

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

June 11, 2025
1:30 PM

Location: Remote*

NOTICE & AGENDA

CALL TO ORDER

Item #1 **MOTION- VOTE REQUESTED**

Acceptance and approval of minutes of the meeting held on May 7, 2025.

Item #2 **REPORT OF THE EXECUTIVE COMMITTEE**

Item #3 **MOTION- VOTE REQUESTED**

That as an Interim budget for the fiscal year beginning July 1, 2025

1. The Massachusetts Clean Water Trust may expend 1/12 of the amount authorized for the fiscal year 2025 budget from the Administrative Fund for the administration of the programs of the Trust during the interim period between July 1, 2025 and July 31, 2025; and
2. The Massachusetts Clean Water Trust may transfer to the Department of Environmental Protection up to an amount equal to 1/12 of the fiscal year 2025 budget for the Department approved by the Trust, from the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund, for the administration of the State Revolving Fund programs during the interim period between July 1, 2025 and July 31, 2025.

Item #4 **MOTION- VOTE REQUESTED**

Updates to the Policy on Loans to Private Entities

1. That the revised Loans to Private Entities Policy of the Trust, which was approved by the Board in a different form on August 31, 2011, is hereby approved and adopted by the Board.
2. That the Executive Director and such other officers of the Trust as the Executive Director may delegate are hereby authorized to perform all such further steps and actions as the Executive Director, determines to be necessary or convenient to accomplish the purposes of this vote.

Item #5

MOTION- VOTE REQUESTED

Updates to the Financing Agreement Terms and Conditions for Process Improvements and to Comply with New USEPA Grant Terms and Conditions

1. That the revised standard Terms and Conditions (the “Terms & Conditions”) to the Trust’s standard form of Financing Agreement, are hereby approved in substantially the form presented at or prior to this meeting, with such additions, deletions and other changes thereto, not inconsistent with the Master Trust Agreement (defined therein) as the Authorized Officers executing and delivering Financing Agreements incorporating such Terms & Conditions may approve, such execution and delivery to be conclusive evidence of approval and ratification of all such changes (with all capitalized terms used and not otherwise defined in this vote having the meanings given such terms in the Master Trust Agreement).
2. That the Terms & Conditions approved in Paragraph 1 are further approved for use in financings heretofore approved by the Trust and in place of the standard terms and conditions to financing agreement approved at the time of the original vote of the Trust approving the terms of such financings (the “Original Votes”), in each case to the extent not inconsistent with the Original Votes.
3. That the Board of Trustees hereby delegates to the Executive Director authority to do all things necessary to incorporate the Terms & Conditions into the Trust’s programs for financings, including making such non-substantive changes and corrections to the standard form or Financing Agreement or Terms & Conditions as necessary or convenient for the efficient and effective administration of the Trust’s programs for financings.

Item #6

MOTION- VOTE REQUESTED

Approval of Asset Management Program Grant Agreements

<u>PRA No.</u>	<u>Recipient</u>	<u>Amount</u>
CWA-24-43	Ashland	\$45,000
DWA-24-55	Hadley	\$85,500
DWA-24-56	Warren Water District	\$82,500
DWA-24-57	Wilbraham	\$142,500

Item #7

MOTION- VOTE REQUESTED

Approval of Community Septic Management Program Commitments

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
CW-25-07	Bellingham	\$375,000	2%
CW-25-08	Essex	\$200,000	2%
CW-25-09	Scituate	\$200,000	2%

Item #8

MOTION- VOTE REQUESTED

Approval of Community Septic Management Program Loans and Financing Agreements

<u>PRA No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
CWT-25-07	Bellingham	\$375,000	2%
CWT-25-08	Essex	\$200,000	2%
CWT-25-09	Scituate	\$200,000	2%

Item #9

MOTION- VOTE REQUESTED

Approval of the Clean Water Loan and Financing Agreement

<u>PRA No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
CW-24-50	Wellfleet	\$2,419,152	1.5% ¹

