



# THE COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE OFFICE FOR  
ADMINISTRATION AND FINANCE  
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## **Meeting Minutes**

**Thursday, November 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://zoom.us/j/99663055004?pwd=TDNGY3RxUIVMNmIDNThOTkRNUUFWQT09>

**Zoom Password:** 187901

**Meeting ID:** 996 6305 5004

**Teleconference Line:** 929-205-6099, **Conference code:** 99663055004#

The meeting was called to order at 11:04 am

### **Board members comprising a quorum:**

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

### **Others in attendance:**

Sam Alejo, Executive Office for Administration and Finance, Board Secretary  
Matthew Horan, Massachusetts Water Resources Authority (MWRA)  
Tom Durkin, Massachusetts Water Resources Authority (MWRA)  
June Matte, PFM Advisors  
Rachel Madden, Massachusetts Housing Finance Agency (MassHousing)

## **1. Administrative Matters**

- I. Ms. Connors called the meeting to order and conducted the roll call. On a motion made by Mr. Andersen, and duly seconded, members voted to unanimously to approve the August 17, 2023, meeting minutes.

## **2. Discussion**

- I. *No discussion matters scheduled.*

## **3. Waiver Requests**

- I. *No discussion matters scheduled.*

## **4. Derivative Reviews**

- I. Mr. Horan from the MWRA presented the Authority's Derivative review request to the Board. Mr. Horan began with a brief history of the five remaining MWRA swaps. He then explained these swaps are no longer benefitting MWRA given current market conditions and, as such, the Authority is proposing to move forward with a swap termination. He stated swap termination costs peaked in 2012 and noted that amortization and interest rate changes have led to more modest termination costs. He also noted that MWRA's variable rate exposure continues to decrease. Mr. Horan then discussed the benefits of terminating existing swaps including, eliminating counterparty risk, removing the need for additional swap accounting in the audit, providing more optionality in the debt portfolio and reducing future debt service by avoiding higher swap agreement fixed interest rates. Mr. Horan stated that the Authority views the future debt service savings as the most important advantage, which MWRA projects would range from \$4.3 million to \$14.5 million, depending on market conditions.

On a motion made by Mr. Andersen and duly seconded, the Board voted unanimously that The State Finance and Governance Board (the "Board") has received satisfactory information regarding the proposed bond transaction involving termination of five derivative financial products by the Massachusetts Water Resources Authority and deems 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, including without limitation 976 CMR 2.00, and (y) 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 have been submitted in a manner consistent with the regulations.

- II. Ms. Madden from MassHousing presented the agency's Derivative review request to the Board. Ms. Madden explained that the materials the Board will be reviewing today are the same materials that the Board reviewed and approved in November 2022. However, Ms. Madden noted that in accordance with the law, the Board approval is only good for six months, and therefore MassHousing is asking the Board to reaffirm its approval of the multifamily housing transaction that the Board approved last November. Ms. Madden noted MassHousing's overall portfolio of variable rate debt has not changed. Ms. Madden recognized that the timing of this

transaction is different from those in the recent past, noting she believes this is the first time a transaction of this nature had elapsed the six-month approval period.

Ms. Connors thanked Ms. Madden and noted that the presentation from last November included a plan that covered the full year.

On a motion made by Mr. Andersen and duly seconded, the Board voted unanimously that The State Finance and Governance Board (the “Board”) has received satisfactory information regarding the proposed Massachusetts Housing Finance Agency (“MassHousing”) transactions involving new derivative financial products by MassHousing and deems the submission (i) 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 (ii) 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 have been submitted in a manner consistent with the regulations.

## **5. Closed Transactions/Bond Sale Reviews:**

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

## **6. Discussion on Board Activities**

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

Before adjourning, Ms. Perez noted that she does not believe Board approval can extend beyond six months. Mr. Durgin confirmed that understanding based on his reading of the requirements. Ms. Connors stated that going forward the Board would work with MassHousing to ensure continued compliance.

## **7. Adjournment**

- I.** On a motion made by Mr. Anderson, and duly seconded, members voted to adjourn. The meeting officially adjourned at 11:31 AM.

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Samelly Alejo, Secretary