



THE COMMONWEALTH OF MASSACHUSETTS  
EXECUTIVE OFFICE FOR  
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**Meeting Minutes**

**Debt Affordability Committee  
December 9, 2019  
3:00 pm  
Executive Office for Administration and Finance  
State House, Room 373**

A meeting of the Debt Affordability Committee was held on Monday, December 9, 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 3:00 pm.

**Board members comprising a physical quorum:**

Mark Attia, Executive Office for Administration & Finance  
Sue Perez, Office of the Treasurer and Receiver-General  
Catherine Walsh, Governor's Appointee, Northeastern University  
Michael Butler, Treasurer's Appointee, Town of Dedham

**Others in attendance:**

Michelle Ho, Massachusetts Department of Transportation (*calling in*)  
Howard Merkowitz, Office of the Comptroller (*calling in*)  
William Archibald, Executive Office for Administration & Finance

**Minutes:**

Mr. Attia called the meeting to order, and began with an overview of administrative matters, including handling the letter and voting on the recommendation.

Mr. Attia began covering the updated presentation slides illustrating assumptions of a \$100M increase to the bond cap. This increase would represent a 4.12% of growth over fiscal 2020, which is below the current level of bonded debt on a per capita basis, and brings the cap to \$2.53B. The fiscal 2020 recommended increase was \$90M. Other slides show debt service assumptions including escalating interest rates of 5% or less consistent with current market conditions with revenue growth assumptions of

1.6%, which is the lowest 10-year CAGR in recent history. Higher rates interest rate increasing the cost of borrowing and in out years but does not significantly change the pro forma.

Mr. Butler recommended inclusion of interest rate assumption for ease of understanding for reader on the slides. Mr. Butler asked Ms. Perez on current interest rates and Ms. Perez indicated that most coupons are around 5%, typically resulting in a lower true interest cost.

Ms. Perez remarked that the Committee makes yearly decisions and this recommendation can change next year, limiting long-term repercussions and that \$100M leaves debt service below the administrative cap long-term.

On revenue growth, Ms. Walsh recommends using 3.5% budgeted revenues growth rate to match the 20-year CAGR highlighted.

Committee members remarked that the presentation requires a few updated, but looked good.

Mr. Attia asked the members if they would like to make a motion indicating a recommendation to be prepared. On a roll call vote, members advised Mr. Attia to include a \$100M increase to bond cap and reflect this figure in the presentation deck and recommendation letter for review. On a motion made by Ms. Perez and seconded by Ms. Walsh second, all Committee members approved.

Committee members agreed to reconvene to vote on minutes and final presentation materials. Mr. Attia indicated that he would like to schedule Committee meetings on a more regular schedule beginning in the spring and to look at a new modelling tool that is easily replicable.

Meeting adjourned at 4:10pm.