



THE COMMONWEALTH OF MASSACHUSETTS  
EXECUTIVE OFFICE FOR  
ADMINISTRATION AND FINANCE  
STATE HOUSE ▪ ROOM 373  
BOSTON, MA 02133

TEL: (617) 727-2040  
FAX: (617) 727-2779  
[www.mass.gov/eoaf](http://www.mass.gov/eoaf)

**Meeting Minutes**

**State Finance and Governance Board**

**April 9, 2020**

**3:00 pm**

**Conference Line: 978-990-5000, access code: 244621#**

A meeting of the State Finance and Governance Board was held via teleconference on Thursday, April 9, 2020, in accordance with the Governor's Executive Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, § 20, signed and dated March 12, 2020, and pursuant to notice duly given.

Meeting was called to order at 3:00pm.

**Board members comprising a quorum:**

Lourdes German, Boston College, Board Chair  
Brent Andersen, Pilgrim Bay Insurance  
Sue Perez, Office of the State Treasurer  
Supreo Ghosh, Office of the State Treasurer

**Others in attendance:**

Edward Adelman, Massachusetts State College Building Authority  
Jennifer Gonzalez, Massachusetts State College Building Authority  
Kathy Bramlage, Office of the State Treasurer  
Poonam Patidar, Mintz Levin  
William Archibald, Executive Office for Administration and Finance

## **1. Administrative Matters**

- I. On a motion made by Mr. Andersen, and duly seconded, members voted to approve the January 16, 2020 meeting minutes.

## **2. Discussion**

- I. *No discussion matters scheduled.*

## **3. Derivative Reviews**

- I. *No discussion matters scheduled.*

## **4. Waiver Request**

- I. Mr. Adelman presented the Massachusetts State College Building Authority's ("MSCBA") request for a waiver from a competitive sale for the issuance of up to \$275M in refunding bonds, as well as the MSCBA's request for a waiver from a competitive sale for the issuance of up to \$20M in new money bonds. Mr. Adelman stated that given current market conditions, the MSCBA has an opportunity to issue refunding bonds to advance refund certain outstanding bonds to achieve significant present value and annual debt service savings. Additionally, Mr. Adelman stated that the MSCBA is looking to provide savings in FY2020 to assist campuses with the current COVID-19 crisis.

Mr. Adelman added that the refunding bonds may be more efficiently issued using a negotiated method of sale, which allows for the MSCBA to take full advantage of the current favorable market conditions. Prior to COVID-19, the MSCBA had already intended to issue new money bonds on a competitive basis, but Mr. Adelman clarified that given the current market volatility, the MSCBA would appreciate the flexibility to issue these bonds on a negotiated basis as well.

Ms. Perez asked about the size of the refunding bonds issuance. Mr. Adelman responded that will depend on the market conditions and timing, and that as a whole, the MSCBA is looking for savings opportunities in their debt service due to financial exposure from campuses that have refunded room & board for the spring. Ms. Gonzalez advised that candidates for refunding include the MSCBA's 2012C, 2014A, and 2015A Bonds, among others.

Ms. Perez also asked if this would be a taxable refunding, given that the 2017 tax reform bill eliminated the ability for municipal bond issuers to use tax-exempt bonds to advance refund taxable debt. Mr. Adelman responded in the affirmative.

Mr. Ghosh asked if the MSCBA's financial advisor had given them an adequate current market overview, including the availability of market access and credit spreads. Mr. Adelman responded again in the affirmative, and that though the market is still experiencing volatility, the approach is to be ready. Mr. Adelman further stipulated that according to the MSCBA's debt policies, the transaction would need to exceed 4% present value savings, and they are hopeful they will see an opportunity to obtain significant savings for their campuses.

On a motion made by Mr. Andersen, and duly seconded, the Board unanimously voted to grant a waiver from the presumption of competitive financing to the MSCBA with respect to the issuance of refunding bonds in a par amount not to exceed \$275,000,000 and the issuance

of new money bonds in a par amount not to exceed \$20,000,000 and that the MSCBA be authorized to sell such bonds, in one or more issues, on a negotiated basis not later than six months from the date of this waiver.

- II.** Ms. Bramlage presented the Commonwealth’s request for an extension of a waiver from competitive sale for up to \$2B in new money/refunding General Obligation (“GO”) bonds. Ms. Bramlage stated that, with respect to the GO Bonds, uncertain market conditions due to the impact of COVID-19 have required significant pre-sale marketing, and that given the current volatility in the fixed income markets, a negotiated transaction gives the Commonwealth flexibility and the ability to take advantage of yields in both the tax-exempt and taxable markets. Further, Ms. Bramlage added, offering bonds to retail investors during an early order period is not available in a competitive sale, and this will allow the Commonwealth the ability to support the Massachusetts retail investment community.

Additionally, Ms. Bramlage presented the Commonwealth’s request for an extension of a waiver from competitive financing of up to \$500M in new money Commonwealth Transportation Fund (“CTF”) bonds and Grant Anticipation Notes (“GANs”). Ms. Bramlage stated that these are more complex transactions that are backed by pledged revenues. Ms. Bramlage noted that this debt may attract certain retail investors who are less interested in the larger issuances of GO bonds, depending on the market.

Chair German asked if there has been anything learned from retail investors in the current environment. Ms. Bramlage responded that it was difficult to tell currently, as there were many investors moving into money market funds, but those rates have dropped significantly.

On a motion made by Mr. Andersen, and duly seconded, the Board voted to authorize the Commonwealth to issue bonds in an aggregate amount of up to \$2,000,000,000 for new money and/or refunding issues in one or more series and in one or more transactions, to price the bonds in any such transactions on a date or dates no later than October 31, 2020, and to sell any such bonds on a negotiated basis.

The Board further voted to authorize the Commonwealth to issue transportation bonds in an aggregate amount of up to \$500,000,000 for new money issues in one or more series and in one or more transactions, to price the bonds in any such transactions on a date or dates no later than October 31, 2020, and to sell any such bonds on a negotiated basis.

**5. Closed Transactions/Bond Sale Reviews:**

- I.** *No discussion matters scheduled.*

**6. Discussion on Board Activities**

- I.** *No discussion matters scheduled.*

## 7. Adjournment

- I. On a motion made by Mr. Andersen, and duly seconded, members voted to adjourn. The meeting was adjourned at 3:20pm.

---

William Archibald, Secretary