EXECUTIVE COMMITTEE MEETING
FRIDAY, APRIL 13, 2012
ADVISORY BOARD OFFICE

MINUTES APPROVED AT THE JUNE 15, 2012 MEETING

Present: John Sullivan, BOSTON; Andrew DeSantis, CHELSEA; William Hadley, LEXINGTON; Jay Fink, LYNN; Katherine Dunphy, MILTON; Wiff Peterson, NATICK; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; John DeAmicis, STONEHAM; Carol Antonelli, WAKEFIELD; Zig Peret, WILBRAHAM.

Also in attendance, Andrew Pappastergion and Joseph Foti, MWRA BOARD OF DIRECTORS; Fred Laskey and Pam Heidell, MWRA Staff; Joseph Favaloro, Matthew Romero, Maggie Atanasov, Mary Ann McClellan and Cornelia Potter, MWRA ADVISORY BOARD STAFF.

I. Approval of the March 9, 2012 Minutes of the Executive Committee

Chairman Katherine Haynes Dunphy called the meeting to order at 8:38 a.m. A Motion was made **TO APPROVE THE MARCH 9, 2012 MINUTES OF THE EXECUTIVE COMMITTEE.** It was seconded and passed by unanimous vote.

II. Process to Appoint an Advisory Board Representative to the MWRA Board of Directors

MWRA Executive Director Joseph Favaloro said Andrew Pappastergion will be seeking another term on the MWRA Board of Directors. The full Advisory Board will receive a mailing to ensure that all are aware of the process.

III. Preliminary Advisory Board FY13 Operating Budget

Mr. Favaloro said the Advisory Board's FY13 Operating Budget is still in draft form. Though it looks like a 9% increase for Wages and Salaries, it is not the case. Based on the auditor's report, the term "consultant" had to be re-categorized as a contract employee. During mid-year, the balance of the consultant line item was added to the Wages and Salaries line item and will continue to be included in this category for FY13. The line item assumes a step increase for staff members of the Advisory Board.

Additionally, the rent line item will increase because the third year of the Advisory Board lease calls for a $1 per square foot increase, along with an increase in the base for taxes and operations of the facility.

The Advisory Board is asking for a budget of $457,000, of which $450,000 would come from the MWRA. The FY13 budget is still smaller than the FY11 budget. This is the first increase requested in a few years.

IV. Report on the Executive Director's Meeting with Secretary Sullivan

Mr. Favaloro noted that last month's *News and Notes* was an editorial that "tickled" the SRF and the Secretary of Energy and Environmental Affairs on system expansion issues, loans from the SRF and forestry. The editorial got their attention. The Chairman received a letter from the staff managing the SRF program, which does not believe that it has done anything out of the ordinary; that is their position.

The Secretary of Energy and Environmental Affairs has begun a process with the Advisory Board whereby the Secretary will meet with Mr. Favaloro on a regular basis to discuss issues. The Secretary met with Mr. Favaloro for more than an hour last week to talk through these issues. Most specifically, the forestry issue was brought to his attention. It is now the middle of April and there is still no forestry report, nor are there any forestry revenues. The Secretary said there will be a good faith effort on his part to communicate more about what is going on.

System expansion was also discussed. As part of the Advisory Board's recommendations, staff has requested a pilot program that would include 9 MGD of water that would guarantee a 45 to 60-day total review process from the Commonwealth of Massachusetts for regulatory purposes and to learn from this process what the long-term regulatory needs are for system expansion. The Secretary is willing to convene a committee to see if we can get that done. The 9 MGD represents the total amount of water that could be used by Tri-Town, Ashland, North Reading and more than likely Southfield, which would cover any possible expansion in the mid to long-term.

