

**MWRA Board of Directors Meeting
January 13, 2016
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	*
PCR Amendments - January 2016	Approval	<ul style="list-style-type: none"> Approved amendment to the Position Control Register 	Unanimous	
Selection of Underwriters: Contract F237	Contract Award	<ul style="list-style-type: none"> Awarded: 15 investment banking firms to serve as underwriters for fixed rate bond issues 	Unanimous	*
Agency-Wide Technical Assistance Consulting Services: Stantec Consulting Services Inc., Contract 7496 and Hazen and Sawyer, P.C., Contract 7497	Contract Award	<ul style="list-style-type: none"> Awarded: Stantec Consulting Services Inc. and Hazen and Sawyer, P.C. Amount: Not to exceed \$1,450,000 Term: 2 years from Notice to Proceed 	Unanimous	*
Sodium Hypochlorite & Sodium Bisulfite Tank Farm Rehabilitation, Design, Construction Administration & Resident Engineering Services, DITP: Stantec Consulting Services, Inc., Contract 6853	Contract Award	<ul style="list-style-type: none"> Vote postponed until February 2016 Board of Directors meeting 	Unanimous	*
Delegated Authority Report – December 2015	Information	<ul style="list-style-type: none"> Please see related staff summary 	n/a	*
FY16 Financial Update and Summary – December 2015	Information	<ul style="list-style-type: none"> Budget is progressing as expected and has been on target for the past six months. A defeasance proposal will be brought back to the Board in May for execution in June. 	n/a	*
Update on MWRA/DCR Invasive Aquatic Plant Management at Source and Emergency Reservoirs	Information	<ul style="list-style-type: none"> Please see related staff summary 	n/a	*
Update on Potential Lead and Copper Rule Revisions	Information	<ul style="list-style-type: none"> Please see related staff summary 	n/a	*
Report on 2015 Water Use Trends	Information	<ul style="list-style-type: none"> Please see related staff summary 	n/a	
Wachusett Watershed Railroad	Information	<ul style="list-style-type: none"> Please see related staff summary 	n/a	*

Administration and Finance
 Wastewater
 Water
 Personnel
 * Advisory Board position

Arlington • Ashland • Bedford • Belmont • Boston • Braintree • Brookline
Dedham • Everett • Framingham • Hingham • Holbrook • Leominster
Medford • Melrose • Milton • Nahant • Natick • Needham • Newton
Revere • Saugus • Somerville • South Hadley • Southborough • Stoneham
Watertown • Wellesley • Weston • Westwood • Weymouth • Wilbraham



Burlington • Cambridge • Canton • Chelsea • Chicopee • Clinton
Lexington • Lynn • Lynnfield • Malden • Marblehead • Marlborough
Northborough • Norwood • Peabody • Quincy • Randolph • Reading
Stoughton • Swampscott • Wakefield • Walpole • Waltham
Wilmington • Winchester • Winthrop • Woburn • Worcester

MWRA Advisory Board Summary
of the
MWRA Board of Directors Meeting
Wednesday, January 13, 2016

A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on December 16, 2015 at the Charlestown Navy Yard. Present: Chairman Matthew Beaton and Jennifer Wolowicz, Gubernatorial Appointees; John Carroll, Andrew Pappastergion and Joseph C. Foti, MWRA Advisory Board Representatives; Henry Vitale, Kevin Cotter and Austin Blackmon, City of Boston Representatives; Jack Walsh, City of Quincy Representative; Paul Flanagan, Town of Winthrop Representative. Absent: Brian Peña, Gubernatorial Appointee.

Report of the Chair

Chairman Beaton highlighted the Administration reaching its one year anniversary and expressed gratitude for being able to work with the MWRA. He noted the upcoming groundbreaking for the Chicopee Valley Aqueduct-Fish Hatchery Pipeline project. Reflecting upon the fiscal year ahead, Chairman Beaton was hopeful that the administration would successfully overcome the projected budget shortfall without 9C cuts to debt service assistance. He explained that the MWRA would be involved with upcoming energy and climate initiatives of the agency of Energy and Environmental Affairs.

