



THE COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE OFFICE FOR
ADMINISTRATION AND FINANCE
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Meeting Minutes

Thursday, March 16, 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://mass-gov-anf.zoom.us/j/81010323453?pwd=bEMyMk5qS1dGU2E5T3VBMHFmZHVhdz09>

Zoom Password: 043267

Teleconference Line: 713-353-7024, **conference code:** 319738

The meeting was called to order at 11:03 am

Board members comprising a quorum:

Kaitlyn Connors, Executive Office for Administration and Finance, Board Interim Chair
Brent Andersen, Pilgrim Bay Insurance
Sue Perez, Office of the State Treasurer
John Durgin, Office of the State Treasurer

Others in attendance:

Kathleen A. Bramlage, Debt Management
Sam Alejo, Executive Office for Administration and Finance, Board Secretary

1. Administrative Matters

- I.** On a motion made by Mr. Andersen, and duly seconded, members voted to approve the February 16, 2023, meeting minutes.

2. Discussion

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

3. Waiver Requests

Ms. Bramlage explained that they tend to try to sell as many bonds as they can in competitive sales but there are where its necessary to go into a negotiated sale specially in markets that are rough and moving around quickly. She notes that they're currently experiencing with a lot of Federal Reserve action and stresses on the economy, and it gives them the ability to move bonds and offer bonds separately to retail investors which can be better in a rough market. The waiver is for general obligation financings in the amount of \$2,500,000,000 for both new money and refunding transactions and this waiver we are requesting will expire on September 16th, 2023.

Chairwoman Connors asked if Board members had any questions. There were no question from Board members.

On a motion made by Mr. Andersen and duly seconded, the Board voted 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 September 16, 2023; and (iii) to sell any such bonds on a negotiated basis.

Ms. Bramlage presented the second waiver request. Ms. Bramlage explained that their second waiver is for their transportation bonds. Ms. Bramlage notes that their transportation issuance which is primarily for rail and hoop rail enhancement projects through the T. She explains that they are looking for a waiver in their transportation financings in the amount of \$1,000,000,000.00 billion dollars for both new money and they are refunding transactions and that the requested waiver will expire 6 months from now on September 16, 2023.

Chairwoman Connors asked if Board members had any questions. There were no question from Board members.

On a motion made by Mr. Andersen and duly seconded, the Board voted to authorize the Commonwealth (i) to issue 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 September 16, 2023; and (iii) to sell any such bonds on a negotiated basis.

4. Derivative

Reviews

Ms. Bramlage explained that Debt Management is looking to terminate a \$225,000,000.00 interest rate swap with Barclays Bank. She highlights that this is their last interest rate swap and will be completely out of them. Ms. Bramlage explained that the swap termination is going to reduce the cost of the swap, they are currently paying out about 4.5% and receiving about 3.35%. Ms. Bramlage noted that the recent increase over the last year of interest rates with the swap still has them in the negatives but the higher the rates go and the closer they are to being positive the more realistic it is that they are in a better position to terminate the swap. In addition, she explains that the swap is a Libor based swap and since it is ending as of the end of June and with the termination of the swap they won't be forced to go into a new index and reset. Finally, the termination will eliminate all the costs that are associated with maintaining a swap.

Chairwoman Connors asked if Board members had any questions. There were no question from Board members.

On a motion made by Mr. Andersen and duly seconded, the Board voted to authorize the proposed bond transaction involving the termination of a derivative financial product by the Commonwealth of Massachusetts and deems the submission consistent with the purpose of intense of section 97 and 98 of chapter 6 of the Massachusetts federal laws and regulations promulgated thereunder including without limitation 976 CMR 200 and 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 and submitted in a manner consistent with regulations.

5. Closed Transactions/Bond Sale Reviews:

Ms. Bramlage explained that in October 2022, the Commonwealth sold a total of \$1.3B in bonds in two series, one was a new money series and the other was a refunding series. The deal was done with Morgan Stanley and the bonds were structured as a combination of serial and term bonds. The bond sale was opened with a retail order which was very well received showing maturities as much as five times oversubscribed. Ms. Bramlage noted that overnight the market changed which is normal in this market with inflation numbers which caused disturbances on the institutional side. In the end they received orders from 65 different accounts with about \$868M in retail order after repricing. They received \$31M in net present value saving

Chairwoman Connors asked if Board members had any questions. There were no question from Board members.

6. Discussion on Board Activities

I. *No discussion matters scheduled.*

7. Adjournment

I. On a motion made by Mr. Andersen, and duly seconded, members voted to adjourn. The meeting was adjourned at 11:15AM.

Samelly Alejo, Secretary