

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

June 13, 2018
1:30 PM

3 Center Plaza, Suite 430
Boston, Massachusetts

Minutes

Attendees: James MacDonald, First Deputy Treasurer, Designee
Martin Suuberg, Commissioner of 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
Jonathan Maple, Program Associate, MCWT
Joshua Derouen, Program Associate, MCWT
Nicole Munchbach, Program Coordinator, MCWT

CALL TO ORDER: The meeting was called to order by Mr. MacDonald at 1:33 p.m.

Item #1 **MOTION- VOTE**
Acceptance and Approval of May 2, 2018 Minutes
The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg and voted unanimously in favor of acceptance and approval of the minutes of the meeting of the Board held on May 2, 2018.

Item #2 **MOTION- VOTE**
Acceptance and Approval of Revised July 13, 2016 Minutes¹
The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg and voted unanimously in favor of acceptance and approval of the revised minutes of the meeting of the Board held on July 13, 2016.

¹ The minutes from the Board Meeting held on July 13, 2016 and approved by the Board on August 3, 2016 listed MFN Regional Wastewater District CW-15-25A incorrectly as "MFN Regional Wastewater District CW-15-15A."

Item #3

REPORT OF THE EXECUTIVE COMMITTEE

Ms. Perez stated that instead of an official Report of the Executive Committee, she would discuss details for each item before the vote was taken because the items on the agenda represent the work of the Committee. Ms. Perez added that she is excited about the progress being made with the proceeding agenda items.

Item #4

MOTION- VOTE

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg. During the discussion, Ms. Perez stated that the Trust is working to expand Drinking Water Program capacity so that more funds can be dedicated to projects. The capacity would be expanded by allowing the Trust to use its Administrative Expense Fund to fund administration costs usually funded by ‘set asides’ allowed under the federal grant. Those grant funds would then be dedicated to projects.

The Motion was voted unanimously in favor of acceptance and approval of 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 affect the funding described in this vote.

Item #5

MOTION- VOTE

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg. During the discussion, Ms. Perez stated that the Trust's interim budget for Fiscal Year 2019 would be equal to one sixth of Fiscal Year 2018's budget.

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

That as an Interim budget for the fiscal year beginning July 1, 2018

1. The Massachusetts Clean Water Trust may expend 1/6 of the amount authorized for the fiscal year 2018 budget from the Administrative Fund for the administration of the programs of the Trust during the interim period between July 1, 2018 and August 31, 2018; 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 2018 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, 2018 and August 31, 2018.

Item #6

MOTION- VOTE

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg. During the discussion, Ms. Perez stated that this motion would allow her as Executive Director, and other officers of the Trust, to execute documents associated with the issuance of the Series 21 Green Bond sale.

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

Resolution Authorizing the Issuance of Bonds

1. That the Executive Director is hereby authorized (i) to provide for the issuance by the Trust of a series of new money State Revolving Fund Bonds (the "Bonds") to be sold by negotiated sale and issued for the purpose of financing or refinancing costs of water pollution abatement and drinking water projects for local governmental units and other eligible borrowers; and in furtherance thereof the Executive Director, with respect to the issuance of the Bonds, is hereby delegated all powers of the Board of Trustees of the Trust under Section 9 of Chapter 29C of the Massachusetts General Laws.
2. That the Executive Director and such other officers of the Trust as the Executive Director may designate are hereby authorized to do any and all acts and things and to approve, adopt, execute, and deliver any and all documents, certificates, notices, and other instruments as the Executive Director or any such other designated officer shall determine to be necessary or desirable in connection with the issuance of the Bonds, including, without limitation (a) one or more supplemental trust agreements providing for the issuance of the Bonds, (b) preliminary and final official statements with respect to the Bonds, (c) continuing disclosure certificates, (d) bond purchase agreement for the sale of the Bonds to the underwriters named therein, (e) tax certificate, (f) amendments to the Amended and Restated Agreement for Contract Assistance between the Trust and the State Treasurer and Receiver-General, and (g) such other agreements, certificates, notices, and other instruments as determined by the Executive Director, with the advice of counsel to the Trust, to be necessary or convenient for the successful issuance and sale of the Bonds.
3. That the Executive Director and such other officers of the Trust as the Executive Director may designate are hereby authorized to perform all such further steps and actions and undertake all such further arrangements necessary to accomplish the foregoing.

