

**Minutes
Executive Committee Meeting
Massachusetts Clean Water Trust**

DATE: September 28, 2017

START TIME: 1:00 p.m.

PLACE: 3 Center Plaza, Suite 430

NOTICE: Due public notice given

MEMBERS OF THE EXECUTIVE COMMITTEE –

PRESENT: Sue Perez, Executive Director of the Trust
Rachel Madden, Director of Finance & Administration of the Trust
Steve McCurdy, Director of Program Development of the Trust

ALSO PRESENT: Bernard Greene, Senior Legal Counsel of the Trust
Nate Keenan, Deputy Director of the Trust

**SUMMARY OF DISCUSSIONS (INCLUDING DECISIONS MADE/ACTIONS
TAKEN/ VOTES):**

1. Financial Statements. Ms. Perez distributed draft copies of the Trust's audited financial statements to the Committee. She noted that the Trust had an operating loss in fiscal year 2017 of \$33.7 million, compared to operating income of \$20.6 million in FY 2016. She explained that this was due, in part, to a \$11.7 million allocation to the Commonwealth for its portion of the savings from the fiscal year 2012 refunding that are being deferred for future additional subsidy and a \$32.2 million change in fair market value of the Trust's U.S. Treasury investments. The fiscal year 2017 operating loss is offset by nonoperating revenue from the Trust's federal capitalization grant and the state match of \$73.8 million.
2. Master Trust Agreement. Ms. Perez distributed a "Fourth Supplemental Trust Agreement" to the Committee that was prepared by program counsel. This supplement amends the Master Trust Agreement to establish an "Additional Assistance Fund" that refers to the contract assistance fund that is being established. The supplement also reiterates that the new fund will be pledged to any bonds issued under the Master Trust Agreement.
3. 2018 Intended Use Plan. Ms. Perez distributed a page from the draft 2018 IUP with proposed changes to the description of additional subsidy that will be paid from the federal grant and Commonwealth Contract Assistance. The subsidy will be given based upon the affordability criteria developed by the Trust and, for principal forgiveness projects, certification that best management practices will have been adopted by the time the project is completed.
4. Town of Hardwick. Ms. Madden reported on problems that the Town of Hardwick is having with its wastewater treatment plant, which is located in the Village of Gilbertville, within the Quabbin Reservoir watershed. The plant is subject to a

DEP consent order that will require expensive work to correct the problems cited. The Committee noted that it would be difficult to help the Town because of restrictions on the type of assistance available from the Trust. But it discussed other options that may be available, including programs of the U.S. Department of Agriculture and the Division of Local Services of the Department of Revenue.

5. 2018 Intended Use Plan – Clean Water and Drinking Water Project Lists. Mr. McCurdy distributed draft project lists for the CW and DW Intended Use Plans. The lists show \$484 million in total clean water projects and \$131 million in total drinking water projects. Mr. McCurdy noted that these IUP numbers are illustrative unofficial numbers that DEP expects to finalize soon. They are also increasing the emergency set-aside amount by \$1 million. Once the IUP numbers are finalized, DEP will publish the IUP, there will be a 30-day comment period, followed by a public hearing before it is brought to the Trust's Board.
6. Cape Cod Commission Legislation. Ms. Perez reported that on September 19 the Trust met with Senator Julian Cyr, Representative Sarah K. Peake, and Andrew Gottlieb, the executive director of the Association to Preserve Cape Cod. They discussed Senate Bill 2163 proposed by Senator Cyr to establish a Cape Cod Water Protection Trust and House Bill 2642 proposed by Rep. Peake that would levy a tax on short term rentals and authorize communities to place a local option tax of 2.75% on top of the State tax. Rep. Peake's bill would deposit the local tax receipts into a Cape Cod Water Infrastructure Trust Fund that would help to defray the costs of municipal water quality restoration projects. The Committee discussed the mechanics of how such proposals would work. The financing provisions of Senator Cyr's bill were discussed at length to get a better understanding of the perceived need for the Cape Cod Water Protection Trust to issue bonds.

LIST OF DOCUMENTS AND EXHIBITS USED:

- Draft of Audited Financial Statements
- Draft of A-133 Auditor's Report
- Draft Fourth Supplemental Trust Agreement
- Draft Language for Intended Use Agreement Concerning Additional Subsidy
- Draft 2018 IUP Clean Water Project List
- Draft 2018 IUP Drinking Water Project List

The meeting adjourned at 1:48 p.m.

Approved: December 13, 2017