

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

July 12, 2023
1:45 PM

Location: Remote*

NOTICE & AGENDA

CALL TO ORDER

Item #1 **MOTION- VOTE REQUESTED**

Acceptance and approval of minutes of the meeting held on June 7, 2023.

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

Item #3 **MOTION- VOTE REQUESTED**

Appointment of Officer and member of the Executive Committee

That the Board of Trustees appoints and confirms the following individual as an officer of the Massachusetts Clean Water Trust and, as such officer, as a member of the Executive Committee, in accordance with the provisions of the By-Laws, which individual has been nominated as such officer by the Trustees listed next to their name:

<u>OFFICE</u>	<u>NAME</u>	<u>NOMINATED BY</u>
Deputy Director of Program Development	Timothy Jones	Commissioner, Department of Environmental Protection

Item #4 **MOTION- VOTE REQUESTED**

Cash Defeasance of Series 8, 9 and 11

1. That the Executive Director of the Trust is hereby authorized, to redeem all or a portion of the Trust's outstanding Pool Program Bonds, Series 8, Series 9 and Series 11 and to apply funds in the Trust's equity funds in sufficient amount to accomplish such redemption.
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, including, without limitation, buying and selling securities, transferring money from the Trust's equity funds, and executing and delivering any instruments, notices, certifications, instructions, or other documents related thereto.

Item #5

MOTION- VOTE REQUESTED

Approval of Asset Management Program Grant Commitments and Grant Agreements

<u>PRA No.</u>	<u>Recipient</u>	<u>Amount</u>
DWA-23-70	Auburn Water District	\$93,000
DWA-23-71	Middleborough	\$125,259
DWA-23-67	Milford	\$43,920

Item #6

MOTION- VOTE REQUESTED

Approval of Lead Service Line Planning Program Grant Commitments and Grant Agreements

<u>PRA No.</u>	<u>Recipient</u>	<u>Amount</u>
DWL-23-73	Boston Water and Sewer Commission	\$2,800,000
DWL-23-54	Clinton	\$188,500
DWL-23-61	Easthampton	\$225,000
DWL-23-69	Framingham	\$430,514
DWL-23-72	Gardner	\$290,000
DWL-23-65	Malden	\$1,400,000
DWL-23-59	Mattapoisett	\$100,000
DWL-23-62	New Bedford	\$227,400
DWL-23-58	Provincetown	\$123,760
DWL-23-57	Rowley	\$43,200
DWL-23-68	Seekonk Water District	\$259,740
DWL-23-63	South Deerfield Water Supply District	\$213,000
DWL-23-64	Southwick	\$216,300
DWL-23-74	Sudbury Water District	\$188,890
DWL-23-56	West Warren Water District	\$150,000
DWL-23-12	Westfield	\$307,500
DWL-23-66	Wilmington	\$214,795

Item #7

MOTION- VOTE REQUESTED

Approval of Clean Water Commitments

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
CW-22-52	Boston Water and Sewer Commission	\$ 2,172,625 ¹	1.5% ²
CW-22-39	Chicopee	\$ 7,300,000 ³	2%

¹ First Revision. Original PAC amount was \$2,000,000.

² Housing Choice Loan

³ First Revision. Original PAC amount was \$7,298,000.

Item #8

MOTION- VOTE REQUESTED

Approval of Drinking Water Commitments

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
DW-23-23	Fall River	\$ 4,150,000	2%
DW-23-60	Mattapoissett River Valley Water District	\$ 1,800,000	2%

Item #9

MOTION- VOTE REQUESTED

Approval of the Clean Water Loans/Local Government Obligations and Financing Agreements

<u>PRA No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
CW-22-52	Boston Water and Sewer Commission	\$2,172,625	1.5% ²
CWP-22-39	Chicopee	\$6,008,000	2%
CWP-22-39-A	Chicopee	\$1,292,000	2%
CW-22-68	Fall River	\$1,400,000	1.5% ²
CW-22-28	Orleans	\$29,443,754	0% ⁴
CWP-22-49	Quincy	\$4,679,821	1.5% ²
CWP-22-49-A	Quincy	\$290,000	1.5% ²
CWP-22-55	Revere	\$8,074,079	2%
CWP-22-55-A	Revere	\$1,780,000	2%
CWP-22-50	Saugus	\$1,748,703	2%
CWP-22-36	Springfield Water and Sewer Commission	\$18,627,000	2%
CWP-22-36-A	Springfield Water and Sewer Commission	\$3,362,339	2%

Item #10

MOTION- VOTE REQUESTED

Approval of the Drinking Water Loans/Local Government Obligations and Financing Agreements

<u>PRA No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
DWP-22-21	Eastham	\$15,000,000	2%
DW-22-32	Essex	\$2,498,980	2%
DWP-23-23	Fall River	\$4,150,000	2%

Item #11

MOTION- VOTE REQUESTED

School Water Improvement Grant (SWIG) Program and Approval of SWIG Program Grant

That School Water Improvement Grant, numbered, to the grantee and in the amount as follows is hereby approved, subject to the terms of the applicable grant agreement:

<u>Grant No.</u>	<u>Grantee</u>	<u>Grant Amount</u>
SWIG-23-06	Leverett School District	\$6,000

⁴ Nutrient Enrichment Reduction Loan

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, July 12, 2023 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, and c.2 of the Acts of 2023.

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.

