



THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE FOR
ADMINISTRATION AND FINANCE
STATE HOUSE ▪ ROOM 373
BOSTON, MA 02133

TEL: (617) 727-2040
FAX: (617) 727-2779
www.mass.gov/eoaf

Meeting Minutes

State Finance and Governance Board

March 18, 2021

11:00am

Conference Line: 978-990-5000, access code: 244621#

A meeting of the State Finance and Governance Board was held via teleconference on Thursday, March 18, 2021, in accordance with the Governor's Executive Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, § 20, signed and dated March 12, 2020, and pursuant to notice duly given.

Meeting was called to order at 11:02am.

Board members comprising a quorum:

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

Others in attendance:

Kathy Bramlage, Office of the State Treasurer
William Archibald, Executive Office for Administration and Finance
Kaitlyn Connors, Executive Office for Administration and Finance

1. Administrative Matters

- I. On a motion made by Ms. Perez, and duly seconded, members voted to approve the February 19, 2021 meeting minutes.

2. Waiver Requests

- I. *No discussion matters scheduled.*

3. Derivative Reviews

- I. The Board then reviewed the Commonwealth's 2021 line of credit with a syndicate of banks, led by Bank of America. The line of credit was established in May 2020 with a one-year term to address the liquidity needs of the Commonwealth due to the COVID-19 pandemic. Ms. Bramlage noted that the Commonwealth is currently negotiating an extension of the credit line with the syndicate of banks, which will remain intact. Ms. Bramlage listed out some of the basic terms of the negotiations: a reduced commitment amount, a new expiration date of three years, lower drawn fees, and importantly, that the credit line will remain a LIBOR index based variable rate.

There were no questions from the Board.

On a motion made by Mr. Andersen, and duly seconded, the Board unanimously voted that it had received satisfactory information regarding the proposed transaction involving a derivative financial product by The Commonwealth of Massachusetts and deemed the submission (x) 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 (y) reviewed with no additional conclusions required. The Board further 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.

- II. The Board then reviewed the Commonwealth's proposed transaction with respect to its 2016 Series B and C General Obligation ("GO") Bonds, which are variable rate multi-modal bonds. Ms. Bramlage stated that the 2016 Series B GO Bonds have an outstanding par amount of \$100M and are held by TD Bank in a Direct Purchase Interest Rate Mode, while the 2016 Series C GO Bonds have an outstanding par amount of \$200M and are held by State Street Bank and Trust Company in a Direct Purchase Interest Rate Mode. Ms. Bramlage stated that both series are subject to a mandatory tender on April 1, 2021, and that the Commonwealth issued an RFP for suitable financing alternatives for both series. Based on the proposals, Ms. Bramlage said, RBC was selected for the Direct Purchase of the \$100M Series B Bonds with a five-year term and a variable rate based on the SIFMA Index, while TD Bank was selected for the Direct Purchase of the \$200M Series C Bonds with a three-year term and a variable rate based on the 1-month LIBOR Index.

There were no questions from the Board.

On a motion made by Mr. Andersen, and duly seconded, the Board unanimously voted that it had received satisfactory information regarding the proposed transaction involving a derivative financial product by The Commonwealth of Massachusetts and deemed the submission (x) 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 (y) reviewed with no additional conclusions required. The Board further 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. Closed Transactions/Bond Sale Reviews:

- I. *No discussion matters scheduled.*

5. Discussion on Board Activities

- I. The Board Secretary gave a reminder to the Board regarding the working meeting that will be held on Tuesday, March 30, 2021, to discuss the Board’s FY20 Annual Report.
- II. Ms. Perez noted that in recent months, issuers had not given the Board adequate supporting materials in compliance with the Board’s regulations, nor supplied such materials with adequate lead time for the Board to properly review. Ms. Perez requested the Board Secretary note in future communications with issuers that while PowerPoint presentations are not required by the regulations, they are easier to follow, and are more appropriate to send along one day in advance of the meeting, but if issuers are going to provide a lengthy memo from their financial advisors, then the Board will need it at least a week prior to the meeting. The Board Secretary agreed to make this clear in the next communication to issuers.

6. Adjournment

- I. On a motion made by Ms. Perez, and duly seconded, members voted to adjourn. The meeting was adjourned at 11:17am.

William Archibald, Secretary