

**MWRA Board of Directors Meeting
December 20, 2017
Voting Summary Sheet**

Item Name	Type	Notes	Vote	Discussion Highlights
Approval of Minutes	n/a	n/a	Unanimous	
Report of the Chair	n/a	n/a	n/a	*
Report of the Executive Director	n/a	n/a	n/a	*
Transmittal of FY2019 Proposed Capital Improvement Program and FY2019-2023 Spending Cap to the MWRA Advisory Board	Approval	<ul style="list-style-type: none"> The Board voted to approve the transmittal of the FY 19 Proposed Capital Improvement Program and the Proposed FY2019-2023 Cap spending to the MWRA Advisory Board for its 60-day review and comment period 	Unanimous	*
Approval of Seventy-Sixth Supplemental Resolution	Approval	<ul style="list-style-type: none"> The Board voted to adopt the Seventy-Sixth Supplemental Resolution authorizing the issuance of up to \$50,000,000 of Massachusetts Water Resources Authority Subordinated General Revenue Bonds and the supporting issuance resolution. 	Unanimous	*
Renewal of Water Supply Continuation Agreements with Chicopee Valley Aqueduct Communities	Approval	<ul style="list-style-type: none"> The Board voted to authorize the Executive Director, on behalf of the Authority, to execute ten-year Water Supply Continuation Agreements with Chicopee, South Hadley Fire District Number # 1, and Wilbraham, substantially in the form presented and filed with the records of the meeting. 	Unanimous	*
Revisions to Management Policy for Staff Appointments	Approval	<ul style="list-style-type: none"> The Board voted to adopt an amendment to the Management Policies of the Board of Directors pertaining to Staff Appointments (Part II, Human Resources, Section G) to revise the basis of the Board of Directors' approval of appointments of employees from an annual salary level threshold to specific position classification levels, as presented and filed with the records of the meeting. 	Unanimous	*
PCR Amendment - December 2017	Approval	<ul style="list-style-type: none"> The Board voted to approve an amendment to the Position Control Register, as presented and filed with the records of the meeting. 	Unanimous	
Appointment of Senior Program Manager, SCADA Engineering	Approval	<ul style="list-style-type: none"> Appointed: Mr. Thai Nguyen Salary: \$126,607.94 Effective: To be determined by the Executive Director 	Unanimous	
Appointment of Project Manager, Inspections, TRAC	Approval	<ul style="list-style-type: none"> Appointed: Walter Schultz Salary: \$104,221.76 Effective: To be determined by the Executive Director 	Unanimous	
Financial and Swap Advisory Services: PFM Financial Advisors, LLC, Contract F247	Contract Award	<ul style="list-style-type: none"> Awarded: PFM Financial Advisors LLC Amount: \$580,750 Term: Four years from the Notice to Proceed 	Unanimous	*
Dental Insurance: Delta Dental of Massachusetts, Contract A613	Contract Award	<ul style="list-style-type: none"> Awarded: Delta Dental of Massachusetts Amount: \$352,000 Term: Twelve months, with three options to renew for a period of twelve months each, subject to further Board approval. 	Unanimous	*
Security Guard Services for Various MWRA Facilities: Universal Protection Service, LLC, d/b/a Allied Universal Security Services, Contract EXE-033, Amendment 2	Contract Amendment/Change Order	<ul style="list-style-type: none"> The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment 2 to increase the amount of Contract EXE-033 with Universal Protection Service, LLC d/b/a Allied Universal Security Services, Security Guard Services For Various MWRA Facilities, in the amount of \$1,943,420.00 and to extend the term by 365 calendar days to February 5, 2019. 	Unanimous	*
Northern Intermediate High Section 110 - Reading and Woburn: Albanese D&S, Inc., Contract 7471, Change Order 14	Contract Amendment/Change Order	<ul style="list-style-type: none"> The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order 14 to increase the amount of Contract 7471 with Albanese D&S, Inc., Northern Intermediate High Section 110 - Reading and Woburn, in an amount not to exceed \$300,000.00, with no increase in contract term; and to authorize the Executive Director to approve additional change orders as may be needed to Contract 7471 	Unanimous	*