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 June 7, 2023*

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

June 7, 2023
1:30 PM

Location: Remote*

Minutes

Attendees: James MacDonald, First Deputy Treasurer, Office of the State Treasurer, Designee
Maria Pinaud, Director of Municipal Services, MassDEP, Designee
Timur Yontar, Capital Budget Director, Executive Office for Administration & Finance, Designee

Also Present: Susan Perez, Executive Director, MCWT
Nate Keenan, Deputy Director, MCWT
My Tran, Treasurer, MCWT
Sally Peacock, Controller, MCWT
Nicole Munchbach, Accountant, MCWT
Sunkarie Konteh, Accountant, MCWT
Joshua Derouen, Senior Program Associate, MCWT
Julian Honey, Program Associate, MCWT
Kailyn Fellmeth, Program Associate, MCWT
Jonathan Maple, Senior Policy Analyst, MCWT
Rachel Stanton, Investor Relations and Communications Graphic Designer, MCWT
Sophia Lindstrom, Intern, MCWT
Robin McNamara, Deputy Director of Municipal Services, MassDEP
Kathleen Baskin, Assistant Commissioner, MassDEP
Greg Devine, Section Chief, MassDEP
Mary Wilkins, Communications Executive Assistant, Office of the State Treasurer
Andrew Napolitano, Director of Communications, Office of the State Treasurer
Jennifer Pederson, Executive Director, MWWA

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 May 3, 2023 Minutes

The motion was made by Ms. Pinaud and seconded by Mr. Yontar and voted unanimously in favor of acceptance and approval of the minutes of the meeting of the Board held on May 3, 2023.

REPORT OF THE EXECUTIVE COMMITTEE

American Rescue Plan Act (ARPA) Fund Disbursements

Ms. Perez stated that to date, the Trust has disbursed approximately \$77 million in ARPA funds.

Lead Service Line (LSL) Planning Grants

Ms. Perez stated that including the grants up for vote today, 64 LSL Planning Grants have been issued totaling \$14 million. There have been 48 grants totaling approximately \$11.2 million awarded to disadvantaged communities.

Project Solicitation for the 2024 Intended Use Plans (IUPs)

Ms. Perez stated that the project solicitation period for the 2024 IUPs is now open.

Trust Updates

Ms. Perez said that Trust staff will be attending the Massachusetts Collectors and Treasurers Association conference on Cape Cod next week.

A recorded version of the 2023 Borrower Presentation will be uploaded to the Trust website.

The Trust has a new summer intern, Sophia Lindstrom.

EPA Grant Applications and LSL Replacement Grant Allocations

Ms. Perez stated that the Trust and MassDEP are applying for seven EPA grants totaling over \$200 million.

Mr. Keenan noted that the Trust and MassDEP drafted talking points regarding the considerable cut to Massachusetts' 2023 LSL Replacement Grant. These talking points are being shared with the Federal Funds Office at the Executive Office for Administration and Finance as part of future discussions on how to address the issue with EPA.

Item #3

MOTION- VOTE

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

Ms. Perez explained that administrative fee revenue will be higher in FY 2024 than it was in FY 2023 since Series 24 loans will begin repayment.

A larger amount is budgeted for DEP payroll because additional full-time employees are being hired for assisting with administering the emerging contaminants and LSL grants.

A \$500,000 placeholder was included in the budget for other administrative fund expenses for relocation costs because the Trust will be moving its office.

There is a net deficit of \$1,611,054 but the Trust has ample administrative funds. Actual amounts are expected to be presented to the Board in August.

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

Approval of the Fiscal Year 2024 Budget

1. That the Board of Trustees approves the Trust's fiscal year 2024 budget request, distributed to the Board, for funds from the Administrative Fund for the costs of administering its programs paid through the MCWT's Expendable Trust and the Department of Environmental Protection's Expendable Trust.
2. That the Board of Trustees approves the Trust's fiscal year 2024 budget request of the Department of Environmental Protection, distributed to the Board, for funds from the Clean Water and Drinking Water administrative grant funds and set-aside funds for the administration of the state revolving fund.

MOTION- VOTE

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

Ms. Perez noted that most changes are related to Bipartisan Infrastructure Law requirements, which were incorporated into the Terms and Conditions. While amending the Financing Agreement, other language was cleaned up and consolidated. The Schedule B section was amended to better define loan forgiveness. A new Schedule D was added for listing any additional securities.

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

Approval of revised Standard Financing Agreement and Standard Terms & Conditions

1. That the revised standard form of multipurpose Financing Agreement (“Financing Agreement”) and the standard Terms and Conditions (the “Terms & Conditions”) to the Financing Agreement for financing eligible costs of Water Pollution Abatement Projects and Drinking Water Projects under the Trust’s Clean Water Program and Drinking Water Program for making direct loans, leveraged loans, interim loans, or as necessary replacement loans (collectively, “Financings”), are hereby approved in substantially the forms presented at or prior to this meeting, with such additions, deletions and other changes thereto, not inconsistent with the Master Trust Agreement dated as of January 1, 2015 between the Trust and U.S. Bank Trust Company, National Association, as Master Trustee (as amended, the “Master Trust Agreement”) as the Authorized Officers executing and delivering such Financing Agreement 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 Financing Agreement and the Terms & Conditions approved in Paragraph 1 are further approved for use in making Financings heretofore approved by the Trust and in place of the standard financing agreement and 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 Financing Agreement and Terms & Conditions into the Trust’s programs for Financings, including making such non-substantive changes and corrections to the Financing Agreement or Terms & Conditions as necessary or convenient for the efficient and effective administration of the Trust’s programs for Financings.

The Board has previously approved a set of Bylaws for the Trust. Pursuant to Article VIII the bylaws may be amended by vote of at least two members of the Board, provided that the notice of the meeting at which the amendments are

approved specifies the subject matter of the amendments. The proposed amendments to the Bylaws increase the size of the Executive Committee (to five from three), add an officer (the Deputy Director of Program Development) and make certain other clarifying changes including with respect to the procedures for appointing certain officers.

