

State Finance and Governance Board
Meeting: June 23, 2016, 11:00 AM
Executive Office for Administration and Finance
State House, Room 373

Minutes

A meeting of the State Finance and Governance Board was held on Thursday, June 23, 2016 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 11:09 am.

Board members present were: Lourdes German (chair), Supreo Ghosh and Sue Perez comprising a physical quorum of the board.

Others in attendance are included in Exhibit A.

I. State Finance and Governance Board Regulations

Mr. Robert Ross discussed the regulatory reform initiative and its application to the board's regulations. The regulations are being reviewed under the Executive Order. There will be a hearing a public comment. These regulations go beyond the requirements of the statute, are in some cases dated and changes will be recommended to preserve the public purpose while increasing efficiency and clarity. Ms. Perez agreed that efficiency and clarity were important goals.

II. Derivative Review

Mr. Drew Smith presented the Commonwealth's variable rate bonds as part of the Commonwealth's asset/liability match strategy. See Exhibit A.

There were no questions.

On a motion made by Ms. Perez and duly seconded, members voted unanimously to approve the resolution.

RESOLVED: The Board has reviewed the Commonwealth's variable rate bond program and deems it sufficiently reviewed with no further information required.

III. Derivative Review

Mr. Michael Abramo presented the Massachusetts Bay Transportation Authority's (MBTA) swap terminations. Savings will be used by the MBTA as pay-as-you-go capital to improve the system. See Exhibit B.

Ms. German asked about the MBTA's strategy and rationale on capital appreciation bonds. June Matte, financial advisor to the MBTA, stated that the MBTA generated significant savings by shortening the accretion period and optimizing the portfolio. Ms. Perez asked why they did a competitive refunding. Mr. Abramo replied that the MBTA wanted a clean slate, with fresh perspective from potential bidders.

On a motion made by Ms. Perez and duly seconded, members voted unanimously to approve the resolution.

RESOLVED: The Board has reviewed the MBTA's financing program and deems it sufficiently reviewed with no further information required.

IV. Administrative Matters

The next meeting of the Board was scheduled for July 21 or August 18, 2016, depending on the availability of a quorum and the need to approve any matters.

V. Adoption of Minutes

Ms. German asked if there were any comments on the minutes from the May 19, 2016 meeting. There were no comments.

On a motion made by Ms. Perez and duly seconded, members voted unanimously to approve the May 19, 2016 minutes as presented in Exhibit C.

VI. Other Business

None.

Ms. German determined that there was no further business to come before the board. On a motion made by Ms. Perez, members *voted* unanimously to adjourn. The meeting was adjourned at 11:40 am.

Jennifer Sullivan, Acting Secretary

