

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

ANNUAL MEETING

January 15, 2019
1:00 PM

State House
Room 227
Boston, Massachusetts

Minutes

Attendees: State Treasurer Deborah Goldberg
Martin Suuberg, Commissioner of MassDEP
Michael Heffernan, Secretary of Executive Office of Administration and Finance

Also Present: James MacDonald, First Deputy Treasurer, Office of the State Treasurer
Chandra Bork, Deputy Chief of Staff, Office of the State Treasurer
Emma Sands, Assistant Communications Director, Office of the State Treasurer
Susan Perez, Executive Director, MCWT
Nate Keenan, Deputy Director, MCWT
My Tran, Treasurer, MCWT
Sally Peacock, Controller, MCWT
Joshua Derouen, Program Associate, MCWT
Steve McCurdy, Director of Municipal Services, MassDEP
Stephanie Cooper, Deputy Commissioner for Policy and Planning, MassDEP
Maria Pinaud, Deputy Director of Municipal Services, MassDEP
Maya Jonas-Silver, Director of Capital Planning and Long-Term Obligations,
Executive Office of Administration and Finance
Robert Mahoney, Managing Director, KPMG

CALL TO ORDER: The meeting was called to order by Treasurer Goldberg at 1:06 p.m.

Item #1

MOTION- VOTE

Acceptance and Approval of December 5, 2018 Minutes

The motion was made by Commissioner Suuberg and seconded by Secretary Heffernan and voted unanimously in favor of acceptance and approval of the minutes of the meeting of the Board held on December 5, 2018.

REPORT OF THE EXECUTIVE COMMITTEE

Lead in School Drinking Water

Ms. Perez discussed an initiative to address lead in school drinking water that the Executive Committee has been working on. She described how a program is being developed to provide grant funding to communities to put water bottle filling stations in schools with positive lead tests at water fountains.

Commissioner Suuberg stated that MassDEP is thankful for the Trust's help in working towards solutions to address lead in school drinking water.

Ms. Perez asked about what MassDEP has been doing to change lead standards for drinking water in schools.

Commissioner Suuberg mentioned that there will be new lead in drinking water standards on the federal level and that MassDEP is taking advice from current EPA standards for lead in school drinking water.

City of Lawrence

Ms. Perez then began to talk about funding for water projects in the City of Lawrence. Lawrence may be applying for emergency financing to replace water mains and sewer pipes affected by the gas utility emergency. The Executive Committee has discussed applying additional subsidies to the project due to the emergency nature of the project.

Commissioner Suuberg mentioned that the City of Lawrence is already listed on the draft 2019 IUP for projects but then mentioned that there is the potential for more projects in Lawrence if there are projects that qualify for emergency set-aside funding. When discussing emergency projects, it was emphasized that the projects would only be initiated in areas where the pavement is still open.

Treasurer Goldberg stated that she agreed with Commissioner Suuberg about only working in areas that remain unpaved due to the inconveniences that digging up roads can cause for communities.

Mr. McCurdy mentioned that the city initially requested financing throughout the city but was advised that the emergency status would only apply to the portion of the city affected by the gas explosions, those neighborhoods south of the Merrimack River. Based on early estimates by the city's engineers, the costs could run between \$10 million and \$15 million.

Housing Choice Loan Program

Ms. Perez mentioned that with the draft 2019 Intended Use Plan (IUP), a 0.5% interest rate reduction will be applied to Housing Choice Loan Program communities. This interest rate reduction is estimated to save this group of communities a total of \$13 million.

Per- and Polyfluoroalkyl Substances (PFAS)

Commissioner Suuberg described that MassDEP and the EPA have been keeping an eye on emerging contaminants such as PFAS that are beginning to appear in public drinking water systems. PFAS are a group of man-made chemicals found in a variety of products but are more frequently being found through testing in drinking water wells near firefighting training areas since PFAS are found in fire-fighting foams. It was then mentioned that treatment techniques to eliminate PFAS are already being used in Hyannis, Ayer, Devens, and Westfield. Addressing PFAS was said to be a high priority to protect people in communities, especially women and children. It was then said that working on creating a standard for PFAS is a major priority in 2019.

Secretary Heffernan mentioned that the EPA has taken some initiatives on the federal level to address PFAS contamination.

Commissioner Suuberg then added that Massachusetts is working on state assessments of PFAS contamination and is working on getting federal funding to help in areas that may have been contaminated by federal military bases.

