



THE COMMONWEALTH OF MASSACHUSETTS  
EXECUTIVE OFFICE FOR  
ADMINISTRATION AND FINANCE  
STATE HOUSE ▪ ROOM 373  
BOSTON, MA 02133

TEL: (617) 727-2040  
FAX: (617) 727-2779  
[www.mass.gov/eoaf](http://www.mass.gov/eoaf)

**Meeting Minutes**

**State Finance and Governance Board  
September 21, 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, September 21, 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 11:04 am.

**Board members comprising a physical quorum:**

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

**Others in attendance:**

Paul Brandley, MBTA  
Chuck Karimbakas, MassHousing  
Kathy Connolly, MassHousing  
John Regier, Mintz Levin  
Lori Hindle, PFM

**1. Introduction of Attendees**

## 2. Adoption of Minutes

- I. On a motion made by Ms. Perez and duly seconded, members voted to approve the August 17, 2017 meeting minutes.

## 3. Administrative Matters

- I. A brief discussion commenced of the review and approval process for the FY17 Annual Report.
- II. As part of the new Mass.gov website, the SFGB will have a new page and a new content format, which will include a set calendar of meeting dates for the benefit of issuers and interested parties.

## 4. Discussion

- I. The Massachusetts Bay Transportation Authority (MBTA) presented for discussion a proposed Sales Tax New Money Bonds and a Sales Tax Bond Anticipation Notes. A portion of the issuance will be deemed 'Sustainable' and will highlight the environmental and social impact of MBTA projects. Mr. Brandley indicated that the issuance of green bonds may help lower the cost of capital if a premium is garnered, and that the purpose aligns with the MBTA's mission. The issuance will be in compliance with the Debt Policy, MBTA and PFM have set forth factors to support a competitive sale, which is open to all underwriting firms which generates competitive pressure to lower interest rates.

Ms. German asked if the MBTA has an internal sustainability reporting framework. Mr. Brandley responded that the MBTA recently approved a framework that aligns with international capital market requirements. Ms. Perez asked if debt service is going to put pressure on the operating account. Mr. Brandley responded that the impacts will be felt but that they are managing proactively. Ms. German asked if a differential return of the two issuances could be summarized. Mr. Ghosh asked inquired about reporting obligations.

## 5. Derivative Reviews

- I. Mr. Karimbakas of MassHousing presented on Swap Terminations and replacements with respect to certain bonds issued under MassHousing's Housing Bond Resolution and Rental Housing Mortgage Revenue Bond Resolution. MassHousing previously issued certain of its Housing Bonds and Rental Housing Mortgage Revenue Bonds. In connection with the Bonds, MassHousing entered into a series of floating-to-fixed rate swap agreements with varying counterparties. The Swaps are optionally terminable at par by MassHousing and MassHousing is currently paying an interest rate on the Swaps that is above market. Accordingly, MassHousing is seeking (i) to terminate the Swaps and either enter into new swap or interest rate cap agreements at current market rates and (ii) terminate certain of the Swaps and carry the related Bonds unhedged.

Mr. Ghosh asked how MassHousing thinks about entering into new swaps versus assigning this swap. Mr. Karimbakas responded that this approach is more flexible.

The Board voted that it had received satisfactory information regarding the proposed Massachusetts Housing Finance Agency transactions involving a new derivative financial

product by MassHousing and deems the submission consistent with the purpose and intent of the regulations.

**6. Waiver Request**

**I.** *No waiver requests scheduled.*

**7. Review of Closed Transactions:**

**I.** *No closed transactions scheduled.*

**8. Adjournment**

**I.** On a motion made by Mr. Andersen, members voted to adjourn. The meeting was adjourned at 11:35 am.

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Mark Attia, Secretary