



THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE FOR
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Meeting Minutes

**State Finance and Governance Board
October 17, 2019
3:00 pm
Executive Office for Administration and Finance
State House, Room 373**

A meeting of the State Finance and Governance Board was held on Thursday, October 17, 2019 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 3:03pm.

Board members comprising a physical quorum:

Lourdes German, Boston College, Board Chair
Kate Holahan, Associated Industries of Massachusetts
Supreo Ghosh, Office of the State Treasurer

Others in attendance:

Ed Adelman, Massachusetts State College Building Authority
Meredith Withelder, Massachusetts State College Building Authority
Barbara Kroncke, University of Massachusetts Building Authority
Kayla McEwen, Hilltop Securities
Tom Green, Citigroup

1. Administrative Matters

- I.** On a motion made by Ms. Holahan, and duly seconded, members voted to approve the September 19, 2019 meeting minutes.

2. Discussion

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

3. Derivative Reviews

- I.** *No items discussed.*

4. Waiver Request

- I.** Mr. Adelman presented the Massachusetts State College Building Authority's ("MSCBA") request for a waiver from a competitive sale for the issuance of up to \$275M in refunding bonds. Mr. Adelman stated that given current market conditions, the MSCBA has an opportunity to issue refunding bonds to advance refund certain outstanding bonds to achieve significant present value and annual debt service savings, estimated at approximately 4% present value savings assuming stable interest rates as of September 2019, and 5% assuming an increase of 50 basis points in interest rates.

Mr. Adelman added that the refunding bonds may be more efficiently issued using a negotiated method of sale, which allows for greater flexibility in terms of timing of issuance, specifically to take maximum advantage of the current favorable market conditions. Mr. Adelman further stated that due to a crowded market, MSCBA was looking to a negotiated deal with a banker in early November.

Mr. Ghosh posed a question regarding the necessity of the advanced refunding being taxable. Mr. Adelman confirmed it needs to be taxable debt.

Chair German remarked it is an impressive deal.

Mr. Adelman explained the structures of the payments using student fees.

There were no further comments.

On a motion made by Ms. Holahan, and duly seconded, the Board voted to grant a waiver from the presumption of competitive financing to the MSCBA with respect to the issuance of refunding bonds in a par amount not to exceed \$275,000,000 and that the MSCBA be authorized to sell such bonds, in one or more issues, on a negotiated basis not later than six months from the date of this waiver.

- II.** Ms. Kroncke reviewed the University of Massachusetts Building Authority's ("UMBA") request for a waiver from a competitive sale for the issuance of up to \$950M in refunding bonds.

Ms. Kroncke provided an overview of the taxable financing, which would advance refund several series of bonds over different maturities. Ms. Kroncke explained that UMBA would receive maximum fiscal benefit by negotiating, but also needed an investment banker to help

with timing as well as structure of the deal. Ms. Kroncke estimated the savings at over 6% currently, and that UMBA was aiming for a date in January 2020.

Mr. Ghosh asked if a banker had been already selected. Ms. Kroncke affirmed that Citigroup had been selected as the banker, and Hilltop Securities had been selected as financial advisor.

On a motion made by Ms. Holahan, and duly seconded, the Board voted to grant a waiver from the presumption of a competitive, sealed-bid financing to UMBA with respect to the issuance of one or more series of bonds under UMBA's Project Trust Agreement in an aggregate principal amount not to exceed \$950M, to (a) finance capital projects, (b) refund and/or restructure outstanding bonds of the Authority and (c) pay costs of issuance related to issuing the bonds, and that UMBA be authorized to sell such bonds on a negotiated basis not later than April 17, 2020.

5. Review of Closed Transactions:

- I. *No items discussed.*

6. Discussion on Board Activities

- I. Chair German provided a status update on the Board's annual report.

7. Adjournment

- I. On a motion made by Mr. Ghosh, members voted to adjourn. The meeting was adjourned at 3:10pm.

William Archibald, Acting Secretary