Item #5

MOTION- VOTE

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

Ms. Perez stated that approving this motion will increase the Executive Committee membership from three to five. The updates to the bylaws also amended language, such as changing “chairman” to “chair”.

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

Approval of amendment of Bylaws to increase the size of the Executive Committee, add a Deputy Director of Program Development and make certain other clarifying changes.

That the revised Bylaws of the Trust are hereby approved in the form presented at or prior to this meeting.

Item #6

MOTION- VOTE

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

Ms. Perez stated the Trust issued a request for responses for firms to provide technical assistance (TA) to small, rural, and tribal public water works. The Procurement Management Team (PMT) reviewed applications. The PMT recommends that the Board approve a non-profit organization to be the TA provider. The program will be rolled out once approved by the Board.

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

Approval of Small Systems Technical Assistance

That the recommendation of the procurement management team, established pursuant to the Trust’s request for responses, dated January 19, 2023, distributed to the Board, to prequalify technical service providers to assist small, rural, and tribal publicly owned treatment works, particularly in disadvantaged communities, with participating in the CWSRF loan program, is hereby approved.

That the Board hereby delegates to the Executive Director, and/or other authorized officers of the Trust, all necessary power and authority to take any such further action as necessary to finalize the prequalification of the selected firm.

Item #7

MOTION- VOTE

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

Ms. Perez stated that nitrogen sensitive area projects were previously allotted 7.5% in loan forgiveness. The Executive Committee has recommended increasing the forgiveness to 15%, equal to the amount awarded to Combined Sewer Overflow projects.

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

Use of ARPA Funds to Provide Additional Subsidies in the Form of Principal Forgiveness for 2021 Projects in Nitrogen Sensitive Areas

That the Board approves the use of American Rescue Plan Act (“ARPA”) funds to provide additional subsidies in the form of principal forgiveness for certain Clean Water projects of the Borrowers listed in Schedule 1 (“Schedule”) based on the eligible costs presented in the Schedule for projects in nitrogen sensitive areas in the listed amounts.

Item #8

MOTION- VOTE

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

Ms. Perez stated that transitioning the LSL Program from a loan to a grant program led to grantees needing to fulfill federal grant requirements.

Some grantees are very small public water suppliers (PWS) that do not receive federal funds from other sources and therefore may not be meeting certain requirements. The Trust wants to assist these very small PWS meet requirements that come with being the recipients of federal funds such as audit requirements.

\$100,000 will be set aside to help very small PWS with meeting requirements. Requests will be reviewed and approved on a case-by-case basis by the Executive Committee.

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

Approve the Use of Admin Funds to Assist LSL Program Grantees with Grant Compliance

1. That the Trust approve the use of a portion of its Administrative Funds to provide technical assistance in accordance with the Enabling Act and the Safe Drinking Water Act (including, without limitation, paying a portion of the costs of third-party financial audit for recipients not otherwise required to have such audits performed) to certain recipients of grants under the Trust's LSL Planning Program in complying with the required grant conditions;
2. That the Trust set aside \$100,000 of Administrative Funds for such purpose, to be expended at the direction and with the approval of the Executive Committee.
3. That the Trust authorizes and directs the Executive Director, and such other officers of the Trust as the Executive Director may delegate, to perform all such additional acts, not inconsistent with this vote, as may be necessary or desirable in effecting the purposes of this vote.

Item #9

MOTION- VOTE

Approval of Lead Service Line Planning Program Commitments

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

<u>PAC No.</u>	<u>Recipient</u>	<u>Amount</u>
DW-23-15	Adams Fire District	\$50,000
DW-23-53	Cherry Valley and Rochdale Water District	\$110,000
DW-23-44	Chicopee	\$311,500
DW-23-51	Dedham-Westwood Water District	\$907,400
DW-23-46	Everett	\$150,000
DW-23-50	Fairhaven	\$100,000
DW-23-47	Falmouth	\$128,000
DW-23-43	Hadley	\$145,770
DW-23-41	Lunenburg Water District	\$253,000
DW-23-55	Maynard	\$200,000
DW-23-49	Somerset	\$75,000
DW-23-45	Turners Falls Fire District	\$26,400
DW-23-48	Westminster	\$56,800

Item #10

MOTION- VOTE

Approval of Clean Water Commitment

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

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
CW-22-35	Framingham	\$9,919,928 ¹	1.5% ²

Item #11

MOTION- VOTE

Approval of Drinking Water Commitment

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

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
DW-23-52	Norwell	\$1,875,000	0% ³

¹ First Revision. Original PAC amount was \$7,830,000.

² Housing Choice Loan

³ PFAS Remediation Loan

Item #12

MOTION- VOTE

Approval of Lead Service Line Planning Program Grants and Grant Agreements

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

<u>PRA No.</u>	<u>Recipient</u>	<u>Amount</u>
DWL-23-15	Adams Fire District	\$50,000
DWL-23-53	Cherry Valley and Rochdale Water District	\$110,000
DWL-23-44	Chicopee	\$311,500
DWL-23-51	Dedham-Westwood Water District	\$907,400
DWL-23-46	Everett	\$150,000
DWL-23-50	Fairhaven	\$100,000
DWL-23-47	Falmouth	\$128,000
DWL-23-43	Hadley	\$145,770
DWL-23-41	Lunenburg Water District	\$253,000
DWL-23-55	Maynard	\$200,000
DWL-23-49	Somerset	\$75,000
DWL-23-45	Turners Falls Fire District	\$26,400
DWL-23-48	Westminster	\$56,800

Item #13

MOTION- VOTE

Approval of the Clean Water Loans/Local Government Obligations and Financing Agreements