Item #7

MOTION- VOTE

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg. During the discussion, Ms. Perez stated that this vote will allow for an increase in Principal Forgiveness for qualifying projects appearing on the 2018 IUP from the state component of Principal Forgiveness. The number is being increased because the federal grants were increased and with that, the amount the Trust must give away as Principal Forgiveness and in keeping with the boards' intention of matching the federal amount with the state amount, the number has been increased.

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

Approval of Principal Forgiveness from Contract Assistance

1. That the Board hereby approves an additional \$3,039,100 be to be applied to additional subsidies for projects on the 2018 Intended Use Plan and the transfer that amount from the Contract Assistance Fund into the 2018 IUP additional subsidy account.

Item #8

MOTION- VOTE

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg. During the discussion, Ms. Perez mentioned how Housing Choice Loan Program would provide up to 50 basis points of interest subsidy for Housing Choice designated communities taking out new loans. The Housing Choice Loan Program is expected to be listed on the annual IUP solicitation that will be sent out soon.

Ms. Madden stated that the goal of the Housing Choice Loan Program is to build 135,000 new housing units by 2025. Additional subsidies were mentioned as a way to allow the Program to have a greater impact. The additional subsidies were also said to be a way to incentive community participation since participation would not be mandatory.

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

Resolution Authorizing the Housing Choice Loan Program

1. That the Trust approves the establishment of a program (the “Housing Choice Loan Program”) to provide an additional subsidy equivalent to a loan made at an interest rate of less than two percent, as provided in Section 6 of the Enabling Act, to local governmental units that have achieved “Housing Choice” designation under the Commonwealth’s Housing Choice Initiative. New loans made under the Housing Choice Loan Program to borrowers with such designation shall, subject to sufficient appropriation of contract assistance by the Commonwealth, provide for debt service equivalent to a loan made at an interest rate not below 1.50%.
2. That the Executive Director and such other officers of the Trust as the Executive Director may delegate are hereby authorized to develop such additional Housing Choice Program description and documentation to solicit proposals for loans eligible for the Housing Choice Loan Program and to deliver such certifications, agreements and notices and perform all such further steps and actions as necessary or convenient to effect implementation of the Housing Choice Loan Program.

Item #9

MOTION- VOTE

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg. Mr. Keenan made a presentation that explained how the vote would allow eligible applicants from the 2019 IUP to apply for technical assistance grants to assist with the creation of Asset Management Plans (AMPs). The purpose of the AMPs is to assist eligible applicants with completing or updating wastewater, drinking water, stormwater utilities, or any combination of the three. Mr. Keenan discussed how applicants will provide the difference between the AMP costs and grant funding with a capital contribution and In-Kind Services. Borrowers will be able to use CWSRF and DWSRF loans to fund their capital contribution starting in the 2019 IUP. AMPs were said to be a way for Trust borrowers to meet federal requirements, prioritize capital management, set utility rates, and create stormwater utility plans. Other AMP benefits mentioned during the presentation were reinforcing best management practices, encouraging continuous maintenance, and assisting with the implementation of necessary technology.

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

Resolution Authorizing the Asset Management Grant Program

1. That the Trust approves the establishment of a program (the “Asset Management Grant Program”) to provide assistance in the form of grants to Eligible Borrowers under G.L. c.29C (“Recipients”) to pay the costs of Water Pollution Abatement Projects and Drinking Water Projects (as defined in the G.L. c.29C) consisting of the development of asset management plans for such Recipients’ clean water system or drinking water system, as applicable.
2. The Trust designates up to \$2 million, from the unrestricted funds on deposit in the Equity Funds under the Master Trust Agreement, to be applied to provide grant assistance to Recipients under the Asset Management Grant Program.
3. That the Executive Director and such other officers of the Trust as the Executive Director may delegate are hereby authorized to develop such additional Asset Management Grant Program description and documentation (including without limitation grant agreements) to solicit proposals for grant assistance from the Asset Management Grant Program and to deliver such certifications, agreements and notices and perform all such further steps and actions as necessary or convenient to effect implementation of the Asset Management Grant Program.

