



THE COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE OFFICE FOR
ADMINISTRATION AND FINANCE
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Meeting Minutes

Thursday, November 17, 2022

10:00 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 10:00 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:

Rachel Madden, Massachusetts Housing Finance Agency
Kathleen Connolly, Massachusetts Housing Finance Agency
Sam Alejo, Executive Office for Administration and Finance, Board Secretary

1. Administrative Matters

- I.** On a motion made by Ms. Perez, and duly seconded, members voted to approve the September 22, 2022 meeting minutes.

Chair Connors then introduced Ms. Alejo as the new Secretary to the Board and allowed her the opportunity to introduce herself. Ms. Alejo thanked Chairwoman Connors for the introduction and noted that she is looking forward to working with the Board.

2. Discussion

- I.** *No discussion matters were scheduled, and the Board did not raise any matters.*

3. Waiver Requests

- I.** *No waiver matters were scheduled, and the Board did not raise any matters.*

4. Derivative Reviews

Ms. Madden presented the Massachusetts Housing Finance Agency's ("MassHousing") requests for a review of potential upcoming variable rate bond or note transactions. She briefly explained the two requests, which were general authorizations by the MassHousing Board to issue bond and/or note transactions for their Multi-Family and Single-Family mortgage programs in the upcoming calendar year and noted that more details on the proposal could be found in the memo submitted to the Board.

Ms. Madden explained that MassHousing would like to authorize and potentially incorporate \$80 million of variable rate debt for multi-family new production and refundings of outstanding issues through the end of calendar year 2023. Ms. Madden stated that these resources would be used in conjunction with fixed rate debt to finance up to \$500 million of loans. She noted that similar amounts of variable debt for the same purpose had been authorized in October 2020 for use during calendar year 2021 and then in October 2021 for use during calendar year 2022. Since none of those prior authorizations were ever utilized, Ms. Madden explained that this request is essentially a reauthorization of the same amount.

Ms. Madden then summarized MassHousing's next derivative request to incorporate variable rate debt in furtherance of its single-family program. Ms. Madden explained that to date, MassHousing has almost exclusively used fixed rate debt to purchase single family loans and today approximately 95% of the outstanding debt is fixed rate. Ms. Madden explained that the addition of new variable rate debt, in reasonable amounts, and in combination with interest rate swaps to reduce interest rate risk, will enable MassHousing to lower the future cost of debt, which will allow MassHousing to provide lower mortgage rates to its borrowers, help fund the down payment assistance program, maintain positive growth and preserve its current credit ratings of Aa1 (Moody's) and AA+ (S&P).

Chair Connors thanked Ms. Madden for the materials and asked about use of derivatives in prior years. Ms. Madden stated that it had been fairly minimal given market conditions in

recent years. Ms. Connolly confirmed that was the case and noted that no derivatives had been utilized since 2015.

On a motion from Mr. Andersen, the Board unanimously voted that it had 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 closed transaction or bond sale review matters were scheduled, and the Board did not raise any matters.*

6. Discussion on Board Activities

- I. *No discussion matters were scheduled, and the Board did not raise any matters.*

7. Adjournment

- I. On a motion made by Ms. Perez, and duly seconded, members voted to adjourn. The meeting was adjourned at 10:15 am.

Sam Alejo, Secretary