

Staff Summary Sheet Board of Directors Meeting

TO		FOR		FROM:
1	Sec./CEO		Approval Signature	Dept.: Office of CFO Presenter: David Pottier, Assistant Secretary & CFO
2	BD	X	Vote Info	Subject: Credit Facility Substitution Date: February 16, 2022

Implications: (The implications checked below are involved in this action, are discussed below or in a separate enclosure, and have been considered in the final recommendation.)

☐ Capital Budget ☐ Operating Budget ☐ Legal ☒ Other

PURPOSE:

To request the Board of Directors to authorize the Assistant Secretary and Chief Financial Officer to execute and deliver any and all documents, certificates, extensions of expiring liquidity facilities and other instruments necessary or desirable to effectuate the transactions contemplated by this vote.

TOTAL PROJECT COST: Annual Estimated Credit Facility Cost \$202,368

DISCUSSION:

The Massachusetts Department of Transportation issued its \$100,000,000 Metropolitan Highway System Revenue Bonds (Senior), Variable Rate Demand Obligations, 2010 Series A-1 on May 27, 2010, for the purpose of refinancing bonds previously issued by the Massachusetts Turnpike Authority, predecessor to the Department;

The payment of principal of and interest on the Series A-1 Bonds are secured by a letter of credit issued by Citibank, N.A. The agreement expires May 10, 2022.

The Department's Office of the Chief Financial Officer conducted a Request for Quotes (RFQ) from qualified firms interested in providing a replacement credit facility for the above facility. The objective of the RFQ was to renew the above facility or replace it with a new letter of credit facility from a qualified counterparty providing the best value to the Department.

Based on the RFQ responses, the Department will replace the 2010 Series A-1 (Senior) letter of credit with Citibank, N.A. with a direct pay letter of credit with TD Bank with an expiration date of approximately May 1, 2025.

The TD Bank replacement facility provides for competitive pricing, allows the Department to reduce costs, and reduces the administrative burden on staff.

Staff Summary Subject: Credit Facility Substitution

FINANCIAL IMPACT:

The annual cost of the replacement letter of credit is \$202,368 which results in an estimated savings of \$117,161 annually compared to the expiring facility. The annual savings will be recognized through the term of the new facility.

ALTERNATIVE: N/A

RECOMMENDATION:

It is recommended that the Board of Directors approve the selected replacement credit facility and authorize the Assistant Secretary and Chief Financial Officer to execute and deliver any and all documents, certificates, extensions of expiring credit and liquidity facilities and other instruments necessary or desirable to effectuate the transactions contemplated by this vote.

ENCLOSURES: Tab A – Resolution

RECOMMEND APPROVAL:

Johnathan Gulliver
Division Administrator

RECOMMEND APPROVAL:

David W. Pottier
Assistant Secretary & Chief
Financial Officer

RECOMMEND APPROVAL:

Marie Breen
General Counsel

SECRETARY/CEO APPROVAL:

Jamey Tesler
Secretary & CEO