

**EXECUTIVE COMMITTEE OF THE  
MASSACHUSETTS CLEAN WATER TRUST**

**Meeting Minutes**

**Meeting Date:** Wednesday, September 12, 2018  
**Time:** 1:30 PM  
**Location:** Massachusetts Clean Water Trust  
1 Center Plaza, Suite 430  
Boston, Massachusetts 02108  
**Notice:** Due public notice given  
**Attendees** Sue Perez, Executive Director of the Trust  
Steven McCurdy, Director of Program Development of the Trust  
Maya Jonas-Silver, Director of Finance & Administration of the Trust  
**Also Present** Nathaniel Keenan, Deputy Director of the Trust  
Jonathan Maple, Program Associate of the Trust

**SUMMARY OF DISCUSSIONS (INCLUDING DECISIONS MADE/ACTIONS TAKEN/ VOTES):**

1. **Minutes Approved** for the following meeting:
  - August 23, 2017
  - November 21, 2017
  - December 13, 2017
  - January 10, 2018
  - February 21, 2018
  - March 21, 2018
  - May 23, 2018
  - May 31, 2018
  - July 18, 2018
2. **Disadvantaged Business Enterprise (DBE):** Mr. Keenan asked Mr. McCurdy if there was any update on the DBE Request for Information (RFI). Mr. McCurdy noted that Kristen LaCroix, who posted the RFI, will be out on vacation for the next two weeks. Mr. McCurdy said he will reach out to Jenny Outman who's been working on the RFR with Ms. LaCroix.
3. **Reporting on Federal Funding Accountability and Transparency Act (FFATA):** Mr. Keenan provided an update FFATA reporting. The filing should be submitted within the next day or two. Additionally, the Trust will be updating last year's reporting as an error was made in reporting. Mr. Keenan noted that EPA's Katie Marrese was aware of the reported issues and had confirmed that the Trust should report the project that was incorrectly reported last time. Mr. McCurdy asked if there were any issues with swapping out projects. Mr. Keenan noted that the Trust was not at this stage in the process as the Trust has not been able to fully report Clean Water projects. Mr. McCurdy informed Ms. Jonas-Silver on the need to split project loans into two groups, 1) for architectural and engineering and 2) for construction. This is due to a 2014 change in the Clean Water Act from amendments passed in the Water Resources Reform and Development Act. The

amendments require that architectural and engineering services go through an extensive procurement process, which is not how Massachusetts' cities and towns currently handle procurement. The Trust uses a work around, provided by EPA, that splits loans. Federal funding is only provided to construction loans, and recycled funding is used for architectural and engineering loans to streamline this process.

4. **Annual Report Trust and DEP updates:** Mr. Maple explained that an updated annual report format has been preliminary approved by EPA. The new format takes the previous report – which reported Clean Water and Drinking Water program details in separate but similar sections – into two sections financial and programmatic. The new format covers all the original information while cutting down on duplicative section text. Mr. Keenan noted that the report was forwarded to other EPA staff for comment, but none has been received by the Trust. Mr. McCurdy provided additional detail on possible highlight projects that can be used as examples for the Trust program activity.
5. **Springfield Water and Sewer Commission (SWSC) call update:** Ms. Perez provided an update on a call that she and Mr. Keenan had with the SWSC. Following up from previous meetings, the Trust is trying to work with the SWSC on changing their bond indenture. During the call, the attorney for SWSC noted that they would need to contact other large bond holders to attempt to adjust their bond indenture to remove reserve fund requirements when borrowing from the Trust. Ms. Perez noted that our program counsel had provided supplemental bond resolution language. Ms. Perez offered to assist their financial advisor and counsel and wants to complete this process by the end of September. Another call is scheduled for the end of the month.
6. **Discussion of Contact Assistance for FY18:** Ms. Jonas-Silver noted that budget analyst for Senate Ways and Means committee requested more information on how the Trust intended to use its additional \$30 million filed in the Governor's supplemental budget. Mr. Keenan noted that the Trust was in the preliminary stages of planning on how to best use the funds. Mr. McCurdy noted that he was working on a suggestion document that he could provide to the DEP Commissioner. The committee discussed the following uses: set aside for emergency projects, funding for special programs (lead service line replacement), securing a fixed rate for principal forgiveness for 3-5 years, or creating a small system revolving fund that avoids some of the onerous federal requirements that push small systems away from current SRF funding. Mr. Keenan noted that he would follow up with Mr. McCurdy with principal forgiveness projections for a fixed percentage reduction in principal. Mr. Keenan noted that principal forgiveness uncertainty is one of the program weaknesses, as it is difficult for the Trust to describe the possible discount of principal. By setting a guaranteed percentage of forgiveness may be a way to reduce the number of projects not moving forward.
7. **Discussion of Federal Crosscutters:** Mr. Keenan provided a draft document for Federal Requirements for State Revolving Funds (SRF), he had received from CIFA. The document describes state requirements to comply with federal law. Mr. Keenan noted that he wanted to have the new program counsel research the requirements and confirm that DEP and the Trust had implemented all requirements in regulations, contracts and any other areas where they may be required.
8. **Legislation update:** Mr. Keenan provided an update on the Short-Term Rental Legislation. Noting that the governor had sent it back with amendments, and since the legislature was in informal session it will most likely not be moving forward this year.

