



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

**State Finance and Governance Board  
May 25, 2017  
11:00 am  
Executive Office for Administration and Finance  
State House, Room 373**

A meeting of the State Finance and Governance Board was held on Thursday, May 25, 2017 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 11:07 am.

**Board members comprising a physical quorum:**

Lourdes German, Lincoln Institute (Chair)  
Sue Perez, Office of the State Treasurer  
Katherine Holahan, Associated Industries of Massachusetts  
Brent Andersen, Pilgrim Bay

**Others in attendance:**

Mark Curtis, Massachusetts Housing Partnership  
Anne Lewis, Massachusetts Housing Partnership  
Lori Hindle, PFM  
Kathy Connolly, MassHousing  
Brandon Wolansky, Barclays  
Nick DiGeronimo, Barclays  
John Regier, Mintz Levin  
Kathy Bramlage, Office of the State Treasurer  
Nate Keenan, Clean Water Trust

**1. Introduction of Attendees**

## 2. Adoption of Minutes

- I. On a motion made by Ms. German and duly seconded, members voted to approve the April 20, 2017 minutes.
- II. Approval of the meeting minutes from March 23, 2017 was postponed until the next meeting.

## 3. Administrative Matters

- I. The next meeting date was tentatively planned for Thursday, June 15, 2017, at 11:00 am.

## 4. Discussion

- I. *No discussion requests scheduled.*

## 5. Derivative Reviews

- I. At the last SFGB meeting on April 20, 2017, Mr. Curtis discussed a time-limited programmatic approval of MHP's swap program that is consistent with state law and associated regulations but would avoid the need to present each individual MHP swap transaction to the SFGB, since all of MHP's swaps will have the same structure (a forward-starting, fixed-pay, cash settled interest rate swap). At MHP's board meeting on April 21, 2017, the MHP Board approved a \$50 million swap program through 12/31/17 based on the analysis and recommendation of their independent swap advisor, Chatham Hedging Advisors. Chatham recommended that MHP proceed with this program to hedge its interest rate risk for its forward rate commitments under the HUD/Treasury Federal Financing Bank Risk-Sharing Program. Summary materials were attached in accordance with 976 CMR 2.00, including Chatham's written analysis and recommendation, and a certificate from MHP's Executive Director confirming that MHP's board of directors has approved the transaction and made all of the appropriate findings.

Ms. Perez asked Mr. Curtis to comment on the representation in the memo by Chatham that MHP does not currently have any outstanding swaps. Mr. Curtis responded that MHP has not yet closed on the individual swap transactions previously reviewed by the Board.

Ms. German determined that there were no further questions. On a motion by Ms. Perez and duly seconded, the Board voted that it had received satisfactory information regarding the transaction terms related to Massachusetts Housing Partnership's forward-starting swaps in the aggregate notional amount not to exceed \$50,000,000 to be executed between July 1, 2017 and December 31, 2017, as presented and deems the transaction reviewed with no additional conclusions required.

- II. Ms. Bramlage presented the Commonwealth's request for a derivative review of its expected \$200 million July financing of certain variable rate bonds. While being issued as negotiated, fixed rate mandatory tender bonds, the 2014 D-2 Bonds represent a straight-forward structure and will amortize similarly to other issues.

Ms. German asked if there has been any observed effect on pricing of bonds as a result of the 2016 determination to limit the participation of Wells Fargo. Ms. Bramlage noted that there has been negligible or no effect observed, and that the waiver period may be ending in the fall of 2017.

On a motion made by Mr. Andersen, the Board has received satisfactory information regarding the proposed bond transaction involving a remarketing of a derivative financial product by the Commonwealth and deemed the submission consistent with the purpose and intent of Sections 97 and 98 of Chapter 6 of the Massachusetts General Laws and regulations promulgated thereunder and reviewed with no additional conclusions required.

**6. Waiver Request**

- I. Ms. Bramlage presented the details of the State Treasurer's Office request for a waiver from the presumption of competitive financings for the 2014 D-2 bonds which will be a remarketing of variable rate bonds and is expected to total \$200,000,000, and the 2017 Series A CTF bonds which are expected to total \$500,000,000 and will be used to fund both the Accelerated Bridge and the Rail Enhancement Programs. The requested waiver will expire on November 22, 2017.

On a motion made by Mr. Andersen and duly seconded, the Board voted to authorize the Commonwealth to issue bonds in an aggregate amount of \$700,000,000 for refunding and/or new money issues in one or more series and in one or more transactions, to price the bonds in any such transactions on a date or dates no later than November 22, 2017, and to sell any such bonds on a negotiated basis.

**7. Review of Closed Transactions:**

- I. Ms. Bramlage presented the results of the most recent bond sale for the Commonwealth's General Obligation 2017 Series A and B Bonds and 2017 Refunding Series C Bonds.
- II. Mr. Keenan presented the results of the most recent bond sale for the Clean Water Trust under Series 20 Green Bonds and Series 2017 Refunding Bonds.

**8. Other Business:**

- I. *No other business scheduled.*

**9. Adjournment**

- I. Ms. Lourdes determined that there was no further business to come before the Board. On a motion made by Ms. Holahan, members voted to adjourn. The meeting was adjourned at 11:35 am.

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Mark Attia, Secretary