Treasurer Goldberg stated that she is uncertain about how much more will be done on the federal level to address PFAS contamination.

Commissioner Suuberg said that he will follow up with the EPA after the partial government shutdown ends.

Secretary Heffernan asked if granulated carbon is being used to treat PFAS contamination.

Commissioner Suuberg answered Secretary Heffernan's question by saying that granulated carbon is being used but more funding is needed for this treatment to continue. Commissioner Suuberg concluded by saying that some communities are moving forward on their own with PFAS contamination treatment.

Item #3

MOTION- VOTE

The motion was made by Commissioner Suuberg and seconded by Treasurer Goldberg and voted unanimously in favor of acceptance and approval of the following:

Election of Vice-Chair

That the Board of Trustees elects the following individual as the Vice-Chair of the Board of Trustees, in accordance with the provisions of the By-Laws:

<u>OFFICE</u>	<u>NAME</u>	<u>NOMINATED BY</u>
Vice Chair	Michael J. Heffernan	State Treasurer

Item #4

MOTION- VOTE

The motion was made by Secretary Heffernan and seconded by Commissioner Suuberg and voted unanimously in favor of acceptance and approval of the following:

Appointment of Officers and members of the Executive Committee

That the Board of Trustees appoints and confirms the following individuals as officers of the Massachusetts Clean Water Trust and, as such officers, as members of the Executive Committee, in accordance with the provisions of the By-Laws, which individuals have been nominated as such officers by the Trustees listed next to their names:

<u>OFFICE</u>	<u>NAME</u>	<u>NOMINATED BY</u>
Executive Director	Sue Perez	State Treasurer
Director of Capital Planning and Long-Term Obligations	Maya Jonas-Silver	Secretary, Executive Office of Administration and Finance
Director of Program Development	Steven J. McCurdy	Commissioner, Department of Environmental Protection

Item #5

MOTION- VOTE

The motion was made by Secretary Heffernan and seconded by Commissioner Suuberg and voted unanimously in favor of acceptance and approval of the following:

Appointment of Officers

That the Board of Trustees appoints and confirms the following individuals as officers of the Massachusetts Clean Water Trust, in accordance with the provisions of the By-Laws, which individuals have been nominated as such officers by the Trustees listed next to their names:

<u>OFFICE</u>	<u>NAME</u>	<u>NOMINATED BY</u>
Treasurer	My Tran	State Treasurer
Controller	Sally Peacock	State Treasurer
Deputy Director	Nate Keenan	State Treasurer

Item #6

MOTION- VOTE

The motion was made by Secretary Heffernan and seconded by Commissioner Suuberg and voted unanimously in favor of acceptance and approval of the following:

Recess for Audit Committee Meeting

That the Board of Trustees votes to take a temporary recess to allow for the attendance by the Trustees at the meeting of the Audit Committee for the purpose of receiving a report from the Trust's Auditor, KPMG.

The Board recessed at 1:25 p.m. for a meeting of the Audit Committee

Upon reconvening at 1:32 p.m. following the meeting of the Audit Committee, the Board took up the following matters:

Item #7

MOTION- VOTE

The motion was made by Secretary Heffernan and seconded by Commissioner Suuberg and voted unanimously in favor of acceptance and approval of the following:

Fiscal Year 2018 Audit Results

That the Board of Trustees votes to accept the Fiscal Year 2018 financial statements and the Report of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Government Auditing Standards (Single Audit) for FY 2018.

MOTION- VOTE

The motion was made by Commissioner Suuberg and seconded by Secretary Heffernan.

Ms. Perez explained that a request for proposal (RFP) was issued in November 2018 to establish the Pre-Qualified List of Firms for Legal Services. The Trust received responses from seven firms. Of the seven firms, there were four responses for outside general counsel, three responses for bond counsel, and six responses for underwriter's counsel.

Ms. Perez then said that there was one low-cost proposal received by the Trust. From there, it was explained that the Trust requested best and final offers for all three categories. The Trust was then said to have accepted all best and finals offers to establish the Pre-Qualified List.

