



THE COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE OFFICE FOR  
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**Meeting Minutes**

**Thursday, August 17, 2023**

**11:00 a.m.**

In accordance with Section 20 of Chapter 20 of the Acts of 2021, as extended by Chapter 107 of the Acts of 2022, this meeting will be conducted, and open to the public, via Zoom and Teleconference:

**Zoom URL:** <https://zoom.us/j/6416367148?pwd=L1NVbDFCd3ZBTmJFRjdLQXVraWhOUT09>

**Zoom Password:** 717580

**Teleconference Line:** 929-205-6099, **conference code:** 717580

The meeting was called to order at 11:06 am

**Board members comprising a quorum:**

Kaitlyn Connors, Executive Office for Administration and Finance, Board Interim Chair

Sue Perez, Office of the State Treasurer

John Durgin, Office of the State Treasurer

**Others in attendance:**

Kathleen Bramlage, Office of the Treasurer and Receiver-General

Sam Alejo, Executive Office for Administration and Finance, Board Secretary

## **1. Administrative Matters**

- I. Ms. Connors called the meeting to order and conducted the roll call. On a motion made by Mr. Durgin, and duly seconded, members voted to unanimously to approve the July 20, 2023, meeting minutes.

## **2. Discussion**

- I. *No discussion matters scheduled.*

## **3. Waiver Requests**

- I. Ms. Bramlage from the Treasurer's Office presented their Waiver request to the Board.

Ms. Bramlage explained that the Commonwealth's use of SFG waivers from competitive sales continues to be prudent. TRE approaches all transactions under the assumption that most bonds will be sold on a competitive basis.

Ms. Bramlage concluded by noting that to ensure that all negotiated contingencies can be met in the near-term, the State Treasurer's Office requests a waiver from the presumption of competitive financings in the amount of \$2.5 billion for new money and/or refunding transactions. The requested waiver will expire on February 16, 2024

On a motion made by Ms. Connors and duly seconded, the Board voted unanimously to authorize the Commonwealth (i) to issue bonds in an aggregate principal amount up to \$2,500,000,000 for new money and/or refunding issues in one or more series and in one or more transactions; (ii) to price the bonds in any such transactions on a date or dates no later than February 16, 2024; and (iii) to sell any such bonds on a negotiated basis.

Ms. Bramlage moved on to the second waiver request. The State Treasurer's Office requests a waiver in the amount of \$1 billion for new money and/or refunding transactions for the CTF. The requested waiver will expire on February 16, 2024

On a motion made by Ms. Connors and duly seconded, the Board voted unanimously to authorize the Commonwealth (i) to issue special obligations Commonwealths transportation fund bonds in an aggregate principal amount up to \$1,000,000,000 for new money and/or refunding issues in one or more series and in one or more transactions; (ii) to price the bonds in any such transactions on a date or dates no later than February 16, 2024; and (iii) to sell any such bonds on a negotiated basis.

## **4. Derivative Reviews**

- I. Ms. Bramlage from the Office of the Treasurer presented their Derivative review request for College Opportunity Bonds to the Board. Ms. Bramlage explained that the College Opportunity Bond program was established in 1994 as one of the first prepaid tuition programs in the country to assist families saving for college tuition. The program was developed statutorily in conjunction with officials from Massachusetts Educational Financing Authority (MEFA), the Governor's Office and the State Treasurer's Offices, as well as representatives from the higher education community. MEFA operates the program in partnership with nearly 80

Massachusetts public and private colleges and universities. Ms. Bramlage noted that parents (or a child's benefactor) can "lock-in tomorrow's tuition at today's prices" by purchasing Tuition Certificates. Ms. Bramlage explained that Tuition Certificates are backed by general obligation bonds of the Commonwealth and are guaranteed to cover a fixed percentage of tuition and mandatory fees in the year they mature regardless of how much tuition has increased since the time of purchase.

Ms. Bramlage explained that the Massachusetts General laws prescribe that the rate on the bonds is tied to an index (CPI) and are therefore defined as variable rate pursuant to the State Finance and Governance Board regulations. The provisions of the College Opportunity Bond program, including the variable rate nature of the bonds, are established in statute.

Ms. Bramlage noted that The Commonwealth is seeking SF&G Board review of the 2023 College Opportunity Bond transaction because it meets the definition of a "derivative" instrument. The Series 2023 College Opportunity Bonds are being structured according to statute. The College Opportunity Bond program has obvious public policy benefits, as evidenced by its place in the Massachusetts General Laws as well as the long-term success of the program.

On a motion made by Ms. Perez and duly seconded, the Board voted unanimously that it 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 deems the submission (x) consistent with the purpose and intent of Sections 97 and 98 of Chapter 6 of the Massachusetts General Laws ("Chapter 6") and regulations promulgated thereunder and (y) reviewed with no additional conclusions required. The Board concludes that the items required to be submitted to the Board pursuant to Chapter 6 and any regulations promulgated thereunder have been submitted in a manner consistent with the regulations.

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

- I. Ms. Bramlage presented a bond sale review of the CTF 2022 Series A & B Bonds to the Board.

Ms. Bramlage explained that it was approximately one and a quarter billion of bonds total they ran the deal with JP Morgan as the book running manager and UBS listed joint book running manager on the deal bonds were priced during the last week of June we had a retail order.

Mr. Bramlage noted that on Wednesday they saw tremendous demand in the retail order. With approximately 70 orders for approximately 75% of the bonds being offered during the institutional order. They decided with the heavy demand and the term that we would upsize the deal by about a quarter of a billion and yields were lowered in both series across the curve by two to 8 basis points there were orders from about 100 investors including 1.3 billion in retail.

Mr. Bramlage noted that Bonds were priced on Tuesday the 16th. The market continued to experience unprecedented volatility during the week of pricing triggered by inflationary and

recessionary concerns and corresponding Fed policy. With the market volatility as well as an inverted US Treasury yield curve, bonds were priced to have a positive slope and encourage participation in the short end of the curve.

**6. Discussion on Board Activities**

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

**7. Adjournment**

- I.** On a motion made by Ms. Connors, and duly seconded, members voted to adjourn. The meeting officially adjourned at 11:19 AM.

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Samelly Alejo, Secretary