The second item discussed, which the Secretary was willing to engage in, is that staff has asked for a listing of all inter-connections in the MWRA system that can be proactively solicited for a truncated emergency process should there be drought conditions this summer that would allow the MWRA to get water to North Reading, Ashland or Tri-Town, as well as any other non-MWRA water communities. Burlington has an inter-connection; why not have an agreement in place with Burlington in the event that they need water. That could account for upwards of 5 to 10 MGD; it would help stressed basins, be environmentally sound, and could provide some funds to the MWRA. It doesn't do any good to wait until an emergency is declared in July and then have to go through a 30-day process. Why not have it done now? Mr. Fink said that is a good idea.

Additionally, why not have language in place now for partially supplied communities that would allow them to go to 150% of their contracted amount so they can be ready. It is good public relations because the MWRA would be doing the right thing.

V. FY13 Advisory Board Budget Review

Matthew Romero noted that this year's *Comments and Recommendations* will be adding a new series of charts highlighting the differences between last year and this year. For example, for FY13 MWRA is proposing to increase the CEB by $21.3 million, of which debt service accounts for $9.2 million. Other Post-Employment Benefits (OPEB) is $4.7 million more than last year; the difference is because in FY12 the Authority did not pay into the OPEB liability. In FY13, MWRA has proposed to make half of its annual required contribution, which is $4.7 million so it is going from zero to $4.7 million. MWRA typically funds the OPEB liability as a line item to make sure people know it is not going away and it is something that needs to be talked about. The MWRA Board of Directors has tended to transfer this to make an additional payment toward the pension liability later in the fiscal year. The pension is currently underfunded and the Authority has typically considered OPEB to be part of the Authority's total liability, so as long as the overall liability is paid down in some fashion, the rating agencies tend to be happier about that.

The increase to OPEB is larger than the Wages and Salaries increase, and that includes the fact that two and one-half years of increases are included in that line item now that the union contracts have been settled.

Chemicals are assumed to be the next largest increase, assuming a half year of the new NPDES permit at Deer Island. The Authority will probably bring this number down and it will likely be addressed in the Advisory Board's comments as well.

Although there is a $21.3 million increase, there are some offsets. The Retirement Fund contribution went down $1.6 million from the previous year because in FY12, in addition to what they had to pay according to the actuarial study, they also included an optional payment of $1.9 million. FY13 has just the annual contribution, so it looks like the line item went down. Overall, between those two liabilities (pension and OPEB), there is definitely a net increase and staff is seeking input from the Executive Committee on strategies to deal with that.

Maintenance has been reduced based on the Authority's historical capacity to do the projects, reducing the $29.5 million per year by $1.1 million.

Rather than text-based comments and recommendations, staff plans to streamline the message and tell a story. If people in your communities ask why rates are going up, you will be able to print out a page from the comments that explains.

Regarding policy recommendations made by the Advisory Board, staff has received much feedback on its primacy recommendation. There is a lot of widespread interest from multiple parties in primacy. The Authority is interested in being part of the conversation and bringing all the stakeholders together for discussions on what it would take to have Massachusetts assume primacy on the wastewater side. Massachusetts already has primacy on the water side.

In his meeting with Secretary Sullivan, Mr. Favaloro broached the topic of primacy and the Secretary said it was a great idea and agreed to have discussions on the topic.

The legislature has also indicated some interest as well. As you heard from Representative Carolyn Dykema, the infrastructure committee actually had a discussion on what it would mean for the state to have primacy.

There are several advantages to primacy. A federal agency tends to apply a "one size fits all" approach, whereas the regional agencies tend to have a better understanding of the local conditions, the local needs, and how to adjust those levels to accommodate specific situations in regard to areas of the Commonwealth versus what someone in Washington DC thinks when they are taking a look at areas as diverse as deserts, the mid-west and the eastern seaboard.

The item that sold the Authority on the idea of primacy was greater responsiveness. It is far easier to deal with a regional agency and easier to get responses or to ask a question. The MWRA can call DEP to ask a hypothetical question if needed, but would typically be more cautious when contacting EPA for fear of drawing greater scrutiny.