Report of the Executive Director

MWRA Executive Director Fred Laskey expressed great appreciation on behalf of the MWRA and the MWRA Advisory Board that debt service assistance was not part of the recent 9C cuts.

Mr. Laskey noted that the 15-year \$900 million Combined Sewer Overflow (CSO) Program was completed before the December 31, 2015 deadline and that there will be a thorough overview in the February Board of Directors meeting.

The Authority continues to explore ways to expand the system and has been meeting with potential new member communities.

The co-digestion/food waste Request for Interest yielded little interest in the project. Waste Management has expressed interest in providing the project with food waste material but would not like to be involved with transportation of the materials to Deer Island via Barge.

The Deer Island fishing pier project has been awarded. The project is being paid for by funds from department of Fish & Game salt water fishing licenses.

Preliminary results show that both the Deer Island and Clinton wastewater plants had no violations over this past year. Both plants and will be presented with awards later this year from the National Association of Clean Water Agencies. Deer Island will receive the platinum award and Clinton will receive with the gold award.

Mr. Laskey noted the upcoming retirements of two long term employees Kevin Collins and John Sabino. Mr. Laskey thanked them both for their great contributions and commitments to the MWRA.

Approvals

PCR Amendments - January 2016

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

Contract Awards

Selection of Underwriters

The Board voted to approve the recommendation of the Consultant Selection Committee to select the following investment banking firms to serve as underwriters for fixed rate bond issues and to authorize the Executive Director, on behalf of the Authority, to enter into agreements with the selected firms; and further to approve the recommendation of the Consultant Selection Committee that Citi Group Global Markets, Inc., as first ranked, serve as senior manager for the next fixed rate bond transaction and, for subsequent transactions, it is the intent to assign senior managers in rotation based on the Selection Committee's ranking order, provided there are no material changes to the firm or in market conditions:

Senior Managers: (1) Citigroup Global Markets, Inc., (2) J.P. Morgan Securities, Inc., (3) Barclays Capital Inc., (4) Bank of America Merrill Lynch, and (5) Morgan Stanley & Co., Inc. Co-Managers: Wells Fargo Securities, Goldman Sachs & Co., Jefferies & Company, Inc., Samuel A. Ramirez & Co., Inc. and RBC Capital Markets Selling Group: Academy Securities, Inc., Drexel Hamilton, LLC, Fidelity Capital Markets, Janney Montgomery Scott, LLC, Raymond James & Associates, Inc., Roosevelt & Cross, Inc., Stern Brothers & Co., The Williams Capital Group, LP, BNY Mellon Capital Markets, LLC, Estrada Hinojosa & Co., Inc., First Southwest Company, LLC, Mesirov Financial, Inc., Robert W. Baird & Co., Inc., Siebert Brandford Shank & Co., LLC, Stifel Nicolaus & Co., Inc., and William Blair & Co., LLC.

Director of Finance Thomas Durkin noted that traditionally there is a competitive procurement process for underwriter selection. Treasurer Matt Horan explained the Consultant Selection Committee received 26 proposals for manager and co-manager services to the Authority and chose to closely review and rank 15 of them. The top 10 firms were ranked with firms 1-5 being senior managers and firms 6-10 being the co-managers.

Board Member John Carroll asked how the senior manager and co-manager roles differ from each other. Mr. Horan advised that senior managers end up having the biggest role, taking on the most liability by purchasing bonds not sold in the market at their set rates. One senior manager is selected every time a bond is issued to manage the deal. This manager consults with the other managers on pricing and rates. Co-managers also facilitate the selling of the bonds and take a role in purchasing unsold bonds at a smaller level. The selling group does not have responsibility to take on any unsold bonds and gets the smallest share of transaction fees. The selling group adds on another avenue for selling bonds in the market.

Board Member Henry Vitale asked what factors contributed to Citigroup Global Markets, Inc. being the top ranked firm. Mr. Horan explained that the search process surveys potential firms on their analysis and recommendation of the Authority. Citigroup Global Markets, Inc. stood out with its knowledge of the MWRA borrowing needs. Mr. Vitale also asked what kind of advice Citigroup Global Markets, Inc. offered with respect to the outstanding MWRA debt service. Mr. Horan noted the firm made a variety of recommendations particularly with how future issuances can be layered on with existing debt. Mr. Durkin noted J.P. Morgan Securities, Inc., Barclays Capital Inc., and Citigroup Global Markets, Inc. best understood the MWRA culture.

