

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

Meeting Minutes

Meeting Date: Wednesday, November 9, 2022
Time: 1:30 PM
Location: Remote
Notice: Due public notice given
Attendees Sue Perez, Executive Director, Trust
Maria Pinaud, Director of Program Development, Trust
Timur Yontar, Director of Finance & Administration, Trust
Also Present Nate Keenan, Deputy Director, Trust
My Tran, Treasurer, Trust
Sally Peacock, Controller, Trust
Pam Booker, Accountant, Trust
Sunkarie Konteh, Accountant, Trust
William Kalivas, Treasury Specialist, Trust
Joshua Derouen, Senior Program Associate, Trust
Rachel Stanton, Investor Relations and Communications Graphic Designer, Trust
Kailyn Fellmeth, Program Associate, Trust
Julian Honey, Program Associate, Trust
Jonathan Maple, Senior Policy Analyst, Trust
Kathleen Baskin, Assistant Commissioner, DEP
Robin McNamara, Deputy Director of Municipal Services, DEP
Ashraf Gabour, Program Manager, DEP

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 9/28/2022 meeting of the Executive Committee:</u> The Committee approved meeting minutes from the 9/28/2022 meeting of the Executive Committee.
2.	<u>Update on the 2023 Draft Intended Use Plans (IUPs):</u> Ms. Pinaud stated that DEP received the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) capacity calculations from the Trust. CWSRF Capacity Ms. Pinaud said that the CWSRF has a capacity of approximately \$900 million. This includes set-asides for planning projects and PFAS design projects, the Community Septic Management Program in the amount of \$5 million, and emergency projects in the amount of \$3 million. This is less than the 2022 CWSRF IUP amount of \$960 million. However, financing will be offered to all Tier 5 and 4 projects and a few Tier 3 projects on the Project Priority List (PPL).

DWSRF Capacity

Ms. Pinaud said that the DWSRF has a capacity of approximately \$300 million, which does not include the funds for the Lead Service Line (LSL) Planning Program due to funding through a separate grant. The approximately \$300 million capacity includes set-asides for planning projects and PFAS design projects, and emergency projects in the amount of \$5 million. The current capacity is not sufficient to finance all Tier 5 DWSRF priority projects. A DWSRF requirement is to have at least 15% of funding go towards financing small systems projects. Lower scoring projects from the PPL would need to be advanced to meet this requirement. Approximately \$31 million more needs to be made available to meet the 15% small systems minimum requirement or to offer financing to all DWSRF Tier 5 priority projects with another \$60 million. Ms. Perez agreed that capacity could be increased by \$60 million to offer financing to all DWSRF Tier 5 priority projects.

Ms. Perez said that the DWSRF project ranking criteria should incorporate small system status as it is necessary for grant compliance.

Ms. Pinaud clarified that small systems are accounted for in the scoring but typically score lower because they are inherently serving smaller populations and get less points. Meeting the small systems requirement was not an issue in the past when there was sufficient capacity or lower scoring small systems projects were advanced to the IUP.

Ms. Perez clarified that the expanded capacity in recent years was an anomaly. Higher project drop rates in the past also allowed us to offer financing to all Tier 5 DWSRF priority projects.

Capping IUP Cost of Projects

Ms. Perez asked DEP if Project Approval Certificate (PAC) amounts can exceed \$15 million on the 2023 IUPs.

Mr. Gabour said that PAC amounts will include the total eligible project costs, capped at \$15 million per project, per year. If the total eligible project costs exceed \$15 million, an additional PAC will be issued for a carryover portion for the next IUP year.

Ms. Perez then asked how the \$15 million cap works if a PAC amount is originally issued below the cap then the project bidding results come in higher than \$15 million.

Mr. Gabour said that he discusses how to proceed with such cases with Mr. Keenan on a case-by-case basis.

Allocation of Additional Funding

Ms. Perez stated that the Trust was allocated an additional \$115 million through the Economic Development Bill that was passed by the Massachusetts State Legislature. It is unclear whether these funds are from the American Rescue Plan Act or surplus state funds. The Trust needs to know the source of these funds to determine uses. If Governor Baker signs this bill, the Trust

will reevaluate capacity and restrictions. The last time the Trust received funding through a bill like this, the Executive Office for Administration and Finance (A&F) cited the funding source.

Mr. Yontar noted that A&F is looking into this question and anticipates that Governor Baker will sign the Economic Development Bill tomorrow.

2023 IUP Aquarion Water Company Projects

Ms. Perez noted that there are four Aquarion projects over \$15 million on the 2023 DWSRF IUP. DEP should not issue PACs for these projects until the Trust and Aquarion's counsels have come to a satisfactory resolution on Aquarion meeting the conditions of the Private Borrower Policy.

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

Updates on the Series 24 Bond Deal

Ms. Perez stated the Trust is actively working on the Series 24 Bond Deal. A couple of due diligence questions were recently sent to DEP for assistance in answering. The Preliminary Official Statement will be distributed to Ms. Pinaud and Mr. Yontar this week for their review.

A higher than usual amount of contract assistance is being requested due to higher rates, market conditions, and a higher amount of reduced interest rate loans.

Build America, Buy America (BABA) Implementation Guidance

Ms. Pinaud noted that DEP received BABA guidance from the EPA which will be in Project Regulatory Agreements going forward. The Trust should incorporate relevant language in the guidance into its loan documents.

Mr. Derouen and Mr. Keenan confirmed that the Trust is working with the Trust's counsel to ensure that BABA language will be in the new terms and conditions for the Financing Agreement.

New Governor's Bond Bill

Mr. Yontar noted that a second bond bill is needed to finance the Infrastructure Investment and Jobs Act incremental state match portion of the grants the Trust receives from the EPA. The legislature passed a bond bill providing financing for the regular state match in July 2022. However, it is understood that the Trust does not usually draw down state match funds until June.

Ms. Perez confirmed this state match draw down timeline and that hopefully the second bond bill is signed in the spring.

Adjourn the Meeting: Ms. Perez requested a motion to adjourn the meeting. Ms. Pinaud moved the motion. A roll call was held, and all members approved the motion.

Minutes Approved: December 21, 2022