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		in amounts not to exceed the aggregate of \$250,000, in accordance with the Management Policies and Procedures of the Board of Directors.		
Northern Intermediate High Section 110 - Stoneham and Wakefield: Albanese D&S, Inc. Contract 7478, Change Order 5	Contract Amendment/Change Order	<ul style="list-style-type: none"> The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order 5 to increase the amount of Contract 7478 with Albanese D&S, Inc., Northern Intermediate High Section 110 - Stoneham and Wakefield, in a lump sum amount of \$424,646.00 and extending Milestone 1 by 139 Calendar Days, with no increase in the overall contract term; and to authorize the Executive Director to approve additional change orders as may be needed to Contract 7478 in amounts not to exceed the aggregate of \$250,000, in accordance with the Management Policies and Procedures of the Board of Directors. 	Unanimous	*
Delegated Authority Report - November 2017	Information	•Please see related staff summary	n/a	*
Update on Procurement Procedure for Contract 7581, John J. Carroll Water Treatment Plant - SCADA System Improvements	Information	•Please see related staff summary	n/a	*
FY2018 Financial Update and Summary as of November 2017	Information	•Please see related staff summary	n/a	*

Administration and Finance
 Wastewater
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 Personnel
 * Advisory Board position



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MWRA Advisory Board Summary
of the
MWRA Board of Directors Meeting
Wednesday, December 20, 2017

A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on Wednesday, December 20, 2017, at the Charlestown Navy Yard. Present: Secretary Beaton, Jennifer Wolowicz, and Brian Peña, Gubernatorial Appointees; John Carroll, Joseph Foti, and Andrew Pappastergion, MWRA Advisory Board Representatives; Henry Vitale, Kevin L. Cotter, and Austin Blackmon, City of Boston Representatives; John J. Walsh, City of Quincy Representative, and Paul Flanagan, Town of Winthrop Representative.

Acting in his role as Vice Chairman, John Carroll called the meeting to order at 1:10 pm.

Report of the Chair

There was no Report of the Chair.

Report of the Executive Director

Mr. Laskey welcomed Beth Card to the MWRA as the new Director of Environmental and Regulatory Affairs. He noted the publication in the previous day's Boston Globe about John Carroll and his retirement (and his continued role with the MWRA Board of Directors).

Mr. Laskey noted the positive feedback over the years on the Consumer Confidence Report regarding the water supply. He stated that there had been discussion of the possibility of preparing a similar report regarding the sewer side of the Authority's programs for the Authority's customers, at an estimated cost of \$225,000-250,000. He requested the Board members' feedback on the idea.

He turned to the subject of the Wachusett Reservoir, noting that staff and he would be meeting the next day with interested parties at the Governor's office. And he announced that the agency is required to hold a meeting that serves as an annual meeting of the Board of Directors; he suggested that the meeting scheduled for January 17 be used to meet that requirement.

The Chairman took over the gavel at 1:17 pm.

Approvals

Approval of Minutes

The Board voted to approve the minutes of the Board of Directors meeting of November 15, 2017, as presented and filed with the records of the meeting.

Approval of Transmittal of FY 2019 Proposed Capital Improvement Program and FY 2019-2023 Spending Cap to the MWRA Advisory Board

The Board voted to approve the transmittal of the FY 2019 Proposed Capital Improvement Program and the Proposed FY 2019-2023 Cap spending to the MWRA Advisory Board for its 60-day review and comment period.

Mr. Durkin opened the discussion by noting that this year, FY 2018, is the last year of the current five-year capital spending cap period. So not only is the staff asking the Board to consider staff's recommendation for FY 2019, but also in the establishment of the five years of spending from FY 2019 through FY 2023. Today's action is only to approve the transmittal of the proposal to the Advisory Board for their sixty-day review. Staff will return in May with an updated proposal and ask in June for final adoption of the budget (and the proposed capital spending cap).

Since its inception through this fiscal year, the MWRA has spent \$8.2 billion in capital expenditures and investment in the system. The future spending from FY 2018 to FY 2046, is \$3.3 billion (for planning purposes). From FY 2019 to FY 2029 some \$235 million is projected to be spent. Some increases to the I/I and LPAP programs are assumed (Phase 11 and 12 for the loan programs are anticipated).