The challenges we are facing are scope and scale. There is a range based on different states and how they deal with primacy. How much do you incorporate on the state side versus how much you still accede to EPA? This is a conversation that should be had when all of the stakeholders get together in one room. What are the most important items to include for Massachusetts versus other states that have taken on primacy? It would be a different answer for Massachusetts than Alaska, for example.

The other big challenge is funding. If in fact DEP takes over primacy, there is a cost associated with that, estimated at $2+ million. Clearly that has to be addressed. It is hard to sell the message that things will be quicker when you can't attach a dollar value to that. For example, on the water side, DEP was on the Authority's side for avoiding filtration, which saved close to $200 million. For phosphorous purposes, what if primacy had been in place on the wastewater side before the new NPDES permits had been worked on. Deer Island's permit is still being worked on. However, the Clinton permit, for example, has phosphorous limits that are set at an EPA level. If DEP were the ones issuing a permit, they would know that it is not just the wastewater plant that is discharging the phosphorous. There are non-point sources, including farms that use fertilizer, and yet the Authority is being targeted.

Moving on to the NPDES permit; there is a financial component to this as well. Every year the Authority includes funding for chemicals. Advisory Board staff will likely recommend reducing those numbers for FY13 because it isn't likely there will be a new NPDES permit. With regard to phosphorous, if the state had primacy on the wastewater side, the MWRA might have been able to effect a better set of limits that were based more on science; the state might have gone after local limits and local requirements on farms in that area rather than to just get the Authority down to this arbitrary number.

The Authority had a fringe rate it was paying for watershed employees. The rate was suddenly lowered when the Comptroller's office issued a new interpretation of an amendment to the legislation governing the Authority's payments to the Watershed Division. The Authority set aside funds into a reserve account for the two years in question until it received confirmation from the legislature that they would never have to go back and pay this amount, but would begin paying the fringe rate moving forward. Mr. Favaloro offered that as a trade-off to at least keep debt service assistance alive in the Senate Budget, which has not happened for a very long time. It was also determined that the MWRA would keep the funds that had been accrued for those two years, specifically to be used for watershed purposes, which could fund the phosphorous improvements at the Clinton Wastewater Treatment Plant.

On the economic development side, there is some widespread interest on various fronts. First, staff has a meeting scheduled with the 495/MetroWest Partnership next week to find out what it would mean to those communities, such as Ashland and Hopkinton, that might be able to tie into the MWRA system as far as economic development, growth, new industries, greater residential development are concerned.

Staff is essentially trying to put together a "sound bite." Stoughton was a community that came onto the MWRA system and was able to double commercial tax revenues from the time that they joined to now and that is in the middle of an economic downturn. When you look at the revenues from year to year, shortly after Stoughton joined, and when IKEA came in, it generated local jobs and local revenue on the commercial side. Staff will weave these sound bites into the economic development argument to the legislature. There is statewide interest in this. If anything can be done to spur jobs, the legislature will likely look at those as economic development opportunities.

Another Advisory Board recommendation is a regulatory exemption of 9 million gallons per day (MGD) of water. This exemption would cover the three areas that MWRA has had discussions with regarding joining the MWRA: Tri-Town, the 495 communities and North Reading. Mr. Favaloro noted that it took Reading five years to get through the regulatory process. In discussions with Secretary Sullivan, Mr. Favaloro said he understood there is a regulatory process that must be followed but for this 9 MGD, perhaps a "time certain" application process could be established that guarantees a streamlined process.

Staff would like to reconvene the Water Rates Methodology Committee to talk about the concept of standby fees for communities that need supplemental water during the summer months. Mr. DeAmicis said if the MWRA is going to be water insurance for all of these communities, it should be paid for being the insurance.

Mr. Romero said another recommendation is proactive drought assistance. At the Advisory Board's request, the Authority is working on a map with current inter-connections for partially served water communities and other communities that are nearby. If rain conditions stay relatively dry in April and May, it is possible that a lot of communities in the system or near the system could be in drought conditions. Pre-approval for some of these partial communities for a pre-determined amount in a streamlined process would be helpful. Staff is trying to be pro-active and trying to streamline the process for communities. Mr. Favaloro said it shows up in other revenue so it offsets rates. Mr. Romero noted that the revenue would probably not be reflected in the current year that it is received.