Item #10

MOTION- VOTE REQUESTED

Approval of the Drinking Water Loans and Financing Agreements

<u>PRA No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
DWEC-24-92	Chelmsford Water District	\$15,000,000	0% ²
DWEC-24-60	Westford	\$15,000,000	0% ²

Item #11

MOTION- VOTE REQUESTED

Approval of School Water Improvement Grants

<u>Grant No.</u>	<u>Grantee</u>	<u>Grant Amount</u>
SWIG-25-08	The T.E.C. Schools. Think. Explore. Create.	\$3,000
SWIG-25-09	St. Bridget School	\$9,000
SWIG-25-10	Arlington Catholic High School	\$9,000
SWIG-25-11	The Salvation Army Children's Learning Center	\$3,000
SWIG-25-12	St. John the Evangelist	\$3,000

OTHER BUSINESS

(Items not reasonably anticipated by the Chair 48 hours in advance of the meeting)

ADJOURN

***Location: Remote:** Notice is hereby given that the Wednesday, June 11, 2025 meeting of the Massachusetts Clean Water Trust's Board of Trustees will be held through remote participation in accordance with M.G.L. c.30A, §20, as modified by c.20 of the Acts of 2021, c.22 of the Acts of 2022, c.2 of the Acts of 2023, and c.2 of the Acts of 2025.

Those who would like to attend the meeting, please e-mail masswatertrust@tre.state.ma.us to request meeting information. Information to access the meeting will be available through the duration of the meeting. However, we encourage participants to request the information by 5:00 PM the day before the meeting.

¹ Housing Choice Loan

² PFAS Remediation Loan

To ensure that the audio is clear to all attendees, unless you are actively participating in the meeting, please mute your audio. If you have technical difficulties joining the meeting, please email masswatertrust@tre.state.ma.us.

Please Note: There will be no physical meeting at the offices of the Massachusetts Clean Water Trust.



Item #1: *Minutes of the Meeting Held on May 7, 2025*

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

May 7, 2025
1:30 PM

Location: Remote*

Minutes

Attendees	James MacDonald, First Deputy Treasurer, Office of the State Treasurer, Designee Timur Yontar, Capital Budget Director, Executive Office for Administration & Finance, Designee
Also Present	Robin McNamara, Director of Municipal Services, MassDEP, Designee Susan Perez, Executive Director, MCWT Nate Keenan, Department Director, MCWT My Tran, Treasurer, MCWT William Kalivas, Treasury Specialist, MCWT Nicole Munchbach, Assistant Controller, MCWT Sunkarie Konteh, Accountant, MCWT Pamela Booker, Accountant, MCWT Jonathan Maple, Senior Policy Analyst, MCWT Kailyn Fellmeth, Senior Program Associate, MCWT Aidan O’Keefe, Program Associate, MCWT Esther Omole, Program Associate, MCWT Rachel Stanton, Investor Relations and Communications Graphic Designer, MCWT Kathleen Baskin, Assistant Commissioner, MassDEP Bridget Munster, Program Manager, MassDEP Greg Devine, Section Chief, MassDEP Andrew Napolitano, Director of Communications, Office of the State Treasurer Warren Lent Stephen Boksanski

CALL TO ORDER: The meeting was called to order by Mr. MacDonald at 1:30 p.m.

Item #1 **MOTION- VOTE**

Acceptance and approval of minutes of the meeting held on April 2, 2025.

The motion was made by Ms. McNamara and seconded by Mr. Yontar and voted unanimously in favor of acceptance and approval of the minutes for the Board meeting held on April 2, 2025.

Item #2

REPORT OF THE EXECUTIVE COMMITTEE

Federal Grants Update

Ms. Perez provided an update on the Trust's federal grant funds. The Trust anticipates that the Federal Fiscal Year 2025 grants will be available to apply for by the end of May. The Base Grant allotments are \$53.9 million for Clean Water and \$23.4 million for Drinking Water. In contrast to recent years, there are no anticipated federal earmarks this year. The Trust anticipates receiving the full grant amounts.

President Trump's proposed budget would decrease SRF funding significantly in future years.