Staff reported that the challenge for this budget process has been to establish a longer view for the budget, particularly for the next five-year period as well as to review spending up to this point. Going forward, spending is anticipated to go back to the \$1.1 billion level. The history shows that the agency has been spending approximately 23-24% below the targeted levels. The cap is really a targeted spending level, for the longer time period. For FY 2019-2023 the level is proposed to be \$1.1 billion or about an average of \$250 million per year. This spending level reflects that about 52% of the projects have already been awarded (which drives the spending). The drivers of the proposed spending are asset protection, interim water system redundancy and the start of the long-term water redundancy program and a ramp up during the FY 2024 – 2028 period. From FY 2014-2018 to FY 2019–2023, asset protection spending is expected to triple to almost \$1 billion (with wastewater accounting for over \$728 million, water for \$153 million, and Deer Island for \$366 million of the \$728 million of wastewater spending). A second wave of spending will occur from FY 2024-2028 when the long-term water redundancy program is starting to ramp up.

One of the top Deer Island projects includes the Clarifier Rehabilitation project, which accounts for over one-third of the wastewater asset protection project spending. (Additional details and specific projects moving forward during the period are shown as part of the power point presentation.)

Mr. Hornbrook also highlighted the emphasis on cathodic protection projects in the capital improvement program. This represents an important investment because it extends the useful life of the pipe systems and

storage tanks. Some \$62 million has been included on these new projects, with spending beginning in the next cap period and continuing into the following cap period. Also included is funding for the replacement of the ozone generators and the ultraviolet reactors later in the next decade (2027 and beyond). Doing so strengthens the ability to make adequate budget and rate forecasts into the future. Also included in the budget is the replacement of the hydro-turbines at Deer Island; earlier estimates are being reviewed. He highlighted a number of additional major projects.

Staff expects to finance the projected spending primarily through the issuance of bonds. Spending and outstanding principal reached its peak in 2012, and the agency is issuing less debt than is being paid back. After 2022, debt service payments will start to come down, using defeasances and strategic issuances to bring the peak down.

Mr. Favaloro stated that the Advisory Board looks forward to conducting its review. This presentation also reintroduces the “B” word – “billion” – which has not been in the vernacular of the cap in a long time. The Advisory Board’s review is going to center on the capacity and the ability to spend that number. Mr. Vitale referred to the trend over time to be able to spend the funds proposed in the budgets and how that affects the rates. Mr. Durkin noted that the actual spending leads to the borrowing and the structuring of debt service. This, along with pension, OPEB, operating expenses, and a lot of other items that are managed to get to the annual rate increase that, in turn, can be afforded, always with a focus on what is the change in the assessment, year over year. The rates are based on what has been spent and the borrowings are to support that level, not on the specific plans (and current estimates) for future spending.

In response to a separate question regarding arbitrage and regular reporting, staff stated that the required annual reports on the various bond series are submitted according to the required date of July 1st. The federal regulation that requires that borrowers cannot borrow at tax-exempt rates and invest at taxable rates calls for reporting every five years according to the anniversary of the bond issue. The Authority monitors its compliance with the resolution every year and files the results with its trustee. The requirement calls for a filing only in the case of owing any money. The Authority has not had to make this kind of filing in a long time.

Approval of Seventy-Sixth Supplemental Resolution

The Board voted to adopt the Seventy-Sixth Supplemental Resolution authorizing the issuance of up to \$50,000,000 of Massachusetts Water Resources Authority Subordinated General Revenue Bonds and the supporting issuance resolution.

MWRA continues to participate in the State Revolving Fund program through which the state provides subsidized financing for water and wastewater capital projects to Massachusetts governmental agencies. The program provides low-interest rate loans that the MWRA uses to complement its own bond issuances. The MWRA is a large participant in that program. This request is for \$50 million: \$30 million is anticipated to be for wastewater and \$20 million will be for the water program.

Approval of Renewal of Water Supply Continuation Agreements with Chicopee Valley Aqueduct Communities

The Board voted to authorize the Executive Director, on behalf of the Authority, to execute ten-year Water Supply Continuation Agreements with Chicopee, South Hadley Fire District Number #1, and Wilbraham, substantially in the form presented and filed with the records of the meeting.

Staff described the process for contract renewals, as set forth in the water supply continuation regulations. That process requires that communities seeking new agreements provide a supplementary report which reviews demand and supply and requires them to have drought management plans as well as a description of various aspects of their water supply systems. As part of the process, agreements describe the concerns of the communities as well as the Authority. The contracts for approval by the Board reflect those discussions (and are described in the accompanying staff summary). In various phases, the Authority has renewed contracts for 21 of the 25 contract communities.

Approval of Revisions to Management Policy for Staff Appointments

The Board voted to adopt an amendment to the Management Policies of the Board of Directors pertaining to Staff Appointments (Part II, Human Resources, Section G) for the Board of Directors to approve the appointments of employees based on specific position classification levels while eliminating the annual salary level threshold, as presented and filed with the records of the meeting.