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

<u>PRA No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
CWP-22-34	Brockton	\$2,173,452	1.5% ²
CWP-22-35	Framingham	\$9,919,928	1.5% ²
CW-22-31	Franklin	\$33,000,000	1.5% ²
CW-22-57	Littleton	\$29,438,000	1.5% ²
CWP-22-69	Lynn Water and Sewer Commission	\$25,000,000	1.5% ²
CW-22-73	New Bedford	\$1,521,200	2%
CWP-22-53	Taunton	\$2,137,058	1.5% ²
CWP-22-53-A	Taunton	\$362,000	1.5% ²
CWP-22-54	Taunton	\$4,000,000	1.5% ²

Item #14

MOTION- VOTE

Approval of the Drinking Water Loans/Local Government Obligations and Financing Agreements

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

<u>PRA No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Interest Rate</u>
DWP-22-49	East Brookfield	\$7,869,027	2%
DWP-22-38	Leicester Water Supply District	\$5,179,421	2%
DWP-22-20	North Attleborough	\$7,250,061	0%³
DWP-22-26	Townsend	\$14,900,000	0%³
DWP-23-18	Yarmouth	\$3,365,339	0%³

OTHER BUSINESS: None

ADJOURN: The motion was made by Mr. Yontar and seconded by Ms. Pinaud and voted unanimously in favor of adjourning the meeting at 1:46 p.m.

LIST OF DOCUMENTS AND EXHIBITS USED:

1. Minutes, May 3, 2023
2. Project Descriptions
3. Fiscal Year 2024 Budget
4. June 2023 Financing Agreement
5. June 2023 Financing Agreement Redline
6. June 2023 Financing Agreement Standard Terms and Conditions
7. June 2023 Standard Terms and Conditions Redline
8. Bylaws of the Massachusetts Clean Water Trust as Amended Through June 2023
9. Bylaws of the Massachusetts Clean Water Trust as Amended Through June 2023 Redline
10. Small Systems Technical Assistance Request for Responses
11. Small Systems Technical Assistance Request for Responses Recommendation Memo
12. Schedule of Loan Forgiveness for Nitrogen Sensitive Are Projects

***Location: Remote:** Notice is hereby given that the Wednesday, June 7, 2023 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, and c.2 of the Acts of 2023.

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.



Item #2 (*No Reference Document*)



***Item #3 2023 MassDEP Nomination Letter for
Timothy Jones***



Commonwealth of Massachusetts
Executive Office of Energy & Environmental Affairs

Department of Environmental Protection

100 Cambridge Street Suite 900 Boston, MA 02114 • 617-292-5500

Maura T. Healey
Governor

Kimberley Driscoll
Lieutenant Governor

Rebecca L. Tepper
Secretary

Bonnie Heiple
Commissioner

July 12, 2023

Board of Trustees
Massachusetts Clean Water Trust
1 Center Plaza, Suite 430
Boston, MA 02108

Dear Fellow Board Members:

In accordance with the by-laws of the Massachusetts Clean Water Trust (Trust), as the Commissioner of the Massachusetts Department of Environmental Protection, and in my capacity as a member of the Board of Trustees of the Trust, I hereby appoint Timothy Jones to be the Deputy Director of Program Development for the Massachusetts Clean Water Trust; Mr. Jones' appointment begins on Wednesday July 12, 2023, by the Secretary of the Trust and will continue until the next annual meeting of the Board or my appointment and qualification of a successor person to serve in such position.

Respectfully submitted,

Bonnie Heiple,
Commissioner



Item #4 Cash Defeasance of Series 8, 9 and 11



July 5, 2023

Ms. Susan Perez
Executive Director
Massachusetts Clean Water Trust

pfm

1735 Market Street
42nd Floor
Philadelphia, PA, 19103
215-567-6100

pfm.com

As the Financial Advisor to the Massachusetts Clean Water Trust ("MCWT", or the "Trust"), we have analyzed the potential cash defeasance of the remaining "Pool Program Bonds, Series 8", "Pool Program Bonds, Series 9" and "Pool Program Bonds, Series 11" (collectively, the "Bonds") and offer this memo to summarize considerations related to the Trust's state revolving fund programs.

Background and Plan for Defeasance

All remaining outstanding maturities of the Bonds are being considered for defeasance with cash on August 2, 2023:

SUMMARY OF BONDS REFUNDED

Massachusetts Clean Water Trust Cash Defeasance of Pools 8, 9 and 11

<i>Bond</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>Call Date</i>	<i>Call Price</i>
Series 2005-Pool 11, POOL11, SERIAL1:	08/01/2024	4.750%	285,000	08/02/2023	100.000
	08/01/2025	4.750%	<u>280,000</u>	08/02/2023	100.000
			565,000		
Series 2005-Pool 11, POOL11, SERIAL_3:	08/01/2024	4.500%	25,000	08/02/2023	100.000
Series 2002-Pool 8, POOL8, TERM2027:	08/01/2027	5.000%	2,465,000	08/02/2023	100.000
Series 2003-Pool 9, POOL9, TERM2028:	08/01/2028	5.250%	4,360,000	08/02/2023	100.000
			7,415,000		

The Trust has benefited from relatively high yielding Guaranteed Investment Contracts ("GICs") related to the Bonds, allowing the Trust to maximize retainable earnings related to each of the Bonds relative to the permitted earnings yield as allowed by Section 148 of the Tax Code (the "Arbitrage Yield") when market rates in recent years have been less than the related Arbitrage Yields.