Mr. Romero said on the residuals side, the MWRA is putting a new bid out because they had some concerns about the previous RFP that had been put out and the firm that had been chosen. Staff was concerned that they had already predetermined where they were going with the technology assessment rather than fully exploring their options so this is going to open it up again to the firms and more clearly outline the types of things they are looking for. Because the MWRA is now a year behind on the tech assessment, the Advisory Board has updated that timeline. Toward that end, the Advisory Board is also recommending the the Authority engage in discussions to extend the current contract with NEFCo to allow time for the new

The Advisory Board has mentioned in the past that it would like to reduce quantities of sludge by 20%; staff still advocates that position but there are a lot of options out there with new technology where they are actually discussing ways of not necessarily reducing quantities but actually providing increasing offsets by adding more items onto the island that actually generate more methane, which reduces the electricity use on Deer Island. Staff did not want to limit its recommendation so the recommendation is going to be not just "reduce quantities by 20%" but really "effect a cost reduction in a similar amount, whether it is through a quantity reduction or increased offsets."

The Advisory Board is endorsing Phase VIII of the I/I Program in the CIP. In fact, the Authority is so under spent on its current cap period it has the capacity within that cap to cover moving Phase VIII into FY13. There are communities such as Newton that are waiting on these funds; why not let them use it? Mr. Favaloro said it is common sense; you are not spending the cap, communities need the money, move it up a year.

Mr. Romero said the local programs for water and I/I are what everyone thinks of when talking about the MWRA's community programs, but there is also emergency planning. Marcis Kempe of the MWRA has done a fantastic job on this. Anything he can do to help communities, particularly communities without the resources, to pool together with MWRA's resources, he has done and has helped some of the smaller communities that just don't have the staff to develop the required emergency plans and bringing them all together to provide a "boiler plate" that can be used to develop these plans.

Leak detection service is another service that the Authority provides. On a smaller scale, the MWRA has a community conservation outreach, particularly on water; there are low-flow fixtures that MWRA makes available to public buildings. These are great programs; how can we build on that?

Police details are the hot topic of the day. With the advent of the negotiations on the Stoneham project, it is not too terribly long until one community's police contracts ripple to other communities. Staff is trying to get ahead of that curve by getting the stakeholders in a room, including the MWRA and communities to try to standardize rates so there is some predictability. MWRA is getting a list together of the current rates. Ratepayers are the ones that will have to pay for it. Mr. Favaloro said police details in calendar year 2011 accounted for $359,000 from the current expense budget. Mr. Romero noted that this figure is at the lower rate.

Mr. Romero said on the CIP, staff recommends removing the local programs from the cap calculation because it makes it difficult for Authority staff to predict their budget and it looks like they are significantly under spending; that under spending is highlighted by the fact that MWRA staff has no control over how much the communities actually borrow from the local programs and repay it at different times versus what they thought they were going to pay. Removing it from the cap calculation removes the excuse; now it would all be on the Authority to allocate for design, construction, etc.

Staff is recommending that annual spending be reduced. Taking the original cap calculation and removing the local programs, looking at what their current projections are for what they think they are going to spend, they are significantly under-spent, even taking out the local programs. Why still hold onto the $200 million per year placeholder, minus the local programs? First, they can't spend it and second, the point of the cap was for it to be a ceiling. If the ceiling is set too high, then it doesn't really matter because it is not controlling the Authority's spending. It doesn't force the Authority to make choices about what projects are the key ones to do sooner rather than later. We are not advocating to reduce the program ridiculously but their charge is to maintain the system and provide asset maintenance. If the cap is being set too high, it is not achieving anything.

