

MassDOT Fiscal Items for Board Consideration:

Update to Debt Management and Swap Policies

**Board Approval of Replacement of Letter of Credit
Facility**

March 23, 2020



Updates to Debt Management and Swap Policies

- Per State Finance and Governance Board (SFGB) guidance, policies are to be reviewed and updated every 2 years
- Last update, review and approval was in April 2018
- Minor edits to both policies reflect the changes in the underlying bonds brought about from our successful refinancing efforts
- Any potential new money DOT bonds, which would need the approval of the Governor's office, Legislature, Secretary and DOT Board, would be covered under the revised policies
- These updates were presented to the Finance and Audit Committee on March 18



Proposal to change Letter of Credit Facility

- Letter of Credit secures the payment of principal and interest of our bonds
- Current agreement expires on April 12, 2020 and is at .42%
- Low bid received at similar terms is .24%.
- DOT will realize savings of \$206,412 per year and \$722,433 over the 42-month term
- This proposal was presented to the Finance and Audit Committee on March 18