Series	Deal #	Fund Type	Rate	Principal Bal 8/2/2023
IXIS Funding Corp. (fka - CDC Funding Corp.)				
Pool 8	G-00961-001	DSRF - A	4.3203%	\$ 9,100,000.00
	G-00961-006	Subsidy	4.3500%	5,725,890.06
				\$ 14,825,890.06
Massachusetts Mutual Life Insurance Company				
Pool 9	T009655C	DSRF - A	4.1881%	\$ 17,513,578.00
	T009655E	Float - B	4.2500%	7,241,133.82
				\$ 24,754,711.82
Massachusetts Mutual Life Insurance Company				
Pool 11	05-000672A	DSRF - B	4.6400%	\$ 8,022,269.75
Total Received on the GIC investment termination				\$ 47,602,871.63

Upon defeasance of Bonds on August 2, 2023, the respective GICs are expected to terminate at par. The monies in each of the respective Debt Service Reserve Funds ("DSRF") will transfer to the Equity Fund, providing program equity to be recycled for future program uses.

For the Pool 8 Bonds and Pool 9 Bonds, the monies in the respective Subsidy/Float Funds will be available as cash and sufficient to retire the Pool 8 Bonds and the Pool 9 Bonds.

The Pool 11 Bonds scheduled to mature in 2024 and 2025, become callable on August 1, 2023 and are expected to be cash defeased with other available program funds.

Considerations

- The cash defeasance of the Bonds and termination of the GICs on August 2, 2023, will provide the program with a slight net present value cashflow benefit, even before consideration of the potential benefit of additional interest income.
- The change in market conditions spurred, in part, by the Federal Open Market Committee's policy rate increases since November of 1.25% provides the Trust with the opportunity to terminate the DSRF GICS and to reinvest the funds in money market and treasury securities at interest rates greater than the rates of the existing GICs. The current MMDT rate is 5.34% (as of 7/2/23) and the one-year Treasury is yielding 5.40%.



- Terminating the GICS will reduce the Trust's counterparty risk, i.e. the risk that the credit-worthiness of the GIC provider will decline. This is especially important since, as evidenced by the bankruptcy of Sovereign Bank and Silicon Valley Bank, financial institutions are facing economic pressures related to inflation and federal monetary policies.
- Termination of the GICs and diversification into money market and traditional securities will be viewed positively by the credit rating agencies. For required default tolerance stress-tests, rating agencies discount GIC cashflows to reflect the counterparty risk associated with these instruments.
- The cash defeasance and termination of the GICs will materially streamline the Trust's program administration costs and related staff time and resources since the Trust will be able to close 19 trust accounts related to these Bonds and alleviate the need for additional periodic arbitrage rebate calculations and reporting.

Recommendation

In recognition of the considerations cited above, PFM recommends moving forward with the cash defeasance and GIC termination strategy.

Sincerely,

Lisa Lawrence
Managing Director

Cc: Jessica Cameron, PFM, Managing Director
Matthew Schnackenberg, Managing Director
Miles Silbert, Senior Managing Consultant



Items #5 through #10 *Project Descriptions*

Project Descriptions for July 12, 2023

Board of Trustees Meeting

Asset Management Planning Commitments and Agreements

Auburn Water District DWA-23-70

The AMP Project will upgrade the current GIS database for District staff to be able to utilize the GIS platform to manage their assets and record the condition of assets, modernize record keeping to a digital format through ArcGIS, utilize hydrant flow tests, if needed, to update the existing hydraulic model and utilize the hydraulic model to create a unidirectional flushing program, and create a hydrant flushing and valve exercising application based in ArcGIS Online platform for recording and tracking maintenance efforts.

Middleborough DWA-23-71

The Project will improve upon the Town's existing water utility network datasets with the intent of implementing a utility-based Asset Management Plan (AMP). This will allow the Town to develop measures for determining its pipe network's level of service, criticality, and probability of failure. The end goal is to establish a framework for the Town to proactively manage its water utility network infrastructure and reduce operation and maintenance costs by utilizing a GIS based approach.

Milford DWA-23-67

The Project will update the existing Asset Inventory databases for horizontal and vertical assets that will be used to develop preventative maintenance schedules and identify assets in need of replacement. In addition, the Water Department plans to update the comprehensive Capital Improvement Plan developed to help identify other priority assets in need of rehabilitation or replacement. The Capital Improvement Plan has many advantages since it integrates all components of a water system and allows a prioritization of capital improvements. The master plan will include hydraulic model calibration, water supply planning, water rate study, and an integration of hydraulic, critical, and asset management evaluations.

Lead Service Line Planning Program Commitments and Agreements

Boston Water and Sewer Commission DWL-23-73

The Commission is undertaking the inventory of thousands of private and public water services which the current records indicate as unknown, other or lead. The Commission is documenting the services by various methods including, internal scratch tests, vacuum excavation at the sidewalk shutoff and potentially with a new device developed by Electroscan. There are 2,561 water services on the public side and 4,366 water services on the private side that require investigation.

Clinton DWL-23-54

In accordance with the Lead Service Line Inventory and Replacement Plans per the Lead and Copper Rule Revisions, finalized in 2021, the Town of Clinton is responsible for curating an inventory of all lead service lines in the town and preparing a replace plan prior to October 2024. The following work will be completed as part of this phase of the project: data collection and preliminary screening analysis to identify high probability LSLs, preliminary and expanded inventory documented based on all collected data, creation of a sharable webmap of the inventory, identification of data gaps, and preparation of a preliminary replacement plan.

Easthampton DWL-23-61

This project includes the evaluation and development of a Lead Service Line (LSL) replacement plan for utility and customer side service line materials connected to the Easthampton water distribution system in order to meet the 2021 Lead and Copper Rule Revision (LCRR) issued by the EPA. The project is divided into two phases: Phase 1-Initial Water Service Inventory Development and Phase 2- Lead Service Line Replacement Plan. Tasks for Phase I include a review of current water distribution data, field investigations to verify service line materials, and the finalization of an initial inventory. During Phase 2, Engineers will work closely with the City to produce a LSL replacement plan. The plan will include a procedure for conducting replacements and a funding strategy.