Mr. DeAmicis suggested eliminating the concept of the cap. Mr. Favaloro said through their Master Planning process, and what their capital costs have looked like over the years, we would still run that risk that if you don't put any restraints they still have billions to spend. It has to balance out. If they were scraping around to try to find projects so they can get to $200 million, then perhaps the need for a cap could be eliminated; however, there are still enough significant projects that have been identified that you may still run the risk of going over $200 million a year. Staff hopes to narrow down a number for its recommendation.

Staff recommends approving the defeasance account policy for an additional two years. The Authority started the defeasance account this year to start shifting the under spending in their variable rate, they are receiving significant savings because interest rates are still at historic lows. Instead of accruing that in the debt service line item and looking like they are consistently under-spent, they will show it in the defeasance account dedicated specifically toward the purpose for which it was raised from the communities.

In regard to the Pension and Other Post-Employment Benefits (OPEB) strategy, staff is hoping to get feedback from the Executive Committee. The Advisory Board has pushed for a long time in telling the MWRA not to be the leader of the pack in terms of funding OPEB. Then the Advisory Board softened its position and said if the Authority was going to make an additional contribution, at least put it into the pension because that is still under-funded rather than putting it into an irrevocable trust. This led to an additional $1.9 million payment into the pension fund last year. Some additional communities have begun to make payments into their OPEB accounts. Staff wants the Executive Committee's input to determine if the Advisory Board should continue to hold out on payments to OPEB and simply to put additional funds into pension. Mr. DeAmicis said when rates consistently go up by 0% then we can fund the OPEB.

Mr. Romero said in terms of rates, where does the Advisory Board want to be at the end of June? The Authority is currently at a 3.9% rate increase. If you take a one-year approach and reduce the 3.9% to a 0%, then you get a 0% for one year and you double the increase for the next year. In selling it to the communities, what is the number that you want to get to? Mr. Favaloro said a full discussion will be held next month.

Carol Antonelli noted that her community provided a letter with feedback on rate increases. Mr. Favaloro said that he received a letter from Rick Stinson (Wakefield) that addresses his concerns on rate increases. Staff has come into this year with the idea of the 3.0+% range and has ideas on ways to reduce the budget to accomplish this.

VI. System Expansion/Tri-Town

Mr. Favaloro said there was good discussion on this topic at last month's Executive Committee meeting and consensus was developed around an interest-free approach. The Board also had a discussion on Wednesday about entrance fees, the direction of the pipe, and costs that Tri-Town should be picking up to come into the system.

MWRA Executive Director Fred Laskey stated that this issue arose because of the MWRA's need for redundancy to the southern extra high area. The MWRA has moved beyond the court-ordered projects and is now focusing on redundancy in critical areas – the northern area, the northern extra high, the southern intermediate high – and that includes Canton, Stoughton and Norwood.

The various routes that staff looked at were being analyzed for cost and value. As part of that process, the issue of Tri-Town (Braintree, Holbrook and Randolph) came into play. The Tri-Town communities are in the midst of discussions on how to proceed in their current arrangement.

MWRA staff narrowed down options to two. One option would be to drive a line straight down from southern Boston down into Norwood and Westwood to complete the redundancy. The second option would be a more grandiose plan that would run water from the Blue Hills tank in Quincy and loop around through Braintree, Randolph and Canton over to the Canton/Norwood line. This would allow a complete redundancy looping for MWRA's needs and it would include a pump station. It would also provide the MWRA with the means to provide water for the Tri-Town communities. The issue is that this option is $37 million more than option one.

How do the economics work for $37 million? That is the debate and discussion that the MWRA has had internally with the Advisory Board staff and at the Board of Directors meeting. How can we analyze what the benefit is? There has been a lot of discussion about the entrance fee and there was consensus from the Board that the proposal to stretch out the entrance fee payments to 25 years was reasonable. Adding the no-interest loan is a value of $22.6 million in avoided interest costs that would be a savings for the three communities.