Item #10

MOTION- VOTE

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg. Ms. Perez walked the board through the Series 2017 Refunding Savings Memo that was provided. The memo states that from the refunding there will \$7.9 million in savings. The savings will be allocated in the following way, \$2.85 will go back to the Program Equity Fund, \$643,765 will go to the Contract Assistance Fund and \$4.4 million will go to Additional Subsidy Fund. The savings that are being allocated to the Contract Assistance Fund will be used for further subsidies for loans and the Additional Subsidy Fund will fund programs such as the Asset Management Program.

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

Approval of the Series 2017 Refunding Savings Allocation

1. That the allocation of debt service savings resulting from the Trust’s use of Series 2017 Bond proceeds to refund its Series 15 Bonds, Series 16 Bonds and Series 2012 Bonds is hereby approved in substantially the form described in the memorandum presented at or prior to this meeting (the “Allocation Memo”), including, without limitation, the determination of the present value of such savings.
2. The that Executive Director of the Trust is hereby authorized to apply such savings as described in the Allocation Memo, including without limitation, by depositing the present value of savings (a) allocated to contract assistance into the Contract Assistance Fund for use to provide additional subsidy in the form of principal forgiveness as permitted by the Trust’s Enabling Act and (b) allocated to borrower payments to the Additional Subsidy Fund within the Trust’s Equity Fund for application to Trust borrowers for future programs and/or subsidies or as otherwise determined by the Board.

Item #11

MOTION- VOTE

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

Clean Water Loan Commitment

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
CW-18-08	Pepperell	\$4,452,800	2%

Item #12

MOTION- VOTE

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

Drinking Water Loan Commitments

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
DW-17-15	MWRA	\$28,249,355 ²	2%
DW-18-01	Wayland	\$700,000	2%

Item #13

MOTION- VOTE

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

Clean Water Loans/ Local Government Obligations and Financing Agreements

<u>PRA No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
CW-17-34	MWRA	\$3,249,355	2%
CW-17-35	MWRA	\$4,786,700	2%
CW-17-36	MWRA	\$3,759,930	2%
CWP-17-30	West Springfield	\$4,347,308	2%

Item #14

MOTION- VOTE

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

Drinking Water Loans/Local Government Obligations and Financing Agreements

<u>PRA No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
DWP-17-10	Brockton	\$1,329,778	2%
DWP-17-08	Fall River	\$3,074,306 ³	2%
DW-17-15	MWRA	\$28,249,355	2%
DWP-17-13	West Springfield	\$6,914,958	2%

OTHER BUSINESS: Ms. Perez announced that Bernard Greene, the Trust’s now former Senior Legal Counsel, retired since the last Board meeting. It was also announced that Nicole Munchbach, the new Program Coordinator, has begun working for the Trust. Ms. Perez concluded Other Business by mentioning how Trust staff members attended the 2018 Massachusetts Collectors & Treasurers Association conference. Mr. Keenan presented at the conference about the Trust and the new programs the Trust has created.

ADJOURN: The motion was made by Commissioner Suuberg and Seconded by Ms. Madden and voted unanimously in favor of adjourning the meeting at 1:52 p.m.

² First Revision: Original PAC Amount was \$16,000,000

³ First Revision: Original PRA Amount was \$1,301,610

LIST OF DOCUMENTS AND EXHIBITS USED:

1. Agenda
2. Minutes, May 2, 2018
3. Minutes, July 13, 2016
4. Asset Management Grant Program presentation
5. Refunding 2017 Savings Allocation Memo
6. Project Descriptions