Framingham DWL-23-69

City of Framingham will implement planning stage efforts related to conducting a City-wide Lead Service Line (LSL) Inventory and developing an LSL Replacement Program. The City has already initiated the inventory but has not yet completed the effort. The City plans to engage Green International Affiliates, Inc. (Green) to assist in completing the LSL Inventory and develop the LSL Replacement Program.

Gardner DWL-23-72

The work of this project generally consists of the collection of available records, the creation of a LSL database, the creation of a list of unknown service line materials and a ranking for verification that indicates high, medium, and low probabilities of lead, the creation of a GIS shapefile with the LSL database, creation of a list of service lines categorized as lead, galvanized requiring replacement, or lead status unknown that will be given to the City, the development of a plan to address services lines categorized as lead, galvanized requiring replacement, or lead status unknown, and conducting home inspections at up to 3,900 properties to confirm or verify material on either side of the meter.

Malden DWL-23-65

The City of Malden has extensive lead service lines within its distribution system and has been working with MaDEP for approximately 20 years to document and eliminate them. The City is currently under consent decree for lead service removal and has built a robust GIS system to track and document its progress. While the City has taken every opportunity to leverage funding/financing from sources like MWRA and the SRF loan program, the reality is that the program is a financial burden to the City and it is limited in its progress proportional to available funding each year. This Grant program represents an opportunity to accelerate this well established and systematic program to meet the October 2024 deadline. Without this funding it is likely they will not achieve a 100% inventory in time. This project contains a multi-pronged approach to identifying unknowns including customer surveys, home inspections, and test pitting, and multi-lingual educational materials for residents.

Mattapoisett DWL-23-59

The work of this project generally consists of preparing a comprehensive Lead Service Line Inventory and database for both the public and private portions of water services that will be made publicly available. The database will be built using available digital and paper records, MassGIS database, assessor's database, and based on information included in the EPA's Service Line Inventory Guidance. A list of addresses with unknown service line materials will be created with associated high, medium, and low probability of lead rankings. Schedule and conduct up to 300 home inspections focusing on locations determined to have a high probability of lead. Prepare a plan to aid with confirming service line materials for services with unknown material and how to fund and fully remove any lead service lines connected to the distribution system.

New Bedford DWL-23-62

Populate MassDEP inventory with currently known lead service line information. Field data collection to verify approximately 800 privately owned lead services are indeed lead. Map all current lead services and status of planned replacement for all LSL types. Map dates and phases of LSL and associated water main replacement activities. Analyze data to phase work based on pavement and other utility activities in streets. Assist City in tracking and updating the work and replaced assets in the City's GIS database including physically updating the lateral line GIS data layer. Prototype and develop automated service line information sheet records documentation process.

Provincetown DWL-23-58

This project will consist of preliminary records screening, including review of record drawings, GIS data, capital improvement plans, and master plans. Additionally, record drawings, tie cards, and valve cards will be digitized and added to the Town's GIS data. A GIS map of service line materials will be created and formatted for sharing on the Town's website, and a technical memorandum of findings from the records screening and mapping will be prepared. Finally, the lead service line replacement contract documents will be prepared, including specifications, drawings, standard details, a construction cost estimate, and a plan for permitting. The project also includes SRF grant administration tasks, if awarded.

Rowley DWL-23-57

The work of this project generally consists of the collection of available records for both utility and privately owned sides of water service lines, development of a lead service line inventory database (which will be made available to the public), preparing a list of unknown service line materials, conducting home inspections of up to 30 properties to confirm material on either side of the meter, and providing a list of service lines categorized as lead, galvanized requiring replacement, or lead status unknown to the Town so that the property owners can be notified after completing the inventory.

Seekonk Water District DWL-23-68

The project will begin with a records screening, including the review and digitization of record drawings, GIS data, capital improvement plans, master plans, tie cards, and installation and maintenance/repair records. An Excel spreadsheet and a GIS map of service line materials will be developed incorporating information from the records screening. The GIS map will be formatted for publishing on the Town's website. A technical memorandum will be prepared summarizing the findings from the records screening and mapping. Finally, draft required disclosures will be identified and prepared.

South Deerfield Water Supply District DWL-23-63

This project includes the evaluation and development of a Lead Service Line (LSL) replacement plan for utility and customer side service line materials connected to the South Deerfield Water Supply District water distribution system in order to meet the 2021 Lead and Copper Rule Revision (LCRR) issued by the EPA. The project is divided into two phases: Phase 1- Initial Water Service Inventory Development and Phase 2- Lead Service Line Replacement Plan. Tasks for Phase I include a review of current water distribution data, field investigations to verify service line materials, and the finalization of an initial inventory. During Phase 2, Engineers will work closely with the District to produce a LSL replacement plan. The plan will include a procedure for conducting replacements and a funding strategy.

Southwick DWL-23-64

This project includes the evaluation and development of a Lead Service Line (LSL) replacement plan for utility and customer side service line materials connected to the Southwick water distribution system in order to meet the 2021 Lead and Copper Rule Revision (LCRR) issued by the EPA. The project is divided into two phases: Phase 1- Initial Water Service Inventory Development and Phase 2- Lead Service Line Replacement Plan. Tasks for Phase I include a review of current water distribution data, field investigations to verify service line materials, and the finalization of an initial inventory. During Phase 2, Engineers will work closely with the Town to produce a LSL replacement plan. The plan will include a procedure for conducting replacements and a funding strategy.

