be necessary or desirable in connection with the funding of Drinking Water or Clean Water Loans and Local Governmental Obligations ("Loan Documents") for the Borrowers, in the amounts, bearing interest, if any, at the rates and otherwise as described in the respective votes for such Loan documents substantially in the form previously or subsequently approved by the Trust, with such changes thereto, not inconsistent with the vote on said Loan Documents, as the Authorized Officer executing the same shall approve, such execution and delivery to be conclusive evidence of approval of all such changes.

Item #5

MOTION- VOTE

The motion was made by Steven McCurdy, seconded by Rachel 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-15-01	Lynn Water & Sewer Commission	\$8,349,106	2%
CW-07-03	MFN Regional Wastewater District	13,000,000 ¹	2%
CW-10-07	MFN Regional Wastewater District	\$2,112,310 ²	2%
CW-15-05	Taunton	\$250,000	2%
CW-15-02	Worcester	\$3,256,000	2%

Item #6

MOTION- VOTE

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

Drinking Water Loan Commitments

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
DW-13-19	Lynn Water & Sewer Commission	\$1,398,337 ³	2%
DW-14-07	Paxton	\$1,434,000 ⁴	2%

Item #7

MOTION- VOTE

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

Clean Water Loans/Local Government Obligations and Financing Agreements

<u>Project/PAC No.</u>	<u>Borrower</u>	<u>Loan/LGO Amount</u>	<u>Equivalent Interest Rate</u>
CW-07-03	MFN Regional Wastewater District	\$12,600,000 ⁵	2%
CW-10-07	MFN Regional	\$1,100,000 ⁶	2%

¹ PAC originally voted for Mansfield loan on June 29, 2007. Loan is being transferred to the recently established MFN Regional Wastewater District. This district is comprised of the towns of Mansfield, Foxborough and Norton.

² PAC originally voted for Mansfield loan on January 11, 2012. Loan is being transferred to the recently established MFN Regional Wastewater District.

³ First Revision. Original PAC amount was \$520,000.

⁴ Second Revision. Previous PAC amount was \$1,370,000.

⁵ PRA originally voted for Mansfield loan on June 29, 2007. Loan is being transferred to the recently established MFN Regional Wastewater District.

⁶ PRA previously voted for Mansfield on January 11, 2012. Loan is being transferred to the recently MFN Regional Wastewater District.

CW-10-07-A	Wastewater District MFN Regional Wastewater District	\$1,012,310 ⁷	2%
CW-14-29	Lunenburg	\$1,521,653	2%
CW-15-01	Lynn Water & Sewer Commission	\$5,268,266	2%
CWP-13-19	Norwood	\$2,700,000 ⁸	2%
CWP-13-16	Revere	\$7,378,232 ⁹	2%
CWT-15-05	Taunton	\$250,000	2%

Item #8

MOTION- VOTE

The motion was made by Steven McCurdy, seconded by Rachel Madden and voted unanimously in favor of acceptance of the following:

Drinking Water Loans/Local Government Obligations and Financing Agreements

<u>Project/PAC No.</u>	<u>Borrower</u>	<u>Loan/LGO Amount</u>	<u>Equivalent Interest Rate</u>
DW-13-19	Lynn Water & Sewer Commission	\$1,398,337	2%
DW-14-07	Paxton	\$1,434,000 ¹⁰	2%

OTHER BUSINESS: None

ADJOURN: Seeing no other business, at 1:46 PM the motion to adjourn was made by Steven McCurdy, seconded by Rachel Madden and voted unanimously in favor.

⁷ PRA originally voted for Mansfield on April 5, 2012. Loan is being transferred to the recently established MFN Regional Wastewater District.

⁸ First Revision. Original PRA amount was \$2,534,364.

⁹ First Revision. Original PRA amount was \$6,627,721.

¹⁰ First Revision. Original PRA amount was \$1,370,000,