DRAFT MEETING MINUTES
CAPE COD AND ISLANDS WATER PROTECTION FUND MANAGEMENT BOARD
BYLAWS AND REGULATIONS COMMITTEE MEETING
March 22, 2024 MEETING

Committee Members:

Mark Ells (Chair)	Barnstable	Present
Mary Jane Mastrangelo	Bourne	Present
Peter Johnson-Staub	Falmouth	Present
Don Howell (Vice Chair)	Harwich	Present
Kevin Galligan	Orleans	Absent

Others Present:

Kristy Senatori	Cape Cod Commission
Erin Perry	Cape Cod Commission
David Still	Cape Cod Commission
Michele White	Cape Cod Commission
Nate Keenan	Massachusetts Clean Water Trust
Andrew Gottlieb	Association to Preserve Cape Cod
Mark Forest	CCIWPF Representative, Yarmouth
Sean O'Brien	Town of Barnstable

Summary of Discussion/Action Taken: The Cape Cod and Islands Water Protection Fund Management Board Bylaw and Regulations Committee (Committee) discussed potential amendments to the Cape Cod and Islands Water Protection Fund Management Board regulations that would revise the current principal forgiveness approach to disbursing subsidy to a debt service model. The Committee voted to recommend the Management Board adopt the amended regulations as presented.

Materials Used/Received: PowerPoint presentation prepared by the Cape Cod Commission, dated March 22, 2024; draft amendments to the Regulations of the Cape Cod and Islands Water Protection Fund Management Board, dated March 21, 2024.

Chairman Mark Ells called the meeting to order at 10:03am. He announced this meeting of the Cape Cod and Islands Water Protection Fund (CCIWPF, or Fund) Bylaws and Regulations Committee is being held virtually, with members participating remotely, pursuant to Chapter 20 of the Acts of 2021, as further amended by Chapter 2 of the Acts of 2023. Mr. Ells called the roll for the Bylaws and Regulations Committee, which is noted above.

Cape Cod and Islands Water Protection Fund Regulations

Mr. Ells called for discussion on potential amendments to the CCIWPF regulations that describe the process by which the funds will be distributed.

Erin Perry, Deputy Director of the Cape Cod Commission (Commission), said Committee members received a draft of amended regulations which include the debt service model for providing subsides, which the CCIWPF Executive Committee is recommending to the CCIWPF Management Board that it adopt that model moving forward. She said the primary changes modify the timing of subsidy payments and the basis for final subsidy commitments. The transfer of subsidies would no longer occur over 4 years if the debt service model is adopted but over the life of the loan, for whatever term of the loan an individual community may have, and the subsidy would be applied to the principal amount of the loan paid over that time-period. She said payments would commence in the year of the first debt service payment and the final subsidy would no longer be based on the cost in a Project Regulatory Agreement but on the cost identified in the loan agreement. This would eliminate the step with the Project Regulatory Agreement for purposes of calculating subsidy from the Fund. She said changes are primarily to Sections 3 and 5 of the Management Board regulations.

In addition, as the Management Board has already awarded monitoring funds, she said this opportunity was taken to move language on monitoring funds which was tabled for future discussion and was listed at the end of the current regulations into Section 8. She said Commission staff worked with staff of the MA Clean Water Trust (CWT) on these amendments and recognized Nate Keenan of the CWT.

Don Howell expressed concern in having adequate time to address any shortfalls in revenue that may affect subsidy payments over the term of a loan. He suggested language be added to Section 5 where the Management Board would notify towns by the end of each year of any possibility of an insufficiency of funds so towns could address that at a subsequent town meeting. Ms. Perry said the latest version of the amendments includes, in Section 5.3, language where the Management Board will notify the local participating government units of any anticipated need to reduce the subsidy by December 31 of the preceding calendar year.

Mary Jane Mastrangelo asked to clarify if the loan payments are only going to be applied to the principal and would towns without 0% financing be required to pay the interest, which was confirmed to be accurate. Mr. Ells asked if the CWT applied its subsidy to projects similarly. Mr. Keenan said no, this would be a policy decision of the Management Board and the CWT is indifferent to how the Management Board would like to apply the subsidy.

Peter Johnson-Staub commented that 10% of annual revenue allocated to monitoring seems high and asked if that much needed to be allocated to monitoring. Ms. Perry clarified that language is from the Management Board enabling legislation and allows the Management Board to allocate up to 10% of annual revenue for that purpose but the Management Board does have the authority to dedicate a lesser amount if desired. Mr. Ells acknowledged that amount gets voted annually by the Management Board at its discretion.

Mr. Ells asked Mr. Keenan if the CWT agreed with these proposed amendments. Mr. Keenan said CWT staff and council reviewed this draft and are in agreement that this approach is viable. Mr. Ells stated the Management Board would need to work with its financial advisor on an annual basis to affirm the 25% subsidy can still be available to projects based on future conditions, such as future project costs. He expressed the need to have the financial model kept up to date and accurate to

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continue to support management of the Fund. Ms. Perry said PFM Financial Advisors is under contract for a 3-year period and Commission staff will work with PFM to update the model regularly. Mr. Ells said Barnstable town staff reviewed the financial model and its assumptions and he was advised it is a viable model and was further advised to proceed with approval of the debt service approach to subsidy payments.

Mr. Johnson-Staub asked why approximately $10M would be returned to the Fund under this approach. Mr. Gottlieb explained that first subsidy payments for projects appearing on the 2023 Clean Water Intended Use Plan have been transferred from the Fund to the CWT. As the debt service subsidy model would begin with 2023 projects, those subsidy payments would be returned to the Fund to be distributed in accordance with the debt service model.

Mr. Johnson-Staub asked when the Management Board votes to award a subsidy as a commitment to a certain amount of subsidy over the period of the loan if that is guaranteed. Mr. Gottlieb said the new debt service model approach is consistent with what currently exists, that the allocation of funds is contingent on adequate revenue and the Management Board has the discretion to modify subsidy. He said there is some limited risk but that always existed, it would now be spread out over a longer period. Mr. Keenan added that the CWT will receive a note from a town for the full project amount, so a town's bonding authorization will be higher compared to the current approach.

Mr. Johnson-Staub made a motion to recommend the Management Board adopt the amended regulations as presented; seconded by Mr. Howell. A roll call vote was made on the motion: Howell, yes; Mastrangelo, yes; Johnson-Staub, yes; Ells, yes.

Adjourn

Mr. Howell made a motion to adjourn; seconded by Mr. Johnson-Staub. Howell, yes; Mastrangelo, yes; Johnson-Staub, yes; Ells, yes.

The meeting adjourned at 10:23am.

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