Mr. Vitale inquired which firms were minority owned or woman owned. Mr. Horan advised that Samuel A. Ramirez & Co., Inc. and Siebert Brandford Shank & Co, LLC were minority owned firms and that Stern Brothers & Co. was woman owned. It was noted that Stern Brothers & Co. was not in the manager or co-manager groups.

Board Member Austin Blackman asked if there was any consideration for the institutional capacity of potential firms. Mr. Horan noted this was one of survey questions in the selection process and that the top 10 firms could all underwrite \$1 billion. Mr. Durkin noted that the selection committee can sometimes struggle in determining the appropriate institutional capacity level as some of the small firms have less capacity but more knowledge and interest in the MWRA. Mr. Horan that noted since the last procurement, the average deal has been approximately \$257 million.

Agency-Wide Technical Assistance Consulting Services

The Board voted to approve the recommendation of the Consultant Selection Committee to select Stantec Consulting Services Inc. and Hazen and Sawyer, P.C. to provide agency-wide technical consulting services and to authorize the Executive Director, on behalf of the Authority, to execute Contract 7496 with Stantec Consulting Services Inc., and Contract 7497 with Hazen and Sawyer, P.C., each in an amount not to exceed \$1,450,000 and for a contract term of two years from the Notice to Proceed.

Board Member Andrew Pappastergion asked if the MWRA had experienced any contracting issues in the past with Stantec Consulting Services Inc. Chief Operating Officer Michael Hornbrook advised that Stantec Consulting Services Inc. has had high estimates on bids in the past but that MWRA has experienced little omission or design errors with them and that their overall performance has been good.

Board Member Jack Walsh asked why MWRA awards similar technical assistance contracts specifically for the Deer Island Treatment Plant and the John J. Carroll Water Treatment Plant and why the contracting services cannot be used across the whole Authority. Mr. Hornbrook advised that they were broken into three separate sets of contracts to increase bidding competition. He noted that limited contracting gives potential bidders the perception of limited availability and decreases participation. Mr. Hornbrook also noted that the three facilities have special technical needs apart from one another.

Board Member Henry Vitale asked if the Authority planned to continue to outsource these services into the future. Mr. Hornbrook advised these services were used to supplement in-house staff with non-routine or unanticipated services. He noted that the MWRA supplements in-house staff with the gained knowledge.

Sodium Hypochlorite & Sodium Bisulfite Tank Farm Rehabilitation, Design, Construction Administration & Resident Engineering Services, DITP

The Board voted to postpone awarding the contract until the February 2016 Board of Directors Meeting.

Board Member John Carroll raised concerns on the design/engineering costs of the project. Engineering Services Manager Richard Adams advised that the resident engineering services make up 40-50% of the project net value due to the project's three-year construction length. Mr. Carroll asked if there were any other proposals for this project. Mr. Adams noted that there were two different rounds of soliciting for proposals but there was ultimately only one bid received. He also noted there was an intricate consulting period to determine why there were so few bids. It was determined that potential bidders were hesitant due to staff, timing, or business issues.

Mr. Carroll asked if there was any negotiating on the costs of the solo bid. Mr. Adams advised there was no negotiating but the bid was reviewed by the Selection Committee. Mr. Carroll expressed discomfort with there being no negotiations on the bid.

Board Member Pappastergion requested more information on timing of project. Mr. Adams advised that the first phase of the job would be the tank lining replacement, at the time same time, the vault system would be put in place as well. Board Member In response to an inquiry by the Board, staff confirmed that there were no failures at this time. and advised that the only current concern was for the tank lining replacement.

Mr. Carroll proposed a motion to table the vote until the next Board of Directors meeting in order to allow staff to renegotiate the bid.

