



THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE FOR
ADMINISTRATION AND FINANCE

STATE HOUSE ■ ROOM 373 BOSTON, MA 02133

Friday, December 15, 2023
1:00 p.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/92193750886?pwd=UGVqYjJlZ09xWHBwcndNM3MwcHpQQT09>

Meeting ID: 921 9375 0886; **Passcode:** 250112

Teleconference line: 1-646-931-3860; **Passcode:** 250112

A meeting of the Debt Affordability Committee was held on December 15, 2023. 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.

Minutes:

The meeting was called to order at 1:00pm

Board members comprising a quorum:

Kaitlyn Connors, Chair, Executive Office for Administration & Finance

Navjeet Bal, Appointee of the Treasurer

Pauline Lieu, Office of the Comptroller

Michelle Scott, Massachusetts Department of Transportation

Susan Perez, Office of the Treasurer and Receiver-General

Catherine Walsh, Appointee of the Governor

Others in attendance:

Representative Michael J. Finn, Chair of the House Bonding, Capital Expenditures, and State Assets Committee

Mike LaFlamme, Office of State Representative Michael Finn

Peter DeGrandis, Office of State Representative Michael Finn

Timur Kaya Yontar, Executive Office for Administration and Finance (Capital Budget Director)

Minutes:

Ms. Connors called the meeting to order and conducted the roll call for the meeting. She immediately moved into the agenda. The first item of business was approval of the minutes from the prior meeting on December 13th, which were approved unanimously.

The next items on the agenda included a continued discussion on affordability modeling and the approval of the Committee recommendation for fiscal year 2025. Ms. Connors noted that the Committee had been having discussions around the recommendation and had discussed a preliminary recommendation at the last meeting and explained that the purpose of today's meeting was to finalize that recommendation and

the accompanying materials that will be submitted to the Governor and the Legislature – including the recommendation letter. The Committee then began discussing the draft recommendation letter which laid out the methodology the Committee used to arrive at its recommendation.

Committee members offered several suggestions and feedback on the draft recommendation letter to improve clarity and conciseness.

Ms. Scott noted that the minutes from the prior meeting did a good job laying out the discussion and recommended updating the recommendation letter to mirror the flow of the discussion, specifically suggesting that both the one-time adjustment of \$87 million and the \$125 million bond cap increase be referenced at the beginning of the letter.

Ms. Walsh agreed, offering additional edits including formatting suggestions.

Ms. Perez recommended mirroring specific portions of the prior year's recommendation letter upfront to help with clarity and to better align with what was done in the past.

Ms. Bal asked whether the one-time adjustment should be on the fiscal year 2024 cap.

Ms. Connors recognized that the adjustment was related to fiscal year 2024 but noted that it would not impact the CIP until fiscal year 2025 and therefore the adjustment was described as being applied to the fiscal 2024 base. Ms. Perez noted that referencing fiscal year 2024 could be confusing and recommended keeping the focus on the impact to fiscal year 2025. The Committee then discussed several adjustments, including the ordering of the paragraphs within the letter. Ms. Connors noted she would make the adjustments discussed and distribute the final draft to the Committee for final review after the meeting.

Ms. Connors then asked if the committee had any feedback on the paragraph related to construction cost escalation. Ms. Bal suggested softening the language around this being a one-time adjustment, given the Committee may determine another adjustment is needed in future years, and expressed concern with unintentionally limiting what the Committee could do in the future with respect to managing escalation. Ms. Bal agreed with Ms. Connors that a reference to the unusually high construction cost escalation was warranted but cautioned against implying that high construction escalation should always be offset by a relatively modest adjustment like the one being made this year (i.e. a 3% adjustment). She noted that future committees may consider (and recommend) a higher adjustment in future periods of high construction inflation. Ms. Perez agreed.

The Committee then reviewed the final deck which will be attached to the recommendation letter. Ms. Connors ran through the deck with a focus on the newer slides that had been created this year. Committee members offered small edits and Ms. Connors noted she would make all changes discussed.

After reviewing the deck, Ms. Connors asked the Committee if they were ready to take a formal vote. The Committee discussed the final vote language and then on a motion made by Ms. Perez and seconded by Ms. Walsh the committee unanimously voted to recommend to the Governor a bond cap increase of \$212.2 million for fiscal year 2025, resulting in a recommended bond cap amount of \$3.117 billion for fiscal year 2025, and to make the modeling and slide deck report publicly available online.

On a motion made by Ms. Walsh and seconded by Ms. Perez, the meeting was adjourned at 1:50 p.m.