9. **Water Infrastructure Advisory Committee update:** Mr. Keenan asked Mr. McCurdy if he was aware when the next meeting would be. Mr. McCurdy answered in the negative saying he was unaware of any future meetings at this time but would bring it to the committee if he is notified.
10. **Intended Use Plan update on new programs:** Mr. McCurdy noted that he was unaware of the current state of the project applications for the 2018 IUP specifically related to the incentivized lead service line replacement program or the asset management grant program. He noted that many applications would come in around the October deadline.
11. **Sponsorship Lending Model update:** Mr. Keenan followed up on a call with several environmental organizations and the Executive Office of Energy and Environmental Affairs to discuss the sponsorship lending model for green infrastructure projects. Mr. Keenan noted that the Trust was interested in pursuing the model, but there are currently no projects to move forward with. Mr. McCurdy noted that the model requires a borrower to want to partner with another project, and that is difficult for these partners to come together. Mr. Keenan noted that there may be an opportunity to use the pay for performance model with projects like the recently announced Three Bays Watershed Request for Proposal. Ms. Perez noted that any project the Trust would look to partner with should be able to be scaled up and used in different parts of the state. Additionally, Ms. Perez was concerned about issues with data sharing and collecting. Data collection is crucial to proving if the technology is working and that would have to be factored into the project scope.

**Other  
Business**

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

12. **WIFIA Update:** Mr. Keenan provided an update on changes to WIFIA that is coming through the *America's Water Infrastructure Act of 2018*. He stated that program changes were made to create a WIFIA borrowing program specifically for SRFs, but that program still had elements that made borrowing from the municipal bond market more attractive. Specifically, he noted that the program required all the same requirements of an SRF loan, but was accompanied with fees, treasury interest rate, and required EPA take a spring lien. A spring lien, starts as a subordinate lien, but would become a senior lien in the case of default. The bill has passed the house and the senate committees.
13. **Program Counsel RFR:** Mr. Keenan notified the committee that the Trust had planned on issuing a RFR for Program Counsel in the coming week. Ms. Perez stated that the Trust was exercising the option to extend the current program contract through November.
14. **Deal Update:** Ms. Perez notified the committee that the Series 21 Green Bond closing was completed that morning, and that the funds had been transferred to the Trust account trustee.
15. **MassDEP Regulation Change:** Mr. McCurdy brought up the topic of regulation changes related to incentivized Lead Service Line replacement program. Ms. Perez noted that the Trust program counsel has reviewed the proposed changes and had some additional comments. The Trust asked for program counsel to speak with DEP's legal contact to hammer out the details. Mr. McCurdy said he would follow with legal to see where the proposed change was in the process.
16. **September 19 Executive Meeting:** Ms. Jonas-Silver stated that she would be unavailable for the September 19 meeting, and the committee decided to cancel the meeting.

The meeting adjourned at 2:49 p.m.