Delegated Authority Report – December 2015

Chief Operating Officer Michael Hornbrook provided the Board with a [Delegated Authority Report presentation for December 2015](#), with emphasis on the wastewater manhole rehabilitation program. There are approximately 4,000 manholes in the MWRA system, with an average of 650 being inspected annually.

Board Member John Carroll asked for the cost of an East Boston sewer manhole rehabilitation pictured in the presentation. Mr. Hornbrook noted that the cost was part an overall pipeline cost and not specified in the project itself but that based on annual maintenance costs, the average cost of a manhole rehabilitation is approximately \$4,000. Mr. Hornbrook explained a large portion of the project cost is for traffic plans.

Board Member John Carroll asked if the Authority was the only utility that used traffic plans. Mr. Hornbrook advised that the MWRA is the only utility attempting to use traffic flaggers instead of police details when possible with limited success.

The Board asked if the Authority is required to give notification to communities before beginning a rehabilitation or special project. Staff advised that notification is required depending on the size and scope of the project.

Information

FY16 Financial Update and Summary – December 2015

Finance Director Thomas Durkin noted that the defeasance strategy will begin now that the fiscal year is halfway completed. A defeasance proposal will be brought back to the Board in May for execution in June.

Mr. Durkin noted that spending as compared to the budget is progressing as expected and has been on target for the past six months.

Board Member Henry Vitale asked for more information on the temporary employee position listed on page 3. Kathy Soni explained that this was a position with MIS that may become a permanent position.

Mr. Laskey reminded the Board that the MWRA also has intern positions mostly during the summer time, although they are categorized separately from contract employees.

Mr. Vitale also asked for more information on the higher than expected unemployment insurance costs. Ms. Soni explained that the unemployment insurance is budgeted on a yearly average (on a three time per year basis) as it is difficult to forecast the demand for unemployment insurance.

Mr. Vitale asked if the MWRA was self-insured for unemployment insurance. Mr. Durkin advised that the MWRA does self-insure unemployment insurance.

Mr. Vitale asked for more information on the cost of maintenance materials being over budget. Ms. Soni noted there were a variety of reasons for maintenance to be over budget, noting the timing issues that come up in projects. Ms. Soni noted that the MWRA is entering into an agreement with EverSource that will provide energy rebates, offsetting some of the maintenance costs of making improvements.

Update on MWRA/DCR Invasive Aquatic Plant Management at Source and Emergency Reservoirs

Reservoir Operations Program Manager John Gregoire gave a presentation on the [MWRA managed contracts related to aquatic plant management](#). Jonathan Yeo from DCR was present for questions.

Mr. Carroll asked how removed plants are handled after they have been dumped. Mr. Gregoire advised that the DCR Watershed Division partners with the MWRA to handle plants. Mr. Yeo noted that the plants are composted off site. It was also noted that native plants are returning to cleaned zones.

Update on Potential Lead and Copper Rule Revisions

Steve Estes-Smargiassi gave presentation on the potential lead and copper rule revisions by the EPA and a summation of the copper and lead issue currently going on with the Flint, Michigan water supply.

Mr. Laskey acknowledged the benefit for the MWRA to have Mr. Estes-Smargiassi so involved with this particular project because of his expertise and experience.

Mr. Laskey noted that are there some changes that MWRA should evaluate moving forward with proactively instead of waiting for the EPA policy in the next few years. Mr. Laskey noted that the topic should be discussed over the next few months. Mr. Estes-Smargiassi advised that there are some recommendations for MWRA communities that have already been updated in order to help communities be better prepared.

Mr. Carroll asked about issues with lead fixtures skewing water samples, citing the Town of Weston failing lead tests despite not having any lead service lines. Steve noted that this scenario is a possibility especially when testing water from fixtures that have been inactive.

Board Member Vitale commented that public outreach on lead pipe replacement in homes has been helpful in the city of Boston.

Report on 2015 Water Use Trends

Steve Estes-Smargiassi gave a presentation on the [2015 Water Use Trends in the MWRA system](#). Daniel Nvule was available for questions.

This summary does not include every item discussed by the Board, nor the full extent of the discussions. Please contact the Advisory Board office with questions, comments or requests for more information.