



THE COMMONWEALTH OF MASSACHUSETTS  
EXECUTIVE OFFICE FOR  
ADMINISTRATION AND FINANCE  
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**Meeting Minutes**

**State Finance and Governance Board  
August 15, 2019  
3:00 pm  
Executive Office for Administration and Finance  
State House, Room 373**

A meeting of the State Finance and Governance Board was held on Thursday, August 15, 2019 in the Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts, pursuant to notice duly given.

Meeting was called to order at 3:01pm.

**Board members comprising a physical 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:**

Kathleen Bramlage, Office of the State Treasurer  
Thomas Graf, Massachusetts Educational Financing Authority  
Poonam Patidar, Mintz Levin

## **1. Administrative Matters**

- I.** On a motion made by Mr. Andersen, and duly seconded, members voted to approve the May 16, 2019 meeting minutes.

## **2. Discussion**

- I.** *No discussion matters scheduled*

## **3. Derivative Reviews**

- I.** Ms. Bramlage presented the proposed issuance of the Commonwealths 25<sup>th</sup> series of College Opportunity Bonds totaling \$8.4M. The Massachusetts Educational Financing Authority, who operates the program, issues Tuition Certificates that allow families to lock in tuition prices at nearly 80 Massachusetts public and private colleges and universities. These partnering institutions agree to lock in tuition and mandatory fees at the Consumer Price Index (“CPI”) plus 2%. The Tuition Certificates in turn are backed by general obligation bonds of the Commonwealth, which have varying maturities and bear accreting interest at CPI plus 2%, serving as a hedge to the certificates. Per statute, the bonds must be sold with a variable rate, which triggered the need for the Board to review the transaction. Ms. Bramlage also stated that the size of the program represents minimal risk to the Commonwealth’s debt portfolio.

Chair German inquired how the current market conditions, specifically an inverted yield curve, impact deals of this nature. Ms. Bramlage responses that current conditions give her office’s Debt Management team a chance to reassess the Commonwealth’s portfolio and strategize how to best take advantage of lower rates.

On a motion made by Mr. Andersen, and duly seconded, the Board voted that it had received satisfactory information regarding the proposed College Opportunity Bond transaction involving a new derivative financial product by the Commonwealth of Massachusetts for the U. Plan and deemed the submission consistent with the purpose and intent of Sections 97 and 98 of thereunder and reviewed with no additional conclusions required. The Board concluded that the items required to be submitted to the Board pursuant to Chapter 6 and any regulations promulgated thereunder had been submitted in a manner consistent with the regulations.

## **4. Waiver Request**

- I.** Ms. Bramlage presented the Commonwealth’s request for a waiver from a competitive sale for upcoming transactions, including \$250M in Commonwealth Transportation Fund (“CTF”) bonds and \$50M in grant anticipation notes, both of which are expected to price in November. The CTF deal in particular, Ms. Bramlage, would benefit from the Commonwealth being able to walk investors through the deal’s complex structure, various pledged revenue sources, and other details. In addition, Ms. Bramlage also stated that negotiated sales allow the Commonwealth to perform outreach and marketing and outreach in the run up to the sale and to offer an early order period for retail investors.

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 \$500,000,000 for transportation bond 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 February 28, 2020, and to sell any such bonds on a negotiated basis.

**5. Review of Closed Transactions:**

- I. *No items discussed.*

**6. Other Items**

- I. The Board reviewed proposed changes to its website. Once further edits were made, it was to be circulated, and eventually published.

The Board also decided its annual report would be published soon, following further review from members.

The Board Secretary informed the Board that a new Secretary would be attending the next meeting, however this individual was still to be determined.

**7. Adjournment**

- I. On a motion made by Mr. Andersen members voted to adjourn. The meeting was adjourned at 3:11 pm.

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Frank Gervasio, Secretary