Procurement Update

Ms. Perez stated that the Trust is also undergoing multiple procurement processes. The Trust has been working with its internal advisor and MassDEP to explore changes that can be made to the programs to help achieve the goal of increasing Trust capacity.

Item #3

MOTION- VOTE

The motion was made by Mr. McNamara and seconded by Mr. Yontar 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 Audit Procurement Management Team.

The Board recessed at 1:33 p.m. for a meeting of the Audit Committee.

Upon reconvening at 1:36 p.m. following the meeting of the Audit Committee, the Board took up the following matters:

Item #4

MOTION- VOTE

The motion was made by Mr. Yontar and seconded by Ms. McNamara and voted unanimously in favor of acceptance and approval of the following:

Engagement of Annual Audit Services

1. That the Board adopt and approve the recommendation of the Audit Committee as to the selection of the Trust's auditor pursuant to the Trust's Request for Responses: Annual Audit Services (For Fiscal Years ending June 30, 2025, 2026 and 2027) dated January 31, 2025 (the "RFR"), distributed to the Board.
2. That the Board delegate to the Executive Director all necessary power and authority to negotiate and to take any such further action as necessary to finalize, execute and deliver a contract or contracts as necessary or desirable to finalize the engagement of such auditor in accordance with the RFR.

Item #5

MOTION- VOTE

The motion was made by Mr. McNamara and seconded by Mr. Yontar.

Ms. Perez stated that all applicants will be qualified to provide legal services to the Trust.

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 Statements of Qualifications for Prequalification for Legal Services, dated February 18, 2025, the "RFQ" 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 RFQ, 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 #6

MOTION- VOTE

The motion was made by Mr. Yontar and seconded by Ms. McNamara.

Ms. Perez stated that whenever the Trust completes a refunding, equity funds are allocated to additional support for programs, such as the Asset Management Planning Grant Program. This program has been very successful and helps develop a pipeline of projects.

Ms. Fellmeth provided a presentation on the AMP Grant Program from 2019-2025, as outlined in the Board Materials.

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

Authorize up to \$4,784,981 for the Asset Management Grant Program for the 2025 IUP Solicitation

The Trust designates up to \$4,784,981 million, from the unrestricted funds on deposit under the Master Trust Agreement, to offer a continuation of the Asset Management Grant Program on the 2025 IUP Solicitation.

Item #7

MOTION- VOTE

The motion was made by Ms. McNamara and seconded by Mr. Yontar and voted unanimously in favor of acceptance and approval of the following:

Approval of Asset Management Program Grant Agreements

<u>PRA No.</u>	<u>Recipient</u>	<u>Amount</u>
CWA-24-57	Agawam	\$150,000
CWA-24-44	Methuen	\$150,000
DWA-24-94	Salem/Beverly Water Supply Board	\$150,000

Item #8

MOTION- VOTE

The motion was made by Mr. Yontar and seconded by Ms. McNamara and voted unanimously in favor of acceptance and approval of the following:

Approval of Cybersecurity Improvement Program Grant Commitments and Grant Agreements

<u>PRA No.</u>	<u>Recipient</u>	<u>Amount</u>
DWC-24-24	Auburn Water District	\$50,000
DWC-24-25	Cotuit Fire District	\$30,000

Item #9

MOTION- VOTE

The motion was made by Ms. McNamara and seconded by Mr. Yontar and voted unanimously in favor of acceptance and approval of the following:

Approval of Community Septic Management Program Commitments

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
CW-25-03	Norton	\$500,000	2%
CW-25-05	Wenham	\$500,000	2%

Item #10

MOTION- VOTE

The motion was made by Mr. Yontar and seconded by Ms. McNamara and voted unanimously in favor of acceptance and approval of the following:

Approval of Clean Water Commitments

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
CW-25-04	Barnstable County	\$1,140,489	0%¹
CW-25-06	Pittsfield	\$1,299,759	2%

¹ PFAS Remediation Loan

Item #11 **MOTION- VOTE**

The motion was made by Ms. McNamara and seconded by Mr. Yontar and voted unanimously in favor of acceptance and approval of the following:

