



THE COMMONWEALTH OF MASSACHUSETTS

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Meeting Minutes

State Finance and Governance Board

October 21, 2021

11:00 am

Conference Line: 605-313-4100, access code: 2326359#

A meeting of the State Finance and Governance Board was held via teleconference on Thursday, October 21, 2021, in accordance with the Governor's Executive Order Suspending Certain Provisions of the Open Meeting Law, G.L. c. 30A, § 20, signed and dated March 12, 2020, and pursuant to notice duly given.

Meeting was called to order at 11:03 am

Board members comprising a quorum:

Lourdes German, Harvard University, Board Chair
Brent Andersen, Pilgrim Bay Insurance
Sue Perez, Office of the State Treasurer
Supreo Ghosh, Office of the State Treasurer

Others in attendance:

Kathy Bramlage, Office of the State Treasurer
Rachel Madden, Massachusetts Housing Finance Agency
Kathleen Connolly, Massachusetts Housing Finance Agency
Kelly Govoni, Executive Office for Administration and Finance, Board Secretary
Kaitlyn Connors, Executive Office for Administration and Finance

1. Administrative Matters

- I.** On a motion made by Ms. Perez, and duly seconded, members voted to approve the August 20, 2021 meeting minutes.
- II.** Chairwoman German then introduced Ms. Govoni as the new Secretary to the Board and allowed her the opportunity to introduce herself. Ms. Govoni thanked Chairwoman German for the introduction and noted that she is looking forward to working with the Board.

2. Discussion

- I.** Chairman German then moved onto discuss the Board's Annual Report and asked Ms. Govoni to explain its status. Ms. Govoni noted that each year the Board produces an Annual Report and that she is in the process of drafting the report for FY21. Ms. Govoni noted that once she has a draft, she will send it to Board members for their review and feedback and will schedule a follow-up meeting to discuss. There were no comments or questions from Board members on the process.

3. Derivative Reviews

- I.** Ms. Madden presented the Massachusetts Housing Finance Agency's ("MassHousing") request to incorporate \$80 million of variable rate debt for multi-family new production and refunding's of outstanding issues through the end of calendar year 2022. MassHousing explained that these resources would be used in conjunction with fixed rate debt to finance up to \$500 million of loans. MassHousing noted that a similar amount of variable debt for the same purpose had been authorized in October 2020 for use during calendar year 2021 and since none of that prior \$80 million authorization was utilized, this would be a reauthorization of the same amount.

Ms. Madden then moved on to 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 to help in the Single-Family Housing Revenue Bond Resolution (the "Resolution") and today approximately 94% of the outstanding debt in the Resolution is fixed rate. Lastly, 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.

Chairman Lourdes thanked Ms. Madden for the materials and asked if MassHousing expects the pro-rate environment we are in to change or impact this transaction adversely. Ms. Madden stated that she does not anticipate that happening.

Ms. Perez noted that the memos submitted by MassHousing were very well put together and appreciated the information that was provided to the board.

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.

- II.** Ms. Bramlage then presented the Commonwealth's request for a derivative review relating to the termination of the Bank of New York Mellon swap and fund the termination payment with cash from the Treasurer's debt service line item and premium insurance received from the issuance of the refunding bonds. Ms. Bramlage explained that by terminating the swap, the Commonwealth will no longer have to make the market fixed rate payment of 4.083%. Ms. Bramlage noted that the transaction will achieve the Commonwealth's goals creating savings and de-risking its debt portfolio by removing interest rate and swap counterparty risks.

There were no comments or questions from the Board.

On a motion from Mr. Andersen, the Board unanimously voted that it has received satisfactory information regarding the proposed bond transaction involving termination of a derivative financial product by The Commonwealth of Massachusetts 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 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.

4. Waiver Requests

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

5. Closed Transactions/Bond Sale Reviews:

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

6. Discussion on Board Activities

- I.** Ms. Perez suggested conducting Board meetings via zoom moving forward. Chairman Lourdes noted that she is open to Zoom meetings and asked if the other Board members had any comments or concerns. Mr. Brent noted that he is open to Zoom meetings but emphasized that the Zoom meeting information must be open and accessible so that the public can call in. Chairman Lourdes agreed with that sentiment and noted that she would leave it to Ms. Govoni to ensure utilizing Zoom for Board meetings does not interfere with Open Meeting requirements. Ms. Govoni acknowledged Chairman Lourdes requested and stated she would look into Open Meeting law requirements and if no issues arose, would schedule the next Board meeting via Zoom.

7. Adjournment

- I.** On a motion made by Ms. Perez, and duly seconded, members voted to adjourn. The meeting was adjourned at 11:18 am.

Kelly Govoni, Secretary