

MEETING OF THE MASSACHUSETTS CLEAN WATER TRUST BOARD OF TRUSTEES

October 3, 2018

1:30 PM

1 Center Plaza, Suite 430
Boston, Massachusetts

Minutes

Attendees: Nicola Favorito, Executive Director, Massachusetts State Retirement Board, Office of the State Treasurer, Designee
Steve McCurdy, Director of Municipal Services of MassDEP, Designee
Maya Jonas-Silver, Director of Capital Planning and Long-Term Obligations, Executive Office of Administration and Finance, Designee

Also Present: Susan Perez, Executive Director, MCWT
Nate Keenan, Deputy Director, MCWT
Sally Peacock, Controller, MCWT
Joshua Derouen, Program Associate, MCWT

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

Item #1

MOTION- VOTE

Acceptance and Approval of September 5, 2018 Minutes

The motion was made by Mr. Favorito and seconded by Ms. Jonas-Silver and voted unanimously in favor of acceptance and approval of the minutes of the meeting of the Board held on September 5, 2018.

Item #2

REPORT OF THE EXECUTIVE COMMITTEE

Ms. Perez stated that the Executive Committee has been discussing the best use of \$30 million that is in the Supplemental Budget for Fiscal Year 2018 to increase the Contract Assistance line item. In addition to using the funds for more principal forgiveness, Ms. Perez then mentioned the possibility of working with the City of Lawrence on water service line projects as work is being done on gas pipes.

Mr. McCurdy said that maps of Columbia Gas pipes are being reviewed. MassDEP is then seeing where water service lines are in relation to those gas pipes. After examining these maps, MassDEP may contact the City of Lawrence about lead service line replacements and working on other water service lines while pavement is disrupted. Mr. McCurdy added that he has been in contact with public works officials in Lawrence about potential water service line projects.

Mr. Favorito asked if towns such as North Andover and Andover were being contacted too.

Mr. McCurdy mentioned how there could be outreach to those towns. It was added that the Town of North Andover and the Town of Andover do not borrow from the Trust as often as the City of Lawrence does. Mr. McCurdy added that if Lawrence does borrow from the Trust for projects, the loans for those projects would receive principal forgiveness.

Ms. Perez added that another possible use of the funds in the Supplement Budget could be for small system projects that may not apply to the Trust now for financing.

Ms. Perez also said that the Trust's annual report was submitted to the EPA last week. The published version of the annual report is still being finalized. Ms. Perez concluded by saying that the Trust's audit is nearly complete and that statements from the auditors are to be made available at the end of October 2018.

Item #3

MOTION- VOTE

The motion was made by Mr. McCurdy and seconded by Ms. Jonas-Silver.

Mr. Favorito asked about why the amounts for the Goshen and Pepperell projects were being revised.

Mr. McCurdy stated that initial engineer estimated costs will often differ from the actual costs after a project has gone out for bid. When the actual costs are higher after a project goes out for bid, documents such as Project Approval Certificates (PAC) and Project Regulatory Agreements (PRA) will be increased accordingly.

Mr. McCurdy discussed how the Goshen project is an emergency project to address unsuitable material that is going into adjacent water from a previously capped landfill.

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

Clean Water Loan Commitments

| <u>PAC No.</u> | <u>Borrower</u> | <u>Amount</u> | <u>Equivalent Interest Rate</u> |
|-----------------------|------------------------|--------------------------------|--|
| CW-18-11 | Goshen | \$655,000¹ | 2% |
| CW-18-08 | Pepperell | \$4,685,206² | 2% |
| CW-18-13 | Scituate | \$200,000 | 2% |

¹ First Revision: Previous PAC amount was \$625,972

² First Revision: Previous PAC amount was \$4,452,800

Item #4

MOTION- VOTE

The motion was made by Mr. McCurdy and seconded by Ms. Jonas-Silver 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-18-11 | Goshen | \$655,000 | 2% |
| CWP-18-08 | Pepperell | \$4,685,206 | 2% |
| CWT-18-13 | Scituate | \$200,000 | 2% |

OTHER BUSINESS: Mr. McCurdy asked Ms. Perez for a status update on the idea of no longer using one of the three credit rating agencies as a cost savings measure.

Ms. Perez stated that the idea of no longer using all three major rating agencies is still a possibility that the Trust would consider at the time of its next borrowing which is anticipated to occur later next calendar year. Ms. Perez added that the loan origination fees charged to borrowers were lowered for Series 21. For Series 21, the fees were \$5.00 per \$1,000 instead of \$5.50 per \$1,000 in Series 20. The Trust will continue to review fees charged to borrowers and look for opportunities to make reductions when it makes sense.

Ms. Perez announced that the Trust has signed a new lease to keep the Trust's office in Center Plaza. Massachusetts Trial Court and the building's landlord still have to sign the lease. It was also mentioned that the Trust is being allotted \$30 per square foot for improvements by the building's landlord.

ADJOURN: The motion was made by Mr. Favorito and Seconded by Ms. Jonas-Silver and voted unanimously in favor of adjourning the meeting at 1:45 p.m.

LIST OF DOCUMENTS AND EXHIBITS USED:

1. Agenda
2. Minutes, September 5, 2018
3. Project Descriptions