Approval of Drinking Water Commitments

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
DW-24-42	Millis	\$3,707,090 ²	0% ¹
DW-24-68	Springfield Water and Sewer Commission	\$65,000,000 ³	2%
DW-22-34	Winthrop	\$2,194,250	2% ⁴

Item #12 **MOTION- VOTE**

The motion was made by Mr. Yontar and seconded by Ms. McNamara and voted unanimously in favor of acceptance and approval of the following:

Approval of Community Septic Management Program Loans and Financing Agreements

<u>PRA No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
CWT-25-03	Norton	\$500,000	2%
CWT-25-05	Wenham	\$500,000	2%

Item #13 **MOTION- VOTE**

The motion was made by Ms. McNamara and seconded by Mr. Yontar and voted unanimously in favor of acceptance and approval of the following:

Approval of the Clean Water Loans and Financing Agreements

<u>PRA No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
CW-25-04	Barnstable County	\$1,140,489	0% ¹
CW-25-06	Pittsfield	\$1,299,759	2%
CWP-24-03	Revere	\$2,127,170	1.5% ⁵

Item #14 **MOTION- VOTE**

The motion was made by Mr. Yontar and seconded by Ms. McNamara and voted unanimously in favor of acceptance and approval of the following:

Approval of the Drinking Water Loans and Financing Agreements

<u>PRA No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
DWPEC-24-42	Millis	\$3,707,090 ⁶	0%
DWP-24-68	Springfield Water and Sewer Commission	\$65,000,000 ⁷	2%
DWP-22-34-A	Winthrop	\$560,500	2%

² First Revision. Previous PAC amount was \$3,615,499

³ First Revision. Previous PAC amount was \$15,000,000

⁴ Second Revision. Previous PAC amount was \$1,903,750

⁵ Housing Choice Loan

⁶ First Revision Previous PRA amount was \$3,615,499

⁷ First Revision. Previous PRA amount was \$15,000,000

OTHER BUSINESS: None

ADJOURN: The motion was made by Ms. McNamara and seconded by Mr. Yontar and voted unanimously in favor of adjourning the meeting at 1:48 p.m.

LIST OF DOCUMENTS AND EXHIBITS USED:

1. Minutes, April 2, 2025
2. Engagement of Annual Audit Services
3. Establishment of a Prequalified List of Firms for Legal Services
4. AMP Grant Program Overview 2019-2025
5. Project Descriptions

***Location: Remote:** Notice is hereby given that the Wednesday, May 7, 2025 meeting of the Massachusetts Clean Water Trust's Board of Trustees will be held through remote participation in accordance with M.G.L. c.30A, §20, as modified by c.20 of the Acts of 2021, c.22 of the Acts of 2022, c.2 of the Acts of 2023, and c.2 of the Acts of 2025.

Those who would like to attend the meeting, please e-mail masswatertrust@tre.state.ma.us to request meeting information. Information to access the meeting will be available through the duration of the meeting. However, we encourage participants to request the information by 5:00 PM the day before the meeting.

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Please Note: There will be no physical meeting at the offices of the Massachusetts Clean Water Trust.



Items #2 and #3 (*No Reference Documents*)



Item #4 Updates to the Policy on Loans to Private Entities

Private Borrower Policy Update

Overview of Key Changes and Impact

June 11, 2025



MASSACHUSETTS
CLEAN WATER TRUST

Background

- **Current Policy:** Loans to Private Entities
- **Adopted:** August 31, 2011
- **Purpose:** To define the policy for evaluating and approving DWSRF loans to private entities that meet the definition of Public Water Suppliers and obtaining security for repayment.
- **Policy of the Trust:** The Trust requires that any loan to a Private Entity must be secured by assets (financial or otherwise) that ensure the repayment of the loan. The Trust has determined that the required security from a Private Entity must be comparable to the security received from the Trust's governmental borrowers
- **The updated policy aims to:**
 - Clarify Requirements for Borrowers
 - Define and Streamline the Review Processes
 - Enhance the Credit Risk Assessment of Private Entities
 - Align Trust Practices to that of Commercial Lenders

Strengthening Security for Private Loans

Ensure comparable security to governmental borrowers and enhance the Trust's ability to recover funds in case of default.