Sudbury Water District DWL-23-74

The purpose of this project is to conduct a survey of all service materials used throughout Sudbury's water system and identify areas of the system that predate the 1986 SOWA ban in order to determine the lead or galvanized service lines that require replacement. The work will include reviewing GIS data, water main installation drawings, and capital and master plans, as well as record and tie cards, installation/maintenance and meter installation records, and other documentation regarding materials of the existing services within the system. This information will be digitized and provided in a PDF format. A spreadsheet will be created documenting service address information and we will use MassDEP's inventory template as well as complete mapping improvements that are needed. A GIS map will be created showing each water service, and incorporate the spreadsheet information into the GIS mapping, that can be shared publicly. A technical memorandum will be provided. The LSL inventory will be submitted to DEP prior to the October 16, 2024 deadline.

West Warren Water District DWL-23-56

This project includes the evaluation and development of a Lead Service Line (LSL) replacement plan for utility and customer side service line materials connected to the West Warren Water District water distribution system in order to meet the 2021 Lead and Copper Rule Revision (LCRR) issued by the EPA. The project is divided into two phases: Phase 1- Initial Water Service Inventory Development and Phase 2- Lead Service Line Replacement Plan. Tasks for Phase I include a review of current water distribution data, field investigations to verify service line materials, and the finalization of an initial inventory. During Phase 2, Engineers will work closely with the District to produce a LSL replacement plan. The plan will include a procedure for conducting replacements and a funding strategy.

Westfield DWL-23-12

This project entails developing a materials service line inventory for the City's approximately 11,537 service lines by gathering, reviewing, and compiling the City's existing electronic service line material information. This includes reviewing valve and service connection cards, and notes and photos gathered during the system wide water meter replacement project that took place between 2018 and 2020. The Massachusetts Lead Service Line Identification (MA-LSLI) Web App will be used for public outreach and for customers to self-report their service line information. Field verification of service line material within customers' homes will also be conducted where customer side service line materials is either missing or insufficient. As part of the evaluation and initial inventory development, CDM Smith will review if a machine learning predictive model would be beneficial for analyzing the City's inventory. Using the inventory information, a Lead Service Line Replacement Program Plan (LSLRPP) will be developed using the MassDEP LSLRP Summary Form.

Wilmington DWL-23-66

Town of Wilmington will implement planning stage efforts related to conducting a Town-wide Lead Service Line (LSL) Inventory and developing an LSL Replacement Program. The Town has already initiated the inventory but has not yet completed the effort. The Town plans to engage Green International Affiliates, Inc. (Green) to assist in completing the LSL Inventory and develop the LSL Replacement Program.

Clean Water Commitments**Boston Water and Sewer Commission CW-22-52**

The Boston Water and Sewer Commission's project entails updating the Commission's Sewer and Drain Models to reflect structural and hydraulic changes made to the systems since the models were last updated in 2018. It will include recalibration of Drain Model's Stormwater Quality component to incorporate data recently collected under the Commission's Drain Model Validation Project. The project will also include updating the Commission's Inundation Model (IM) with new LIDAR data, and re-running the IM under various climate change scenarios to evaluate the impacts future mitigation efforts (e.g. constructing flood/ocean barriers, storage facilities) on Commission and City of Boston assets. The project will include general model maintenance, staff support and training.

Chicopee CW-22-39

The Town of Chicopee's project includes separation of 15,450 linear feet of combined sewer main in coordination with the City of Chicopee's Long Term CSO Control Plan. The proposed sewer separation will result in a significant reduction of CSO volumes and frequencies by reducing flow to CSO 3 and will also provide needed relief for several sewer back-up conditions in some of the most seriously affected high priority areas.

Drinking Water Commitments**Fall River DW-23-23**

The Project consists of LSL replacements, including the 107 partial LSLs in public right-of-way and the public right-of-way portion of 533 of existing full LSLs, based on its initial Draft LSL Inventory List. During the 2021 lead and copper monitoring period, the City exceeded the 90th percentile lead action level for lead. The Project will expedite the removal of full and partial LSLs within the City to achieve compliance.

Mattapoissett River Valley Water District DW-23-60

Emergency financing to procure replacement of the failed ultrafiltration system at the Water Treatment Plant.

Clean Water Agreements

Boston Water and Sewer Commission CW-22-52

The Boston Water and Sewer Commission's project entails updating the Commission's Sewer and Drain Models to reflect structural and hydraulic changes made to the systems since the models were last updated in 2018. It will include recalibration of Drain Model's Stormwater Quality component to incorporate data recently collected under the Commission's Drain Model Validation Project. The project will also include updating the Commission's Inundation Model (IM) with new LIDAR data, and re-running the IM under various climate change scenarios to evaluate the impacts future mitigation efforts (e.g. constructing flood/ocean barriers, storage facilities) on Commission and City of Boston assets. The project will include general model maintenance, staff support and training.

Chicopee CWP-22-39

The Town of Chicopee's project includes separation of 15,450 linear feet of combined sewer main in coordination with the City of Chicopee's Long Term CSO Control Plan. The proposed sewer separation will result in a significant reduction of CSO volumes and frequencies by reducing flow to CSO 3 and will also provide needed relief for several sewer back-up conditions in some of the most seriously affected high priority areas.

Chicopee CWP-22-39-A

The Town of Chicopee's project includes separation of 15,450 linear feet of combined sewer main in coordination with the City of Chicopee's Long Term CSO Control Plan. The proposed sewer separation will result in a significant reduction of CSO volumes and frequencies by reducing flow to CSO 3 and will also provide needed relief for several sewer back-up conditions in some of the most seriously affected high priority areas.

Fall River CW-22-68

The City of Fall River seeks to evaluate the ability of the facilities to meet water quality standards for chlorine, evaluate impacts to rivers receiving the treated combined sewer overflow (CSO) discharge, determine any modifications to the existing facilities and determine future technology for currently untreated CSOs with the City. The City is under federal court order to control CSOs to the Mount Hope Bay, Taunton River, and Quequechan River. The City has designed and constructed \$180 million in CSO controls- collectively called the Fall River CSO Abatement Program. As a part of the program, the City has constructed and operates two CSO Screening and Disinfection Facilities.

