



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

**State Finance and Governance Board  
June 21, 2018  
11:30 am  
Executive Office for Administration and Finance  
State House, Room 373**

A meeting of the State Finance and Governance Board was held on Thursday, June 21, 2018 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 11:35 am.

**Board members comprising a physical quorum:**

Lourdes German, Lincoln Institute of Land Policy, Board Chair  
Sue Perez, Office of the State Treasurer  
Brent Andersen, Pilgrim Bay Insurance  
Katherine Holahan, Associated Industries of Massachusetts

**Others in attendance:**

Nick DiGeronimo, Barclays  
Brandon Wolanski, Barclays  
Mark Curtiss, MassHousing Partnership  
Anne Lewis, MassHousing Partnership  
John Mapliede, Citigroup  
Barbara Kroncke, McCarter & English  
Patricia Filippone, UMass Building Authority  
Jennifer Gonzalez, UMass Building Authority  
June Matte, PFM

## 1. Administrative Matters

- I. On a motion made by Mr. Andersen and duly seconded, members voted to approve the May 17, 2018 meeting minutes.

## 2. Discussion

- I. *No discussion matters scheduled*

## 3. Derivative Reviews

- I. Ms. Filipone presented to the Board the University of Massachusetts' Building Authority's (UMBA) request for review of a derivative transaction negotiated between UMBA and East Boston Savings Bank. East Boston Savings Bank has agreed to provide 25 year financing in a principal amount up to \$37.65M. The interest rate on these bonds are set to a fixed rate of 2% for 10 years, and then reset to a new rate equal to Municipal Market Data 15 year AAA GO Rate plus 25 basis points for the duration of the bonds. Ms. Filipone explained this reset halfway through the life of the bonds the initiated the need for a review by the Board.

Mr. Andersen stated that he did not agree with the process by which UMBA had completed this transaction and that he would vote against finding a satisfactory review.

Ms. Holohan requested clarification on which items the Board would be voting on regarding this transaction at this time. Chair German clarified that the Board would first review the derivative portion of the transaction and the waiver request following that vote.

Per Chair German's request, Ms. Filipone described the process by which the transaction was initiated and reviewed.

On a motion made by Ms. Perez and duly seconded, the Board voted that it had received satisfactory information regarding the proposed University of Massachusetts Building Authority ("UMBA") transaction involving a new derivative financial product by UMBA and deemed the submission (i) consistent with the purpose and intent of Sections 97 and 98 of Chapter 6 of the General Laws of the Commonwealth of Massachusetts ("Chapter 6") and regulations promulgated thereunder and (ii) 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 have been submitted in a manner consistent with the regulations.

The Board's vote was as follows:

NO: Mr. Andersen

YES: Chair German, Ms. Perez, Ms. Holohan

- II. Mr. Curtiss provided an overview of two proposed swap transactions that may occur during the first week of July, and explained that this would put the transaction just passed the 6-month waiver granted to the Massachusetts Housing Partnership in January (MHP). The swaps would allow MHP to continue to use forward starting interest rate swaps to help manage the rate of risk during the construction period for affordable housing developments

that MHP is financing. Mr. Curtiss also provided an overview of the two affordable housing projects related to the transactions – the Gerson Building in Haverhill and Campbell Purcell in Eastham.

Mr. Curtiss also reviewed how is planning to utilize the federal Department of Housing and Urban Development (HUD)/Treasury Federal Financing Bank Risk-Sharing Program as the source of permanent financing for this loan. Chair German inquired about the risk associated with receiving this financing. Mr. Curtiss stated that the new Federal Housing Administration (FHA) Commissioner was recently approved, and that the current deadline to re-authorize the continuation of the program was 9/30/2018. Mr. Curtiss stated that some conversations with HUD suggest the program would continue, but could not be fully certain. Mr. Curtiss also noted that the new FHA Commissioner had previously served in this role during the Administration of President George W. Bush.

On a motion made by Mr. Andersen and duly seconded, the Board voted that it had received satisfactory information regarding the proposed interest rate swap transactions for the Gerson Building in Haverhill and Campbell Purcell in Eastham as contained in the briefing materials for the March 6, 2018 Board meeting and May 22, 2018 Executive Committee meeting, respectively, and deems the submission (1) 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 (2) 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 have been submitted in a manner consistent with the regulations.

#### **4. Waiver Request**

- I.** Ms. Filipone reviewed the details of UMBA’s request for a waiver from the Board from the presumption of a competitively bid financing for the transaction mentioned previously. Ms. Filipone stated that while typically UMBA does not execute direct placements, they had negotiated favorable rates on the deal with East Boston Savings Bank.

On a motion made by Ms. Perez and duly seconded, the Board determined that a waiver from the presumption of a competitive, sealed-bid financing, be granted with respect to the issuance by the Authority of one or more series of Project Revenue Bonds in an aggregate principal amount outstanding at any time not to exceed \$37,650,000 to refinance projects of the Authority and to pay other related costs of the Authority and to pay other related costs of the Authority, and that the Authority be authorized to sell such Bonds directly to a purchaser thereof not later than September 30, 2018.

The Board’s vote was as follows:

NO: Mr. Andersen

YES: Chair German, Ms. Perez, Ms. Holohan

- II.** The Board confirmed with Mr. Curtiss that the MassHousing Partnership would return at the next meeting of the Board to request a new 6 month waiver for the organization’s swap program.

**5. Review of Closed Transactions:**

- I. *No closed transactions reviewed*

**6. Adjournment**

- I. On a motion made by Mr. Andersen, members voted to adjourn. The meeting was adjourned at 12:14 pm.

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Frank Gervasio, Secretary