All Private Entities **must** provide a perfected first lien security interest in all gross revenues and receivables and sign a Deposit Account Control Agreement (DACA)/Lockbox Agreement. **And one of the following:**

Security:

- Letter of credit (at least 100% of loan) from a Trust-approved bank.
- Marketable securities (at least 120% of loan), marked to market quarterly.
- Absolute and unconditional guarantee by a corporate affiliate with at least Single A rating.

Security Options for Small Systems ($\leq 10,000$ population):

- Personal guarantee (net worth at least 300% of loan).
- First priority mortgage on real property in MA (150% of loan value), free of liens.
- First lien on personal property (150% of loan value).
- Certified rate order sufficient to cover loan and operational expenses.
- Other security deemed reasonable by Management and the Board.

Clearer Credit Evaluation and Portfolio Management

Provide a standardized and transparent approach to credit risk assessment; allow for flexible management of the private loans based on overall risk and capacity.

- Management, with financial advisors, will evaluate and classify credit risk (high to low).
- **Credit Risk Analysis Factors and Weights:**
 - Debt Service Coverage Ratio (DSCR) – 30%
 - Average Bill as a Percentage of Median Household Income – 20%
 - Liquidity – Days Cash on Hand – 30%
 - Current Ratio – 20%
- Private entities are then categorized as a High, Moderate or Low Risk based on the credit analysis composite score
- The \$5.0 million cap from the 2011 policy has been replaced with a required analysis of the total pool of private loans that categorizes the credit risk and impact to future DWSRF capacity.

Updated Loan Application and Approval Flow

Clarify the steps, roles and decision points in the approval process, while ensuring greater feedback from private entities.

- Post final IUP publication - the Trust will provide Private Entities with an Overview Package.
- Private Entities provide required financial and security information.
- The Trust will complete the credit risk analysis and make recommendations in a Term Sheet.
- **Executive Committee Role:**
 - Review management's analysis and vote to present the Term Sheet to the Borrower .
 - If recommending proceeding, determine fees or third-party appraisals, if needed
 - If recommending not proceeding, receive the report before formal notification to the entity.
- The Committee will then vote to approve the executed Term Sheet and present to the Board for approval with the issuance of a PAC
- The formal appeals process from the 2011 policy has been replaced with early engagement with the Private Entity and discussion of the approved Term Sheet

Policy Benefits

Key Benefits of the Updated Policy:

- Clearer and stronger security requirements.
- More defined and transparent credit risk analysis.
- Streamlined review and approval process with clear roles.

This policy ensures private entities have access to the DWSRF program while the Trust follows best practices for securing and managing loans.



Questions?

Policy	Loans to Private Entities
Effective Date	June 11, 2025
Supersedes	Policy on Loans to Private Entities
Responsible Officer	Executive Director
Training Officer	Department Director

Purpose

The purpose of this policy is to define the policy of Massachusetts Clean Water Trust (the “Trust”) for evaluating and approving Drinking Water State Revolving Fund (“DWSRF”) loans to private companies or other private entities (“Private Entities”) that qualify as eligible borrowers under Chapter 29C of the General Laws.

The DWSRF program can provide financial assistance to privately-owned community water systems and non-profit non-community water systems.¹ To qualify for assistance, Private Entities must have a project on the final DWSRF Intended Use Plan (IUP).

Policy

The Trust requires that any loan to a Private Entity must be secured by assets (financial or otherwise) that ensure the repayment of the loan. The Trust has determined that the required security from a Private Entity must be comparable to the security received from the Trust’s governmental borrowers as detailed in Exhibit A.

Any revisions or exceptions to policy must be approved by the Board.

Security Requirements

The Trust mandates that all Private Entities provide a perfected first lien security interest in all gross revenues and receivables of the Private Entity. This includes a deposit account control agreement (DACA) and the filing of appropriate financing statements under the Massachusetts Uniform Commercial Code.

