

**HOUSE . . . . . No. 935**

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The Commonwealth of Massachusetts

PRESENTED BY:

*Mike Connolly*

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act establishing the Massachusetts infrastructure bank.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Mike Connolly</i>	<i>26th Middlesex</i>	<i>1/10/2019</i>
<i>Julian Cyr</i>	<i>Cape and Islands</i>	<i>2/1/2019</i>
<i>Sean Garballey</i>	<i>23rd Middlesex</i>	<i>2/1/2019</i>
<i>Carlos González</i>	<i>10th Hampden</i>	<i>1/22/2019</i>
<i>Stephan Hay</i>	<i>3rd Worcester</i>	<i>1/24/2019</i>
<i>Christopher Hendricks</i>	<i>11th Bristol</i>	<i>1/14/2019</i>
<i>Russell E. Holmes</i>	<i>6th Suffolk</i>	<i>2/1/2019</i>
<i>Mary S. Keefe</i>	<i>15th Worcester</i>	<i>1/28/2019</i>
<i>Jack Patrick Lewis</i>	<i>7th Middlesex</i>	<i>1/22/2019</i>
<i>Jason M. Lewis</i>	<i>Fifth Middlesex</i>	<i>1/23/2019</i>
<i>Jay D. Livingstone</i>	<i>8th Suffolk</i>	<i>1/29/2019</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>	<i>1/28/2019</i>
<i>David M. Rogers</i>	<i>24th Middlesex</i>	<i>2/1/2019</i>
<i>Lindsay N. Sabadosa</i>	<i>1st Hampshire</i>	<i>1/23/2019</i>
<i>Thomas M. Stanley</i>	<i>9th Middlesex</i>	<i>1/24/2019</i>

**HOUSE . . . . . No. 935**

By Mr. Connolly of Cambridge, a petition (accompanied by bill, House, No. 935) of Mike Connolly and others for legislation to establish the Massachusetts infrastructure bank. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE HOUSE, NO. 3543 OF 2017-2018.]

**The Commonwealth of Massachusetts**

**In the One Hundred and Ninety-First General Court  
(2019-2020)**

An Act establishing the Massachusetts infrastructure bank.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. The General Laws are hereby amended by inserting after chapter 40W the  
2 following chapter:-

3 Chapter 40X. THE MASSACHUSETTS INFRASTRUCTURE BANK

4 Section 1. For the purposes of this chapter the following terms shall, unless the context  
5 clearly requires otherwise, have the following meanings:-

6 “The Massachusetts infrastructure bank” or “the bank”, a financial institution able to  
7 accept deposits from public and quasi-public entities, make loans and float bond issues and  
8 chartered as such by the commonwealth.

9           “Infrastructure”, includes capital projects that serve the general public including schools,  
10 public services such as police, fire and health, public buildings, water facilities and waste  
11 management, farmland preservation, public land management, climate change mitigation and  
12 adaptation, local roadways, bike paths, and pedestrian walkways unless clearly indicated  
13 otherwise or as defined by the board of directors.

14

15           Section 2. (a) There shall be a Massachusetts infrastructure bank, wholly owned by the  
16 commonwealth, to increase the currently available sources of infrastructure bond and loan  
17 financing to meet the urgent economic development needs of commonwealth cities, towns and  
18 state agencies by offering stable, competitive financing and improved transparency, thereby  
19 enabling accurate, cost-effective planning by municipalities.

20           (b) Once the bank is established and profitable, the board of directors may elect to  
21 develop financing programs for other significant state and municipal financing needs determined  
22 by it to be in the commonwealth’s vital interest and which are not being met cost-effectively, in a  
23 timely manner, or without compromising public assets or the tax base. Such needs might include  
24 disaster relief, water sourcing and management, or student loans.

25           (c) The bank will uniquely serve the unmet infrastructure needs of municipalities and  
26 towns and the state and may work cooperatively with other state agencies and quasi-public  
27 agencies which finance different aspects of infrastructure for developers, non-profits, or special  
28 sectors of the economy through grants, bonds based on projected-revenues or future job growth;  
29 these include Massworks, MassDevelopment, the Mass Housing Investment Corp., Mass  
30 Ventures the Business Development Corp. and the Mass Growth Capital Corp.

