



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

**State Finance and Governance Board
January 16, 2020
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, January 16, 2020 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 3:09pm.

Board members comprising a physical quorum:

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

Others in attendance:

Edward Adelman, Massachusetts State College Building Authority
Meredith Withelder, Massachusetts State College Building Authority
Anna Tenaglia, Massachusetts Port Authority

1. Administrative Matters

- I.** On a motion made by Mr. Andersen, and duly seconded, members voted to approve the December 19, 2019 meeting minutes.

2. Discussion

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

3. Derivative Reviews

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

4. Waiver Request

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

5. Closed Transactions/Bond Sale Reviews:

- I.** Ms. Tenaglia reported on the sales of the Massachusetts Port Authority's ("Massport") bond financings from last year, including Massport's new money, tax-exempt Revenue Bonds in an aggregate principal amount of approximately \$455M. Ms. Tenaglia described Massport's various capital projects financed by the Revenue Bonds, such as the expansion at Terminal E and improvements at Terminals B and C at Logan Airport, and new berth cranes at Conley Terminal. Ms. Tenaglia noted that Massport marketed the bonds through an electronic roadshow in June 2019, ran internet & print ads, and employed data analytics through Citigroup to help identify potential institutional investors, successfully attracting 11 new investors. Ms. Tenaglia informed the Board that the Bonds sold to yield at 2.51%, one of the lowest rates in Massport history.

Ms. Tenaglia then reported on Massport's \$144M BOSFUEL special facility bonds, sold competitively in September 2019, comprised of new money bonds, refunding bonds, and taxable bonds. The BOSFUEL new money bonds were issued to finance capital improvements for the jet fuel storage and distribution system for the consortium of airlines that operate at Logan Airport. Ms. Tenaglia reported refunding savings of \$7.4M through this transaction, as well as an upgrade on these bonds from Fitch to an A+ rating.

Chair German posed a question regarding Massport's use of big data analytics. Ms. Tenaglia explained that Massport was interested in investor purchase habits and feedback on obtaining new institutional investors.

- II.** Mr. Adelman provided details on the sale of Massachusetts State College Building Authority's ("MSCBA") \$233M taxable refunding revenue bonds, sold on a negotiated basis due to the volatility of the market. Mr. Adelman explained that the principal amount represented 20% of the MSCBA's outstanding debt, refinancing 40 projects, and achieving present value savings of \$22.1M, or over 10% of refunded par. Mr. Adelman illustrated the market conditions surrounding the MSCBA's pricing schedule and indicated that the MSCBA was pleased with this transaction, especially the \$1.2M in average annual debt savings over the next 20-25 years.

Ms. Perez asked Mr. Adelman the thought process behind the 10 year call on the taxable bonds vs. a make-whole call provision. Mr. Adelman informed Ms. Perez that the consensus of the financing team was that the make-whole would be impractical to expense in the future.

Chair German asked if the MSCBA's portfolio was all fixed rate debt, which Mr. Adelman confirmed. Chair German remarked that this transaction created impressive savings for a taxable deal.

6. Discussion on Board Activities

- I.** There was a brief discussion regarding a permanent Board Secretary. On a motion made by Mr. Andersen, and duly seconded, members voted to officially designate William Archibald as Board Secretary.

7. Adjournment

- I.** On a motion made by Mr. Andersen, members voted to adjourn. The meeting was adjourned at 3:26pm.

William Archibald, Secretary