Additionally, a Private Entity must provide as security for the loan **one** of the following:

1. A letter of credit issued by a bank approved by the Trust, covering at least 100% of the loan amount.
2. Marketable securities equaling at least 120% of the loan amount, marked to market quarterly.
3. An absolute and unconditional guarantee by a corporate affiliate of the Private Entity rated at least single A by a rating agency.

Private Entities classified as Small Systems, entities serving populations $\leq 10,000$, who may not be able to provide 1-3 above may provide one of the following:

- a. A personal guarantee from a principal with a net worth of at least 300% of the loan amount
- b. A first priority mortgage on real property located in Massachusetts, free of liens, appraised at 150% of the loan amount
- c. A first lien on personal property valued at 150% of the loan amount
- d. A certified rate order sufficient to cover the loan and operational expenses
- e. Any other security that, in the opinion of the staff (“Management”) and the Board, is reasonable

¹ A community water system serves at least 15 service connections or at least 25 year-round residents. A non-profit non-community water system is a public water system not serving a community but is owned and operated as a non-profit entity, such as schools or government-owned systems.

Implementation

Once MassDEP publishes the final DWSRF Intended Use Plan (IUP), the Trust will provide Private Entities with an Overview Package that details this policy, a financial questionnaire that discerns the private entities service population, financial security status with a request for relevant documentation, and a copy of a draft DACA agreement.

Due Diligence

Management, with financial advisors, will review the Private Entity's submitted Questionnaire, financial information requested and evaluate the financial health of Private Entities and classify their level of credit risk from high to low using:

1. Debt Service Coverage Ratio (DSCR) – 30% Weight
2. Average Bill as a Percentage of Median Household Income – 20% Weight
3. Liquidity – Days Cash on Hand – 30% Weight
4. Current Ratio – 20% Weight

Fees and Charges

Management may:

- Impose additional fees for underwriting and monitoring loan security.
- Hire third-party appraisers, with costs borne by the borrower, to value offered assets.

Report to Executive Committee

Management will review the security information provided by the Private Entity, the due diligence results described above and complete an analysis of the entity's capacity to repay the loan. Management will prepare a report for the Trust's Executive Committee that details whether, in the opinion of the Trust and its advisors, the private entity has demonstrated sufficient financial security to repay the loan. The report will identify the security provided, risk factors related to the loan and provide a recommendation to proceed or not to proceed. If recommending proceeding with the loan, the report will detail the key terms of the loan conditions to be met and the next steps in the process.

The Executive Committee will vote whether to proceed with providing a Term Sheet to the Private Entity. After the Term Sheet has been accepted by the Private Entity, management will present the final Term Sheet to the Executive Committee. If accepted by the Executive Committee, they will present the analysis and recommendation to the Board for their final approval with the issuance of the Project Approval Certificate (PAC). Additionally, the Board will authorize the Executive Director to execute the Term Sheet.

In the instance where management will not recommend proceeding with the loan, management will present the Committee with the report before sending the formal recommendation to the Private Entity. MassDEP will not issue a PAC for this project.

Limits on Aggregate Loans to Private Borrowers

Management will provide the Executive Committee with the total outstanding private loans, loan commitments and detail their respective risk levels. Further, management will include an analysis of the impact of the new loan on the overall risk level for the portfolio of private loans and the impact on available capacity of the DWSRF program.