31           Section 3. The bank shall be governed by a 9 member board of directors, appointed by  
32 the governor the Senate President, and the Speaker. Members shall serve 4 year staggered terms.  
33 The membership shall be made up of representatives of both small and large municipalities and  
34 representatives of several regions of the commonwealth. The membership shall be experts in  
35 economic development, education, economics, commercial banking, investment banking, labor,  
36 the construction industry, municipal planning, and community economic development. The  
37 board of directors shall determine their own chair.

38           Section 4. The board of directors will receive advisory input on the general direction of  
39 the bank from an 11 member board of advisors that will meet with the board of directors and the  
40 management at least quarterly. The board of advisors shall be appointed by the governor, the  
41 state treasurer, the speaker of the house of representatives and the senate president. Board  
42 members shall have experience in finance, agriculture, education, environmental policy, capital  
43 planning, labor, municipal management, and capital planning. The board of directors shall  
44 determine their own chair. The board of advisors shall serve 4 year staggered terms. The board of  
45 advisors shall meet at least quarterly with the board and with management. Meetings shall be  
46 open to the public and meeting minutes shall be posted publically.

47           Section 5. Bond and loan policy, including interest rates, fee structure, underwriting  
48 criteria, bond and loan size, and portfolio management shall be developed by the board of  
49 directors after input by the public and the board of advisors. The board of directors shall conduct  
50 an annual review of its policies processes and criteria. This review shall be undertaken after  
51 consultation with the board of advisors.

52           Section 6. The bank shall undergo an annual, independent audit that shall include an  
53 independent valuation of the loan portfolio. The audit report and valuation will be made directly  
54 to the board and will be public information. The outside auditor shall be a different firm every 3  
55 years. The books and records of the bank shall be subject to an annual audit by the auditor of the  
56 commonwealth.

57           Section 7. The senior management team shall consist of a president with banking and  
58 municipal finance experience, a senior vice-president with similar experience, and a chief  
59 financial officer. This senior management team will be assisted by an administrative staff with  
60 sound accounting and computer system capability. The president shall be appointed by the board  
61 of directors, serve at will, and shall be responsible for hiring all other staff. The president shall  
62 provide monthly financial reports to the board of directors including a report of all loan or bond  
63 requests, a pipeline report, reasons for declinations, and those projects approved for closing and  
64 financing. Management will prepare policies and procedures for the engagement of outside  
65 consultants, including bond counsel, for approval by the board of directors.

66           Section 8. Management shall ensure that information and outreach events regarding the  
67 bank's programs and bonding capacity are made available in all regions of the commonwealth at  
68 least quarterly.

69           Section 9. The Massachusetts infrastructure bank will accept deposits from public and  
70 quasi-public entities, make loans and float bond issues and is chartered as such by the  
71 commonwealth. The bank will not compete for retail, mortgage or commercial loans with any  
72 other banks or credit unions doing business in Massachusetts, nor will it accept individual or  
73 commercial deposits. Accordingly it will neither advertise to the general public nor will it

74 establish branches or offer any individual retail or commercial products to the general public or  
75 maintain ATM's or other public banking services. Under policies, criteria and procedures  
76 established by the board, the bank may participate in loans originated by Massachusetts based  
77 banks, if requested by the originating bank.

78           Section 10. (a) The commonwealth or its agencies shall capitalize the bank and accept  
79 deposits only from state and municipal entities to put taxpayer funds to work for the  
80 Massachusetts economy and expand the bank's lending capacity.

81           (b) The commonwealth shall provide an initial investment of capital in the range of  
82 \$50,000,000 as an equity investment from the pension fund or from a direct legislative  
83 appropriation. A dividend paid to the pension fund as the equity source may be an agreed  
84 percentage of net income, with an appropriate moratorium to allow the bank to reach  
85 profitability.

86           (c) The commonwealth shall deposit an amount of current cash, cash equivalents, or  
87 short-term deposits to aggregate from \$350,000,000.