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

Establishment of a Prequalified List of Firms for Legal Services

1. That the recommendation of the Procurement Management Team, established pursuant to the Trust's Request for Responses for Pre-Qualification for Legal Services, dated November 8, 2018 (the "PreQual-RFR"), distributed to the Board, to prequalify firms for legal services, is hereby approved.
2. That the Board hereby delegates to the Executive Director all necessary power and authority to negotiate and to take any such further action as necessary to finalize the prequalification of the selected firms for three years with an option of a one-year extension, and to execute and deliver such contracts or agreements supplementing the Contract Documents of the PreQual-RFR, and to take all such further steps and actions necessary to finalize the prequalified list of firms.
3. That the Board hereby further delegates to the Executive Director all necessary power and authority to engage prequalified firms, as needed, as outside counsel on an ad-hoc basis for the services listed below:
 - a. Outside General Counsel
 - b. Bond Counsel
 - c. Underwriters' Counsel

Item #9

MOTION- VOTE

The motion was made by Secretary Heffernan and seconded by Commissioner Suuberg and 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-18-42	Brockton	\$7,800,000	2%
CW-18-24	Chatham	\$8,201,200	2%
CW-18-25	Easton	\$13,400,000	2%
CW-18-35	Fall River	\$1,720,500	2%
CW-18-36	Fall River	\$4,117,500	2%
CW-18-38	Fall River	\$12,350,000	2%
CW-18-44	Fall River	\$400,000	2%
CW-18-45	Fall River	\$500,000	2%
CW-18-16	Framingham	\$14,935,488	2%
CW-18-23	Harwich	\$21,825,000	2%
CW-18-20	Hull	\$478,890	2%
CW-18-21	Hull	\$390,500	2%
CW-18-22	Hull	\$1,436,820	2%
CW-18-29	Hull	\$9,999,260	2%
CW-18-10	MWRA	\$1,000,000	2%
CW-18-32	MWRA	\$1,000,000	2%
CW-18-47	MWRA	\$1,000,000	2%
CW-18-48	MWRA	\$1,000,000	2%
CW-18-31	New Bedford	\$2,500,000	2%
CW-18-43	Norton	\$3,820,000	2%
CW-18-12	Pittsfield	\$61,458,783 ¹	2%
CW-18-19	Revere	\$500,000	2%
CW-18-26	Revere	\$1,000,000	2%
CW-18-27	Revere	\$2,000,000	2%
CW-18-28	Revere	\$4,700,000	2%
CW-18-15	SESD	\$9,321,000	2%
CW-18-49	Taunton	\$250,000	2%
CW-18-17	Tyngsborough	\$13,100,000	2%
CW-18-30	Westport	\$150,000	2%

¹ First Revision: Original PAC amount was \$50,000,000

Item #10

MOTION- VOTE

The motion was made by Secretary Heffernan 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-18-10	Barnstable	\$10,925,000	2%
DW-18-11	Brockton	\$3,130,000	2%
DW-18-15	Fall River	\$1,800,000	2%
DW-18-06	Haverhill	\$8,928,500	2%
DW-18-02	MWRA	\$1,000,000	2%
DW-18-14	MWRA	\$1,000,000	2%
DW-18-17	MWRA	\$1,000,000	2%
DW-18-08	Revere	\$250,000	2%
DW-18-09	Revere	\$2,900,000	2%
DW-18-12	Southampton	\$1,030,000	2%
DW-18-13	Spencer	\$2,123,115	2%
DW-18-07	Taunton	\$4,000,000	2%
DW-16-11	Whately	\$440,000 ²	2%

Item #11

MOTION- VOTE

The motion was made by Secretary Heffernan 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-13-10-A	Chatham	\$3,147,004	0% ³
CW-18-31	New Bedford	\$220,000	2%
CWP-18-12	Pittsfield	\$53,994,451	2%
CWP-18-12-A	Pittsfield	\$7,464,332	2%
CWP-18-18	SWSC	\$23,812,911	2%
CW-17-19	Taunton	\$8,794,800	2%
CWT-18-49	Taunton	\$250,000	2%
CW-18-30	Westport	\$150,000	2%

² First Revision: Original PAC amount was \$410,000

³ The PRA approved by the Board on 12/6/17 had a 2% interest rate listed.

Item #12 **MOTION- VOTE**

The motion was made by Secretary Heffernan 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>
DW-16-04-A	Chicopee	\$264,649	2%
DW-16-11	Whately	\$440,000	2%

OTHER BUSINESS: None

ADJOURN: The motion was made by Secretary Heffernan and Seconded by Commissioner Suuberg and voted unanimously in favor of adjourning the meeting at 1:37 p.m.

LIST OF DOCUMENTS AND EXHIBITS USED:

1. Agenda
2. Minutes, December 5, 2018
3. Nomination Letters
4. Memorandum for the 2018 RFR for Prequalification for Legal Services of the Procurement Management Team
5. Project Descriptions