Exhibit A: Comparison of Security

	Trust Governmental Borrowers	Public Water Entities (MWRA/SWSC)	Trust Private Borrowers
Security	<ul style="list-style-type: none"> • General obligation bond, secured by the full faith and credit of the entity. On parity with other bonds issued by Borrower. <ul style="list-style-type: none"> ○ Diversified revenue base, as bonds are payable from all taxes and revenues of the city/town. ○ Full faith and credit means that borrower is required to raise revenues sufficient to meet debt service (i.e. raise taxes). City/municipality has first lien on any property for payment of such taxes. 	<ul style="list-style-type: none"> • General obligation bond of the Authority (subordinate to other debt) <ul style="list-style-type: none"> ○ Its customers are cities and towns and their obligations to pay the authority are general obligation bonds of the cities and towns. ○ Note MWRA is also rated AA+ and SWSC is rated AA 	<ul style="list-style-type: none"> • Revenues of the enterprise. Limited to water assessments/revenues. [This is more limited than public entities because the source for private is just water/sewer revenue and is a contract obligation with individuals (only remedy is shutting off water)] • Private companies do not have unilateral ability to raise rates to cover debt service.
LockBox/DACA	[inapplicable to city/town borrowers because no specific revenue is pledged]	Lockbox structure exists as all revenues are deposited with trustee upon receipt; thus secured party has control immediately and a perfected security interest.	DACA – an agreement over an operating account, whereby the borrower has full rights to use and access the information. DACA is an instrument under Uniform Commercial Code for perfecting a security interest in accounts. Secured Party only has right to access after an Event of Default has occurred.

Small System Security	<ul style="list-style-type: none"> • Intercept of all appropriations from the state – includes all local aid from the Commonwealth. Moneys would come directly from Comptroller, so would not pass through hands of borrower. • Using 3 of the Trust's largest borrowers, the intercept provides 1357-2714% coverage on max annual debt service 	<ul style="list-style-type: none"> • Trust could reach through to intercept from cities and towns. • Also following reserves held by trustee: • Operating Reserve Fund (1/6 of operating expenses) • Rate Stabilization Fund (\$41m - MWRA) • Debt service Reserve Fund (For MWRA is \$146m, with MADs of \$449m) • Insurance Fund • RRF Fund 	<p>One of the following:</p> <ol style="list-style-type: none"> 1. Letter of credit from bank, approved by Trust 2. Marketable securities with at least 120% of loan amount 3. Guarantee of rated corporate affiliate rated at least _ <p>OR, for borrowers form small system unable to provide 1-3</p> <ol style="list-style-type: none"> 4. Guarantee from an individual with net worth of at least 300% of loan amount. 5. First priority mortgage on real property of at least 150% of loan amount. 6. First lien in personal property, if MCWT determines is adequate 7. Final rate order showing rates determined in an amount sufficient to pay debts and all other amounts 8. Any other security that, in the opinion of the staff ("Management") and the Board, is reasonable.
Financial diligence/covenants	<ul style="list-style-type: none"> • Cities have statutory debt limits. • An individual's ability to pay a water bill less directly effects city or town's ability to pay debt service. 	<ul style="list-style-type: none"> • Rates and charges – charges rates to cover expenses • Must maintain 1.2x coverage on senior debt service and 1.1x coverage on subordinate. • Additional Bonds Test 	<ol style="list-style-type: none"> 1. Debt Service Coverage Ratio (DSCR) – 30% Weight 2. Average Bill as a Percentage of Median Household Income – 20% Weight 3. Liquidity – Days Cash on Hand – 30% Weight 4. Current Ratio – 20% Weight
Additional risks/concerns	<ul style="list-style-type: none"> • Cannot file bankruptcy • City/town needs to continue to provide essentials services, of which water (its related debt service) is only a small part of the overall enterprise. No political will to default or risk intercept 	Cannot file bankruptcy	<ul style="list-style-type: none"> • Can file bankruptcy; thus need to perfect security interest in assets is important. • Entire payment of debt service is reliant on revenues, thus those need to subject to a perfected security interest. • A certain amount of individual defaults will impact ability to pay.

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Item #5 (*No Reference Documents*)



Items #6 through #10 Project Descriptions

Project Descriptions for June 11, 2025

Board of Trustees Meeting

Asset Management Planning Agreements

Ashland CWA-24-43

Ashland Asset Management

The project is to establish a system for retrieving record information that can be easily referenced as needed for water, wastewater, and stormwater assets. This program will enable the Town to continue improving the existing asset management plan through updated software management and data compilation.

