

Q&A Section

Q: *If a community is not a disadvantaged community are we eligible for loan forgiveness and if so - how much?*

A: There is no guarantee that non-disadvantaged communities will be eligible for loan forgiveness for 2023 IUP projects. However, the Trust will keep communities informed on any possible loan forgiveness opportunities (regardless of disadvantaged community status) for PFAS mitigation and lead service line replacement projects. The Bipartisan Infrastructure Law (BIL) provides an estimated \$934.7 million to Massachusetts in funding for the Clean Water and Drinking Water State Revolving Funds (SRFs) from 2022 through 2026 – this funding is in addition to the annual SRF capitalization grants. Please refer to slide #8 of the presentation for more details. The funding is available to the SRFs in the following grant categories:

CLEAN WATER GRANTS

Supplemental Grant - these funds are available for all eligible projects.

- **49%** of the grant must be given away as loan forgiveness to disadvantaged communities.

Emerging Contaminants Grant- these funds focus specifically on emerging contaminants such as PFAS.

- **100%** of the grant must be given away as loan forgiveness and at least 25% of the CWSRF grant must be directed to disadvantaged communities.

DRINKING WATER GRANTS

Supplemental Grant - these funds are available for all eligible projects.

- **49%** of the grant must be given away as loan forgiveness to disadvantaged communities.

Emerging Contaminants Grant- these funds focus specifically on emerging contaminants such as PFAS.

- **100%** of the grant must be given away as loan forgiveness and 25% of this grant must be directed to disadvantaged communities.

Lead Service Line Replacement Grant - These funds will go towards identifying, planning and removing lead service lines.

- **49%** of the grant must be given away as loan forgiveness to disadvantaged communities.

Q: *Given the slight and temporary impact of replacing a Lead Service Line, is there any opportunity for MassDEP to petition the Mass Historical Commission and MassDOT for a waiver on requirement on communities to file with those agencies prior to LSL replacement?*

A: Mass DEP will take it into advisement and look into it, so we will keep you posted.

Q: *On behalf of the City of Melrose, as DPW Director for Melrose, we had applied for the Drinking Water SRF for a lead service line removal project, with the understanding based on guidance from DEP that there would be a loan forgiveness component. We were also strongly encouraged to enter into a voluntary administrative consent order for lead removal, being told that it would get us more points in the SRF process, and thus more loan forgiveness. We passed up on our chance to apply for MWRA's 0% interest loans with the hopes that the SRF program would be beneficial given the Federal infrastructure bill for our*

project. We scored pretty well in the SRF, so we are being funded, but we learned a couple weeks ago similar to what was presented, that there was no loan forgiveness for us because we're not a disadvantaged community. We're extremely disappointed with that information and we're just hoping the Trust will consider some element of loan forgiveness for our project.

A: The lead service line (LSL) replacement grant requirements state that exactly 49% of the grant is to be given away as loan forgiveness to disadvantaged communities. However, there is still the possibility that the Trust is able to extend loan forgiveness to non-disadvantaged communities for LSL replacement projects. The Trust needs to get a waiver from EPA to provide additional subsidy from a different funding mechanism. the Trust is going to keep communities up to date when we receive guidance from the EPA.

Q: *I'm calling from the town of Norwell, but wanted to voice as well, very similar to Melrose that we went forward and got the emergency funding due to the levels of PFAS and we're marching forward on a \$2.9 million loan to remediate that, and it was looking positively that we were going to be receiving 20% subsidy. But same deal, we were a little disappointed to see that it's just going to disadvantaged communities. I understand we might hear something if you have additional funds. Do you have a timeline for that? For us, we're probably getting close to doing our loan paperwork for the 0%, so I just didn't know at what point we might hear something about a subsidy.*

A: We will have more detailed information next calendar year on the availability of loan forgiveness for PFAS projects from the BIL grant. Unfortunately, the funding that we had for 2021 and 2022 PFAS mitigation project loan forgiveness was a one-time offering from the state legislature using American Rescue Plan Act of 2021 (ARPA) funds.

Q: *Let's say we got our loan for 0% loan for \$2.9 million and we're in the midst of our project or are completing it, and we hear that we could or would be eligible for some loan forgiveness – would you then refinance it? Would we still be able to do that, or would it be too late at that point?*

A: No, if there is funding available and we can allocate it to projects, it can happen at any time up to the loan going into repayment. There is plenty of time for that change to go into effect. In the traditional process, loan forgiveness is not provided to projects until after June 30th – in this case of 2024 – so there is plenty of time for things to change if we do get additional funding.

Q: *Could DEP briefly walk through the process for financing Design Phase for PFAS projects?*

A: PFAS design is a line item in the construction application. So, if you would like to apply for it, the best way would be to discuss your project and directly assist you through the process.

Q: *So, you must be on the IUP with a PFAS project, and it's a line-item cost, rather than a community can come in and ask, 'We would like a loan for PFAS design' and then subsequently put that design out to bid and construct the project? It wouldn't be stand-alone financing just for the PFAS.*

A: Correct, right now that is the case.

Q: *Can you explain what the 49% of the grant funding means in reference to the BIL grants? If there was \$1M in grants and 49% went to disadvantaged communities, what would happen to the other 51%?*

A: The other 51% will be used to issue loans and revolve back into the program. Congress mandated we give exactly 49% away as loan forgiveness to disadvantaged communities. The rest comes back into the program through the normal State Revolving Fund (SRF) process.

Q: I had a question about the mitigation for nutrient loading on surface waters and if that somehow is tied to 604b and 319 funding for some of our projects, is this something totally separate?

A: Yes, this would have to be an infrastructure project that addresses nutrients. There are specific requirements for it to qualify for the 0% interest. The project must be primarily due to reducing nutrients, also, if there is an enforcement action by EPA or DEP, the borrower cannot be in violation. It must be consistent with a Comprehensive Wastewater Management Plan (WMP), and it must have in place regulations to prevent this problem, according to the WMP. The intent with nutrient is to build upon an infrastructure project satisfying those criteria necessary to drive the already low interest rate of 2% towards 0. This is very much a dynamic process that occurs through the loan application phase and then as needed, necessary into the construction phase to get and satisfy all those criteria. So, in essence, the project, as a stand-alone project, needs to be a viable one that comes through the program. And at that point, should there be the additional benefit of nutrient removal, we can then lower the interest rate/borrowing rate down to 0, based on satisfying the criteria. So, it is a little different from the 604b or the 319 projects, in that the scope of work is a little more focused and targeted on specific infrastructure, and a little bit less on the non-point solutions, those other two projects are targeting and have fallen under their purview.

Q: Okay, so the prerequisites would be the same? I am assuming we would need to have a watershed base plan.

A: Yes, it's tied in with a combination of the watershed plan and smart growth practices, etc. There are similarities but some of the nuances are ever so slightly different, but we can certainly talk offline, if that's helpful to speak specifically about what you might have in mind, and what of these three options or combination of options might be best for you.

Q: Foxborough would like to echo the concerns with the lack of loan forgiveness for all communities as we are looking at needing at least \$50 million for multiple PFAS plants as soon as the draft EPA limits go into effect. That doesn't take into account maintenance and media replacement which is a large unknown cost.

A: 100% of the BIL emerging contaminants grant funds are to be given away as loan forgiveness. However, 25% of the grant funds are to be given away to disadvantaged communities.

The loan forgiveness deadline states that construction contracts need to be executed by June 30, 2024 for 2023 IUP Projects. After that deadline, the Trust will have an idea of what communities and projects are going to be eligible for loan forgiveness. At that time, final distribution plans will be made and communities receiving loan forgiveness will be informed.