Staff noted that the revisions are described in Attachment A of the staff summary. The revision would involve Board approval of an estimated 20% of positions as they are presented for appointment for a position with the Authority.

Ms. Wolowicz, the Board member who chairs the Personnel Committee, requested that in the future the order of business place Personnel Committee business at the beginning of the Committee meetings section of the Board meetings from time to time or to rotate the order of Committee meetings.

Approval of PCR Amendment – December 2017

The Board voted to approve an amendment to the Position Control Register, as presented and filed with the records of the meeting.

Approval of Appointment of Senior Program Manager, SCADA Engineering

The Board voted to approve the Executive Director's recommendation to appoint Mr. Thai Nguyen to the position of Senior Program Manager, SCADA Engineering (Unit 9, Grade 30), at an annual salary of \$126,607.94, commencing on a date to be determined by the Executive Director.

Approval of Project Manager, Inspections, TRAC

The Board voted to approve the appointment of Walter Schultz to the position of the Project Manager, Inspections, Toxic Reduction and Control (Unit 9, Grade 25) at the recommended salary of \$104,221.76, to be effective on a date to be determined by the Executive Director.

Contract Awards

Financial and Swap Advisory Services: PFM Financial Advisors, LLC, Contract F247

The Board voted to approve the recommendation of the Consultant Selection Committee to select PFM Financial Advisors LLC to provide financial and swap advisory services and to authorize the Executive Director, on behalf of the Authority, to execute and deliver Contract F247 with PFM Financial Advisors LLC in an amount not to exceed \$580,750 for a term of four years from the Notice to Proceed.

Staff reported that the current contract expires in the coming month. The Selection Committee has completed the procurement process with the recommendation that the incumbent be awarded the contract. Staff noted that since the last time MWRA has procured these services, the regulatory landscape for financial and swap advisors has changed, with reform legislation having placed a registration requirement and fiduciary responsibilities on municipal financial advisors as well as swap advisors. Staff also noted that the firm has served as advisor to several Massachusetts entities including the Office of the State Treasurer, Massachusetts Port Authority, Massachusetts Clean Water Trust, and Massachusetts Bay Transportation Authority, as well as many other large issuers around the United States.

Dental Insurance: Delta Dental of Massachusetts, Contract A613

The Board voted to approve the recommendation of the Consultant Selection Committee to select Delta Dental of Massachusetts to provide dental insurance to eligible employees and to authorize the Executive Director, on behalf of the Authority, to execute Contract A613 with Dental Service of Massachusetts, Inc. d/b/a Delta Dental of Massachusetts for an amount not to exceed \$352,000 for a term of twelve months, with three options to renew for a period of twelve months each, subject to further Board approval.

Paul Whelan, Director of Insurance, referred to a handout distributed to members of the Board that describes insurance options under the dental program. In 2012, the Authority conducted a study to assess whether it would be beneficial to the agency to self-insure versus purchase dental insurance. That study concluded that it would be best for the Authority to purchase the program. Five years later (today) it was decided to address the question again, to test those conclusions with the actual data from the last five years to see if the conclusions still held, and represented the best approach going forward. The summary provides a quick outline and concludes that the best approach for the agency continues to purchase the insurance program as compared to conducting the program itself. The summary outlines a couple of different options that are available to the agency and the one currently in place is viewed as the best approach at this point. In addition, at the last Board meeting, staff sought approval to seek an increase to the limit to the annual maximum from \$1,250 to \$1,500; the proposal was approved by the Board.

Staff from the Selection Committee described the procurement process and the recommendation to provide dental insurance for non-union managers and certain union employees for a contract term of twelve months, with three options to renew for a period of twelve months each, subject to further Board approval.

Contract Amendments/Change Orders

Security Guard Services for Various MWRA Facilities: Universal Protection Service, LLC, d/b/a Allied Universal Security Services, Contract EXE-033, Amendment 2

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment 2 to increase the amount of Contract EXE-033 with Universal Protection Service, LLC d/b/a Allied Universal Security Services, Security Guard Services for Various MWRA Facilities, in the amount of \$1,943,420.00 and to extend the term by 365 calendar days to February 5, 2019.