In the MWRA's traditional policy, the communities have to pick up the connection fee. One option that was discussed is that the MWRA pick up the cost for the whole loop as an incentive for those communities to come in. The Board said that was "too sweet of a deal" for the communities. The issue becomes what is a fair amount for those three communities to pay to come in. A suggestion was made that the communities pay the difference between what it would cost the MWRA to put in a straight 24-inch line from the Blue Hills tank to serve them; that would be $12 to $15 million. In this plan, a 36-inch pipe would be used, plus a pump station would be added. The MWRA would pick up $22 million, with the towns paying $15 million.

Staff of the MWRA and Advisory Board plan to meet with the towns on April 25. In basic terms, it would mean $7 million per year in ongoing revenue, plus the entrance fee. It is a fairly substantial increase in the MWRA's cash flow.

With the approval of the Executive Committee, staff would put together a proposal to send out to Tri-Town before the April 25th meeting to give them time to review it.

Mr. Laskey said in the water business, you want the looping. It would be a substantial improvement on the southern side of the system that puts the MWRA in a good position if the South Weymouth Naval Base (Southfield) ever needs MWRA water.

Mr. Favaloro said MWRA would be positioned somewhere down the road to further expand the system with this option.

John DeAmicis asked what the MWRA wants to do. Mr. Laskey said that staff wanted to calibrate with the Advisory Board's Executive Committee, just as it did with the MWRA Board of Directors, so it can negotiate a deal with the support of the people that are going to make the final decisions. The MWRA Board is interested in what the Executive Committee has to say. The sense of the MWRA Board was that it is reasonable for staff to formally offer the entrance fee proposal that the Executive Committee has already considered. Additionally, to say that the MWRA will build the loop, but Tri-Town will be expected to pick up $15 million of the costs.

John Sullivan said it seems that the MWRA has already decided that the loop option is the answer. If Tri-Town decides not to join, would that option still be the choice? Mr. Laskey said no; staff's recommendation to the Board, if Tri-Town doesn't want to join, would be to go with the first option.

Chairman Dunphy said this is significant. The details of how much our current ratepayers are going to be paying versus what the communities are going to be paying is really setting a precedent. The Chairman said she has some difficulties with the fact that Reading came in and didn't get a good deal if this is going to be a future deal. The MWRA has to be careful that it doesn't give more and more.

Mr. Sullivan said soon there will be an Abatement Committee. Mr. Laskey said that is a potential, especially if changes are made to the entrance fee. Keep in mind that the Authority is investing substantial resources coming up to the north of the city that will benefit the other communities and Reading, including the potential of a tank up there. The MWRA is now trying to get redundancy at the extremities of its service area. The master plan of the 1930s included the idea of a northern tunnel and has been discussed for decades.

Mr. Favaloro said Chairman Dunphy and Mr. Sullivan's points are fair ones. There was discussion at the Board level about one and a half years ago about entrance fees. How can you eliminate entrance fees when all of these other communities, from Bedford up through Wilmington, have paid entrance fees? There are communities out there now, including Stoughton and Wilmington, that have annual payments to the Authority where they are paying interest at 4%+.

Mr. Laskey said he had always been conditioned not to "fool around" with rate methodology or entrance fees; he said his initial idea was to just offer to pay for the whole loop. Now the idea of the entrance fee has got traction and there is a certain benefit to going that route and then asking them to pay for part of the hook-up fee. Reading went ahead and paid the entrance fee, rather than paying it over time.

Mr. DeAmicis said interest rates are half of what they were and the Tri-Town communities would be taking twice as much water. If Reading had taken this amount of water, perhaps MWRA would have made a better deal with them too. Mr. Favaloro said Stoughton is paying an annual fee with a 4½ to 5% interest rate. The Authority didn't borrow the money; they are just spreading out the payments over time, as is Wilmington. Those are the ones that we will likely see pushback from.

Joe Foti said we are all in this together. You want to be more sympathetic than to just say, "too bad, you joined at the wrong time." Mr. Favaloro said it is probably going to be supportable. Between Wilmington and Stoughton, we are not talking about a lot of money on an annualized basis.

