

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

April 4, 2018
1:30 PM

3 Center Plaza, Suite 430
Boston, Massachusetts

Minutes

Attendees: James MacDonald, First Deputy Treasurer, Designee
Martin Suuberg, Commissioner of MassDEP
Rachel Madden, Undersecretary Executive Office of Administration and Finance,
Designee

Also Present: Steve McCurdy, Director of Municipal Services, MassDEP
Nate Keenan, Deputy Director, MCWT
Bernard Greene, Senior Legal Counsel, MCWT
Pamela Booker, Accountant, MCWT
William Kalivas, Treasury Specialist, MCWT
My Tran, Treasurer, MCWT
Jonathan Maple, Program Associate, MCWT
Joshua Derouen, Program Associate, MCWT
Dan Truong, Assistant Communications Director, Office of the State Treasurer

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 March 7, 2018 Minutes

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg and voted unanimously in favor of acceptance and approval of the minutes of the meeting of the Board held on March 7, 2018.

Item #2

REPORT OF THE EXECUTIVE COMMITTEE

Mr. Keenan reported that in the recent Federal Fiscal Year 2018 Omnibus Appropriation, funding for the SRFs increased by \$300 million per program. For Massachusetts, based on the distribution percentages, the Clean Water grant is anticipated to increase by \$10 million and the Drinking Water grant is anticipated to increase by at least \$6 million. In addition to the increased appropriations, the 6th Drinking Water Needs Survey was released by EPA and Massachusetts' identified need has increased from \$8.6 billion to \$12.2 billion. This should increase the allotment percentage for Massachusetts, but final allotments are not yet available.

Mr. McCurdy reported that the States' percentages of the appropriated DWSRF grant funds were adjusted, based on demonstrated need. This worked to Massachusetts' benefit because of the DW needs surveys that were performed. Massachusetts made a concerted effort to increase technical assistance to the surveyed water systems, to ensure that their individual needs were fully documented. In 2015, as it had in 2012, the Trust, in partnership with DEP prequalified consulting engineering firms to work with municipalities to complete clean water and drinking water needs surveys. The work of the consulting engineers on local system surveys, identified wastewater and drinking water needs of the municipalities. DEP actively worked with the consultants and municipalities to ensure that they were accurately and fully assessing community needs. Currently, the national need for clean water infrastructure is estimated to be about \$472.6B and Massachusetts' needs sit at \$12.2 billion. Clearly, EPA is looking to partner with the states to help address need.

Mr. Keenan noted that with more federal funding the amount to be provided as principal forgiveness would increase.

Mr. Keenan gave updates on various initiatives. The new program to assist municipalities with developing asset management plans is progressing and a vote on the program is expected in the next few months. A presentation was given on the proposed vote for the Incentivized Lead Service Line Replacement Program that took place later in the meeting. The Program allows communities that appear on the 2019 Intended Use Plan (IUP) that are doing water main replacement projects to also replace private lead service lines at no additional cost to borrowers and free to homeowners. There are no additional costs because the Trust will be loaning more in principal through contract assistance. This compensates for the difference that results from less interest. Mr. Keenan also stated that the new storm water initiative will be discussed during the next Executive Committee meeting.

MOTION- VOTE

Approval of Additional Subsidy for Lead Service Line Replacements

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg and voted unanimously in favor of acceptance and approval of the following:

1. The Trust hereby approves the establishment of a program (the “Program”) to provide an additional subsidy equivalent to a loan at an interest rate of less than two percent, as provided in Section 6(c) of the Enabling Act, for loans appearing on the 2019 Intended Use Plan and after for water main replacement projects that include additional costs of replacing connected lead service lines (i.e. the privately-owned pipes connecting the water mains being replaced to residential buildings). The interest rate applicable to each loan in the Program shall be determined by the Trust based on the increased principal amount of the loan attributable to the eligible costs (as determined by the Department of Environmental Protection) of such lead service line replacements and shall be structured, to the extent possible, to provide for debt service equivalent to a loan excluding such costs and bearing interest at two percent (i.e. the increased principal shall be offset, to the extent possible, with a corresponding decreased interest rate). The additional subsidy shall not result in an interest rate of less than zero percent.
2. The Trust directs the Executive Director and/or the Deputy Director to develop such additional Program description and documentation and to cooperate with the Department of Environmental Protection to solicit proposals for loans eligible for the Program.

Item #4

MOTION – VOTE

Clean Water Loan Commitments

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg and voted unanimously in favor of acceptance and approval of the following:

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
CW-18-03	Fall River	\$5,021,600	2%
CW-15-10	Tyngsborough	\$9,282,500 ¹	2%
CW-18-04	Tyngsborough	\$250,000	2%

Item #5

MOTION – VOTE

Drinking Water Loan Commitments

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg and voted unanimously in favor of acceptance and approval of the following:

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
DW-15-11	Fall River	\$1,054,669 ²	2%

Item #6

MOTION- VOTE

Clean Water Loans/ Local Government Obligations and Financing Agreements

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg and voted unanimously in favor of acceptance and approval of the following:

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
CWP-18-03	Fall River	\$5,021,600	2%
CWP-16-13	Lowell	\$12,849,042 ³	2%
CW-17-20	Nantucket	\$161,235	2%
CW-17-09	New Bedford	\$499,700	2%
CW-17-10	New Bedford	\$2,996,600	2%
CW-15-10	Tyngsborough	\$9,282,500 ⁴	2%
CW-18-04	Tyngsborough	\$250,000	2%

¹ First Revision: Original PAC Amount was \$8,782,500

² Second Revision: Original PAC Amounts were \$569,700 and \$1,015,919

³ Second Revision: Previous PRA Amounts were both \$6,839,570

⁴ Second Revision: Previous PRA Amounts were \$7,893,819 and \$8,318,759

Item #7

MOTION- VOTE

Drinking Water Loans/ Local Government Obligations and Financing Agreements

The Motion was made by Ms. Madden and Seconded by Commissioner Suuberg and voted unanimously in favor of acceptance and approval of the following:

<u>PAC No.</u>	<u>Borrower</u>	<u>Amount</u>	<u>Equivalent Interest Rate</u>
DWP-14-08-A	Fall River	\$139,747 ⁵	2%
DWP-15-11-A	Fall River	\$38,750	2%

OTHER BUSINESS: None

ADJOURN: The motion was made by Ms. Madden and Seconded by Ms. Madden and voted unanimously in favor of adjourning the meeting at 1:46 p.m.

LIST OF DOCUMENTS AND EXHIBITS USED:

1. Agenda
2. Minutes, March 7, 2018
3. Incentivized Lead Service Line Replacement Program presentation
4. Project Descriptions

⁵ First Revision: Original PRA Amount was \$128,380