Orleans CW-22-28

The Town of Orleans is replacing 474 septic systems with an extension of the municipal sewer system. This infrastructure includes approximately 15,750 LF of 8- to 12-inch gravity sewer; 20,750 LF of low-pressure sewer; 7,500 LF of 8-inch force main; and 1 submersible pump station. This construction project is critical to meeting TMDL limits for the Town and will benefit the Pleasant Bay System and Town Cove, along with numerous water supply points. It is part of the approved CWMP and a continuation of the sewerage work previously financed through SRF.

Quincy CWP-22-49

The City of Quincy seeks to implement the recommendations from the 2020 Sewer System Evaluation Survey (SSES) to remove I/I and rehabilitate approximately 3.25 miles of sewer pipe in the City of Quincy through open cut repairs and cured-in-place pipe (CIPP) lining. This project will reduce infiltration and inflow to the system, supporting the regional I/I reduction program and reducing the risk of sanitary sewer overflows and backups, which create public and environmental health issues.

Quincy CWP-22-49-A

The City of Quincy seeks to implement the recommendations from the 2020 Sewer System Evaluation Survey (SSES) to remove I/I and rehabilitate approximately 3.25 miles of sewer pipe in the City of Quincy through open cut repairs and cured-in-place pipe (CIPP) lining. This project will reduce infiltration and inflow to the system, supporting the regional I/I reduction program and reducing the risk of sanitary sewer overflows and backups, which create public and environmental health issues.

Revere CWP-22-55

The City of Revere's Phase 13 Construction Project includes the removal of inflow/infiltration (I/I) from the City's sewer system. Construction will include the redirection of public and private inflow sources discovered during Phase 13 Field Investigations in addition to IDDE source removal, and drainage improvements. Illicit connections, including sump pumps, roof leaders, etc. will be removed from the City's sewer system in order to remove inflow and increase wastewater capacity. Construction will also include pump station improvements (both stormwater and wastewater), CIPP lining, sewer spot repairs, replacements, new sewer lines, cleaning, and additional wastewater metering.

Revere CWP-22-55-A

The City of Revere's Phase 13 Construction Project includes the removal of inflow/infiltration (I/I) from the City's sewer system. Construction will include the redirection of public and private inflow sources discovered during Phase 13 Field Investigations in addition to IDDE source removal, and drainage improvements. Illicit connections, including sump pumps, roof leaders, etc. will be removed from the City's sewer system in order to remove inflow and increase wastewater capacity. Construction will also include pump station improvements (both stormwater and wastewater), CIPP lining, sewer spot repairs, replacements, new sewer lines, cleaning, and additional wastewater metering.

Saugus CWP-22-50

The Town of Saugus' project includes comprehensive sewer system rehabilitation in Subsystem PS-4. Construction will include the rehabilitation of pipelines, manholes and service laterals necessary to eliminate I/I from the system. Approximately 13, 550 feet of 8-inch and 2, 650 feet of 10-inch pipe have been identified as being in need of CIPP in subsystem PS-4 to eliminate I/I. Also included in this project will be the installation of a lining system to improve the quality of the service to mainline connection. There are approximately 274 of this type of connection in Subsystem PS-4. Approximately 97 manholes have also been identified and are in need of rehabilitation. Each manhole will be lined using the latest standards.

Springfield Water and Sewer Commission CWP-22-36

The Springfield Water and Sewer Commission seeks to upgrade the Springfield Regional Wastewater Treatment Facility (SRWTF) to include a dedicated grit removal system. The upgrade will include influent channel modifications and temporary bypass pumping, construction of grit removal system with associated piping and pipe tunnel modifications, installation of slide gates for flow control, flow channel modification, and the replacement and upgrade of the existing grit classifiers and screw conveyors.

Springfield Water and Sewer Commission CWP-22-36-A

The Springfield Water and Sewer Commission seeks to upgrade the Springfield Regional Wastewater Treatment Facility (SRWTF) to include a dedicated grit removal system. The upgrade will include influent channel modifications and temporary bypass pumping, construction of grit removal system with associated piping and pipe tunnel modifications, installation of slide gates for flow control, flow channel modification, and the replacement and upgrade of the existing grit classifiers and screw conveyors.

Drinking Water Agreements**Eastham DWP-22-21**

The Town of Eastham seeks to continue its implementation of a new, Town-wide municipal water system to provide a clean and reliable source of drinking water for its residents as well as fire protection. As part of the water system construction proposed for Phase 2E, an additional 51, 000 feet of water main (9.7 miles) distribution system piping is to be installed and a second water storage tank (750, 000 gallons) is to be constructed at District H. Phase 2E completes the entire water system project.

Essex DW-22-32

The Town of Essex will address the Water Treatment Plant's outdated/failing equipment. This includes replacing parts of the flocculation and settling tanks system, replacing finished water pumps, and updating the sludge pump to a duplex system. The chemical addition systems will be updated to modern design standards. Specific chemical bulk tank storage and transmission lines will be replaced. The facility will be upgraded with modern control systems and instruments and with new operational/safety items. Water Treatment Plant had a catastrophic event in June of 2021 when a plastic chain on one of the two settling basins broke.

Fall River DWP-23-23

The Project consists of LSL replacements, including the 107 partial LSLs in public right-of-way and the public right-of-way portion of 533 of existing full LSLs, based on its initial Draft LSL Inventory List. During the 2021 lead and copper monitoring period, the City exceeded the 90th percentile lead action level for lead. The Project will expedite the removal of full and partial LSLs within the City to achieve compliance.



Item #11 (*No Reference Document*)