Hadley DWA-24-55

Hadley Drinking Water Asset Management Plan

The project will assist the Town in developing a comprehensive plan to work towards a proactive maintenance plan and assessing the most critical assets for replacement with the goal of creating a risk-based AMP and capital improvement planning methodology to guide decision making and help prioritize infrastructure rehabilitation, replacement and maintenance activities. Develop inventory and perform condition assessments at the Town-owned and operated vertical infrastructure. Estimate cost of asset maintenance and renewal in future years to justify necessary rate increases needed to maintain water infrastructure.

Warren Water District DWA-24-56

Warren Water District Drinking Water AMP

The project is to: build hydraulic model, develop GIS application, develop unidirectional flushing program, analyze water main capital projects, funding analysis/rate study. Additionally, for the iron and manganese water treatment plant (WTP) that includes GreenSand Plus filtration and chemical addition for additional disinfection, pH adjustment, and corrosion control, the project will: perform a life cycle cost analysis projecting out one year of operational data, and GIS application functionality for WWD inspections. GIS application functionality for WWD inspections will be reviewed for two gravel packed well.

Wilbraham DWA-24-57

Wilbraham Drinking Water Asset Management Plan

The project involves a comprehensive water infrastructure Asset Management Plan (AMP) that includes the following major assets: Miller Street Corrosion Control Facility, Brookmont Drive Booster Pump Station, McIntosh Drive Booster Pump Station, Old Orchard Road Booster Pump Station, Glenn Drive Booster Pump Station, Bartlett Court Water Storage Tank, Water Transmission and Distribution system. This project will develop Level of Service goals, build out GIS functionality to manage horizontal and vertical assets, update hydraulic model and perform criticality analysis, field condition assessments, complete a funding analysis and water rate study, and develop a capital plan.

Community Septic Management Program Commitments

Bellingham CW-25-07

Community Septic Management Program
Bellingham Community Septic Management program

Essex CW-25-08

Community Septic Management Program
Repair and replacement of septic systems

Scituate CW-25-09

Local Septic Management Plan
The community provides financial assistance to homeowners for the repair and replacement of failed septic systems using betterment agreements.

Community Septic Management Program Agreements

Bellingham CWT-25-07

Community Septic Management Program
Bellingham Community Septic Management program

Essex CWT-25-08

Community Septic Management Program
Repair and replacement of septic systems

Scituate CWT-25-09

Local Septic Management Plan
The community provides financial assistance to homeowners for the repair and replacement of failed septic systems using betterment agreements.

Clean Water Agreement

Wellfleet CW-24-50

95 Lawrence Wastewater Treatment and Collection

The project includes the construction of a new neighborhood scale wastewater treatment plant, designed to reduce nitrogen in the Duck Creek sub-watershed of Wellfleet Harbor. The wastewater treatment plant will serve the proposed 95 Lawrence Road affordable housing project, 3 existing municipal buildings (the Police station, Fire Station. and Wellfleet Elementary School), and existing abutting residential properties. The project is part of the MEP Threshold Compliance Approach to restore the water quality in Wellfleet Harbor, as outlined in the Wellfleet Targeted Watershed Management Plan.

Drinking Water Agreements

Chelmsford Water District DWEC-24-92

Chelmsford WD PFAS Treatment

The project involves treatment of PFAS6 that is above the Massachusetts standard at the Crooked Springs WTP (CSWTP). The project also includes the consolidation of PFAS treatment for the Spring Street WTP (SSWTP) at the CSWTP site with finished water being conveyed through a new approximately 2.5-mile transmission main. In addition, the project will install another PFAS treatment system at the Riverneck WTP (RNWTP).

Westford DWEC-24-60

Forge Village&Nutting Road PFAS Treatment Upgrades

The project consists of the construction of two water treatment plants for PFAS treatment at the town's Forge Village and Nutting Road treatment sites. The new treatment systems will include media adsorption for the removal of PFAS compounds following existing iron and manganese filtration. Construction of these treatment plants will allow the town to return the currently offline Country Road Well back to service.



Item #11 (No Reference Documents)