Staff reviewed the proposal to execute Amendment 2 extending the contract term by 365 calendar days from February 6, 2018, to February 5, 2019, and increasing the contract price by \$1,943,420. The extension represents the second, one-year extension option and ensures continuity of security at this time.

Northern Intermediate High Section 110 – Reading and Woburn: Albanese D&S, Inc., Contract 7471, Change Order 14

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order 14 to increase the amount of Contract 7471 with Albanese D&S, Inc., Northern Intermediate High Section 110 – Reading and Woburn, in an amount not to exceed \$300,000.00 with no increase in contract term; and to authorize the Executive Director to approve additional change orders as may be needed to Contract 7471 in amounts not to exceed the aggregate of \$250,000, in accordance with the Management Policies and Procedures of the Board of Directors.

Staff provided a short power point presentation displaying issues and progress (as well as efforts to contain costs) involved with the contract.

Northern Intermediate High Section 110 – Stoneham and Wakefield: Albanese D&S, Inc. Contract 7478, Change Order 5

The Board of Directors voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order 5 to increase the amount of Contract 7478 with Albanese D&S, Inc., Northern Intermediate High Section 110 – Stoneham and Wakefield, in a lump sum amount of \$424,646.00 and extending Milestone 1 by 139 Calendar Days, with no increase in the overall contract term; and to authorize the Executive Director to approve additional change orders as may be need to Contract 7478 in amounts not to exceed the aggregate of \$250,000, in accordance with the Management Policies of the Board of Directors.

Staff noted that this work reflects implementation of work, including work that allows multi-directional flushing for water supply provided by the town, described in an MOU with the Town of Stoneham.

Information

Delegated Authority Report – November 2017

Staff addressed questions regarding the replacement of exterior doors at the Deer Island Treatment Plant, the provision of a directory of engineering services, and the purchase of multi-function devices for multiple facilities.

Update on Procurement Procedure for Contract 7581, John J. Carroll Water Treatment Plant – SCADA System Improvements

Mr. Laskey opened the discussion by pointing out the sensitivity of ensuring security for the SCADA system, which is being updated for the water treatment plant. He noted that there had been extensive discussion of approaches to be taken to ensure secure access to information to be shared during the bidding process for the SCADA services and efforts to inform the Board. He observed that the feedback that staff had gotten back from the Board had been very helpful and the staff had since regrouped and conducted some surveys of other entities. He said that staff have come up with a good compromise that will protect the Authority and ensure a competitive process. This procurement will be the first of several that are anticipated. Mr. Hornbrook added that staff had also made inquiries to several national organizations/forums that deal with cyber security and infrastructure and utilities; there were 24 responses to those inquiries. Staff took much of the information provided and, mindful of the Board's comments, developed a modified process.

Carolyn Francisco Murphy, Director of Procurement, summarized a revised, two-step process, described in this month's staff summary. Highlights include the submittal of qualifications-based criteria in the first step (such as similar, documented experience, past performance, qualifications of key personnel, and capacity). The Selection Committee would evaluate the responses and short list the firms to the three (or two with the Executive Director's approval) most qualified proposers.

The short-listed firms would be evaluated on proposed cost, key personnel, technical approach, organization and management approach, and any MBE and WBE participation. Documents on the ShareFile would be encrypted and view-only rights would be provided; participants must pass a local, state, and federal background check; and individuals must all sign a non-disclosure agreement. The staff summary also notes that each Selection Committee member will review and score the proposals by assigning a percentage of available points for each criterion, including costs, and rank the firms by order of preference. The committee's recommendation will be presented in a staff summary which is to include the details of the evaluation and ranking.

FY18 Financial Update and Summary through November

Mr. Durkin opened the report with the statement that the report is through November, the fifth period of the current fiscal year. Revenues exceeded budget estimates by \$5.2 million. Some \$4.2 million is due to the receipt from the settlement regarding the Barclays LIBOR market issue. Other revenues that have contributed to the greater than budgeted receipts including investment income, and to a class action lawsuit settlement (that had to do with one of the agency's derivatives). Year-to-date expenses were \$6.9 million below budgeted amounts. Debt service expenses account for \$3.4 million of the below budgeted amounts for the year to date. Lower than budgeted direct expenses accounted for another \$3.0 million of the year-to-date surplus. Overall, the budget is functioning as expected. Going forward, with an eye toward the movement of variable interest rates (which impact debt service expense), the market is building expectations of increases in interest rates. Interest rate assumptions for the FY 2019 budget will be brought forward soon.