Mr. Favaloro said staff just wants to make sure the Executive Committee and the Board are aware of the negotiations before these conversations are had with the communities.

Mr. Sullivan said some papers were put before him and he has had 28 minutes to make up his mind on whether this is a good decision. It is good to look. Also, can they abandon their existing supplies? Chairman Dunphy said they have to maintain them. Mr. Sullivan said he would just like to think about the impacts. In general, loops that go around would be preferred. The engineers could make the decision that this loop is best for the existing system, forgetting anyone else, and it does give us opportunities. In general, Mr. Sullivan said he doesn't have a problem. He just doesn't want to see the entrance fee eroding. Overall, sharing the costs of the Authority may be better spreading it over more people and it also makes it more important legislatively if we need money. He said he is not against it, but would like at least an hour's worth of thought.

Zig Peret said he agreed. He said he sees this as the MWRA's first foray into a big marketing issue. These things have a way of taking on a life of their own.

Mr. Peterson said the more you can understand the economics from the MWRA's perspective and view this as a case study for other expansions, the more you learn from it in terms of how to best approach system expansion and how to structure these deals to be more successful.

Bernie Cooper asked if there is a timeline on this from Tri-Town's perspective. Mr. Laskey said they need to move forward because their plants are old and in need of repair and aren't going to meet DEP's requirements. Mr. Cooper said there is a redundancy alternative that affects my community; how long is that going to be delayed while Tri-Town figures out what they want to do. Mr. Favaloro said this is one of the biggest issues as part of the FY13 budget. More than likely, as the FY13 CIP is approved, there is going to be a plan in it.

Mr. Cooper said he doesn't want to see the redundancy project grind to a halt while we wait for the Mayor of Braintree. Mr. Laskey said that is part of the message we need to send at our next meeting; we need a decision.

Mr. Sullivan said those decisions should be kept independent. The redundancy thing has to be answered; that is an Authority decision. If it benefits Braintree, et al, good; but the existing communities should be taken care of first.

Mr. Favaloro said the goal here would be to tell Tri-Town this is what we want to do and it is going to cost you $15 million. The entrance fee will never be forgiven but here is the flexibility that we will allow. Mr. Laskey said they want to know that we have authorization to make these negotiations. As long as we have a general sense that we are not outside the bounds of what is reasonable. Mr. Favaloro said what the Authority ends up putting into its CIP, Tri-Town needs to see that they either get this or they lose it. The Authority may make a better technical decision in June to make sure they do the loop. Is there enough support to make these negotiations? Mr. Peret said we are all behind you; we are just trying to give you other options to weigh.

Chairman Dunphy said she wanted to clarify that Tri-Town would pay half of the connection costs. Why would the MWRA pay half of the connection costs? Mr. Laskey said the project is $37 million more to do that loop from option six. If we were to draw a spoke down to Tri-Town from the Blue Hills, that would be $12 to $15 million. Legitimately Tri-Town could say, "Why should we pay for your big loop?" The thought is that MWRA would charge Tri-Town $12 to $15 million that would help to offset costs. Mr. Sullivan said in addition to $12 to $15 million, there should be no charges for cutting through their town.

Mr. Foti said we have to be careful when we are talking about Stoughton and Wilmington because we have all come back to the Board of Directors or the Advisory Board looking for something for our community. We can't forget them. It would be a slap in the face to tell a community that joined three years ago that people joining today are getting it at no interest. You never know when your community is going to come before the Advisory Board asking for something. You don't want to have a split in the Advisory Board; we are a good group that works together.

VII. Schedule for Annual Executive Director's Review

In the coming months, Mr. Favaloro will provide any materials the Executive Committee wants in regard to this review.

VIII. Approval of the Advisory Board Agenda for April 19, 2012

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE APRIL 19, 2012 MEETING.** It was seconded and passed by unanimous vote.

IX. Adjournment

A Motion was made **TO ADJOURN THE MEETING AT 11:00 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Lou Taverna, Secretary