

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

NOTICE AND AGENDA

Meeting Date:	Thursday, May 15, 2025
Time:	2:00 PM
Location:	Remote*
Listing of Topics:	Call to Order
	<ol style="list-style-type: none">1. Review and approval of minutes from the 4/30/2025 meeting of the Executive Committee2. LSL Planning Grant Extension Requests: The Trust will present LSL Planning Grant extension requests.3. Private Borrower Policy Update: The Trust will propose an update to the 2011 Private Borrower Policy.4. Pine Valley Plantation Cooperative Corporation: The Trust will present a draft management letter for review of this public water supplier for its 2024 IUP project.
	Other Business (<i>Items not reasonably anticipated by the Chair 48 hours in advance of the meeting</i>)

***Location: Remote:** Notice is hereby given that the Thursday, May 15, 2025 meeting of the Massachusetts Clean Water Trust's Executive Committee 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.

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: *Draft Minutes of the Meeting
Held on April 30, 2025***

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

Meeting Minutes

Meeting Date: Wednesday, April 30, 2025
Time: 1:30 PM
Location: Remote
Notice: Due public notice given
Attendees Sue Perez, Executive Director, Trust
Robin McNamara, Director of Program Development, Trust
Timur Yontar, Director of Finance & Administration, Trust
Bridget Munster, Deputy Director of Program Development, Trust
My Tran, Treasurer, Trust
Also Present Nate Keenan, Department Director, Trust
Nicole Munchbach, Assistant Controller, Trust
Sunkarie Konteh, Accountant, Trust
Pam Booker, Accountant, Trust
Rachel Stanton, Investor Relations and Communications Graphic Designer, Trust
Joshua Derouen, Program Manager, Trust
Kailyn Fellmeth, Senior Program Associate, Trust
Aidan O'Keefe, Program Associate, Trust
Esther Omole, Program Associate, Trust
Ray LeConte, Program Associate, Trust
Jonathan Maple, Senior Policy Analyst, Trust
Michele Higgins, Program Manager, MassDEP
Gregory Devine, Section Chief, MassDEP
Janine Bishop, Regional Planner, MassDEP
Jennifer Pederson, Executive Director, Massachusetts Water Works Association

SUMMARY OF DISCUSSIONS	
	<u>Open the Meeting:</u> Ms. Perez opened the meeting after confirming the attendees present.
1.	<u>Review and approval of minutes from the 4/9/2025 meeting of the Executive Committee:</u> The Committee approved meeting minutes from the 4/9/2025 meeting of the Executive Committee.
2.	<u>Lead Service Line (LSL) Planning Grant Extension Requests:</u> Ms. Omole stated that LSL Planning Grant extension requests were received from 12 communities, as outlined in the Executive Materials. The communities all noted that they have faced various delays to their projects, particularly as they amend their work to meet the Lead and Copper Rule Revision requirements. It was recommended that the communities be granted an extension of 60 days beyond the respective extension deadlines requested.

	The Executive Committee voted unanimously to grant the recommended deadline extensions to allow the communities ample time to complete the scope of work and project closeout documentation.
Other Business (Items not reasonably anticipated by the Chair 48 hours in advance of the meeting): None.	
<u>Adjourn the Meeting:</u> Ms. Perez requested a motion to adjourn the meeting. Ms. McNamara moved the motion. A roll call was held, and all members approved the motion.	

Minutes Approved:

DRAFT



Item #2: *LSL Planning Grant Extension Requests*

LSL Planning Grant Extension Requests

Grantee	Grant Number	Original Grant Expiration Date	Maximum Extension (+10 Months)	Grantee Proposed Closeout Deadline	Extension Recommended (Grantee Proposed Closeout Deadline + 60 Days)
Dedham-Westwood Water District	DWL-23-51	6/7/2025	4/7/2026	9/7/2025	11/6/2025
Fairhaven	DWL-23-50	6/7/2025	4/7/2026	9/30/2025	11/29/2025
Haverhill	DWL-23-11	3/6/2025	1/6/2026	1/1/2026	3/2/2026



***Item #3 through 4: Private Borrower Policy Update and
Pine Valley Plantation Cooperative Corporation***

Private Borrower Policy Update

Overview of Key Changes and Impact

May 15, 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 completes a management report.
- Private Entities have time to provide feedback on the report – which is included in the final report.
- **Executive Committee Role:**
 - Review management reports.
 - 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 submits the report 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

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.

Pine Valley Plantation Cooperative Corporation



Background

- **Loan Amount:** \$6,014,514 in 2024 IUP, Tier 2 Disadvantaged Community.
- **Project:** Private mobile home community, a Public Water Supplier, with 500+ 55 years and older residents in Belchertown, requires a complete water distribution system rebuild. Involves installing approximately 19,500 feet of new water main and 398 service connections.
- **Credit Risk Analysis:** Pine Valley is considered High Risk under this credit risk analysis.
- **Security:** Pine Valley has proactively saved \$665k reserve for this project and indicates the capacity to increase maintenance fees approximately 13.2% to cover debt service.

Management Recommendation

- Provide zero percent interest rate due to the public health benefits.
- Require Pine Valley to approve a rate schedule for the drinking water infrastructure portion of the maintenance fee that is adequate to cover 110% of annual debt service for the life of the loan
- Require a debt service reserve fund to be held by the Trust that will equal 2x MADS for the term of the loan

Schedule for Outstanding Private Borrower Loans

In accordance with the Private Borrower Policy, the aggregate amount of loans to all Private Entities must be considered in the management report and categorized against credit risk.

- An analysis must be presented to the Board, and they be advised about the impact on capacity and outstanding commitments.
- All outstanding loans, and proposed loans, have been factored in the 2025 IUP capacity calculation

Private Borrower	Loan Number	Amount	Status
Aquarion Water Co - Millbury	DWEC 23-134	\$4,679,913	PRA – Loan Agreement not executed
Aquarion Water Co -Oxford	DWEC 23-144	\$9,194,763	PRA – Loan Agreement not executed
Total Outstanding		\$13,874,676	

- Projects were originally approved with the agreement to be secured via a guarantee from their rated corporate affiliate, Eversource
- However, the Aquarion Water Company of Massachusetts, Inc was sold to Aquarion Water Authority (“AWA”), a Connecticut quasi-public entity, in January 2025.
- The Trust is working with Aquarion to understand the impact of this sale

Questions?