

**SENATE . . . . . No. 579**

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The Commonwealth of Massachusetts

PRESENTED BY:

*James B. Eldridge*

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:	
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	
<i>Mike Connolly</i>	<i>26th Middlesex</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>Thomas M. Stanley</i>	<i>9th Middlesex</i>	<i>1/24/2019</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>	<i>1/31/2019</i>
<i>Mary S. Keefe</i>	<i>15th Worcester</i>	<i>2/1/2019</i>
<i>Sean Garballey</i>	<i>23rd Middlesex</i>	<i>2/1/2019</i>
<i>Michael J. Barrett</i>	<i>Third Middlesex</i>	<i>2/1/2019</i>
<i>Michael D. Brady</i>	<i>Second Plymouth and Bristol</i>	<i>3/1/2019</i>
<i>Nika C. Elugardo</i>	<i>15th Suffolk</i>	<i>4/3/2019</i>
<i>Sal N. DiDomenico</i>	<i>Middlesex and Suffolk</i>	<i>9/30/2019</i>

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By Mr. Eldridge, a petition (accompanied by bill, Senate, No. 579) of James B. Eldridge, Mike Connolly, Jack Patrick Lewis, Jason M. Lewis and other members of the General Court for legislation to establish the Massachusetts infrastructure bank. Financial Services.

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The Commonwealth of Massachusetts

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

4 THE MASSACHUSETTS INFRASTRUCTURE BANK

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

7 “The Massachusetts Infrastructure Bank” or “the bank,” a state-chartered financial  
8 institution able to accept deposits from public and quasi-public entities, accept, keep safe, and  
9 pay interest on deposits, and make loans and float bond issues to protect and expand the quality  
10 of life and economic prosperity of all Massachusetts residents.

11           “Infrastructure,” includes capital projects; public buildings, structures, and public spaces  
12 and land; local roadways, bike paths, and pedestrian walkways; public services such as police,  
13 fire, emergency health and disaster-related systems; adaptation and resiliency in the face of  
14 climate change; farmland preservation; public land management; modifications of public  
15 buildings and spaces for differently-abled residents; unless clearly indicated otherwise or as  
16 defined by the board of directors.

17           Section 2. (a) There shall be a Massachusetts infrastructure bank, wholly owned by the  
18 commonwealth, to supplement the currently available sources of infrastructure grants, bonds, and  
19 loans to meet the urgent infrastructure and safety-related needs of commonwealth cities, towns  
20 and state agencies by offering stable, competitive financing, improved transparency, and timely  
21 public input, thereby enabling on-going, accurate and cost-effective planning by municipalities.

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

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

33           Section 3. The bank shall be governed by a 9 member board of directors, appointed by  
34 the governor, the Senate President, and the Speaker. Members shall serve 4 year staggered terms.  
35 The membership shall be made up of representatives of municipalities of all sizes and  
36 representatives of as many regions of the commonwealth as possible. The membership shall be  
37 experts in community economic development, education, community banking, civil engineering,  
38 labor, sustainable agriculture, open space planning, transportation, and renewable energy. The  
39 board of directors shall determine their own chair.

40           Section 4. The board of directors will receive advisory input on the general direction of  
41 the bank from an 11 member board of advisors that will meet with the board of directors and the  
42 management at least quarterly. The board of advisors shall be appointed by the governor, the  
43 state treasurer, the speaker of the house of representatives and the senate president. Board  
44 members shall have experience in environmental policy, municipal management, regional  
45 planning, community economic development, community banking, civil engineering, labor,  
46 sustainable agriculture, open space planning, transportation, and renewable energy. The board of  
47 advisors shall determine their own chair and members shall serve 4 year staggered terms.  
48 Meetings shall be open to the public and meeting minutes shall be posted publicly. The Advisory  
49 Board may elect to hold public hearings or determine how best otherwise to receive a broad  
50 range of resident input regarding the bank's policies and procedures.

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

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

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

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

73           Section 9. The Massachusetts infrastructure bank will accept deposits from public and  
74 quasi-public entities, make loans and float bond issues and is chartered as such by the State of  
75 Massachusetts. The bank will not compete for retail, mortgage or commercial loans with any  
76 other Massachusetts-based banks or credit unions, nor will it accept individual or commercial  
77 deposits. Accordingly it will neither advertise to the general public nor will it establish branches

78 or offer any individual retail or commercial products to the general public or maintain ATM's or  
79 other public banking services. Under policies, criteria and procedures established by the board,  
80 the bank may participate in loans originated by Massachusetts-based banks, if requested by the  
81 originating bank.

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

85 (b) The commonwealth shall provide an initial investment of capital in the range of  
86 \$50,000,000 as an equity investment from a direct appropriation or another public source.

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