



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  
Meeting: August 18, 2016, 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, August 18, 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 11:04 am.

**Board members comprising a physical quorum:**

Lourdes German (Chair), Lincoln Institute  
Supreo Ghosh, Office of the State Treasurer  
Sue Perez, Office of the State Treasurer

**Others in attendance:**

June Matte, PFM Group  
Lori Hindle, PFM Group  
John Regier, Mintz Levin  
Simon Gerlin, MDFA  
Paul Haley, Barclays  
Tom Graf, MEFA  
Elizabeth Fontaine, MEFA  
James Tansey, HPAO  
Jennifer Sullivan, A&F  
Drew Smith, Office of the State Treasurer  
Tori Kim, A&F  
Mark Attia, A&F

**1. Introduction of Attendees**

## **2. Adoption of Minutes**

- a. Ms. German asked if there were any comments on the minutes from the June 23, 2016 meeting. There were no comments.
- b. On a motion made by Ms. Perez and duly seconded, members voted unanimously to approve the June 23, 2016 minutes. (See, Exhibit I: Minutes from June 23, 2016).

## **3. Administrative Matters**

- a. Jennifer Sullivan introduced Mark Attia, Director of Debt Management and Special Finance Programs of the Executive Office for Administration & Finance. On a motion made by Ms. Perez and duly seconded, members voted unanimously to approve Mark Attia as the new Secretary of the State Finance and Governance Board effective August 18, 2016.
- b. The next meeting date was set for September 15, 2016.

## **4. Discussion**

- a. Tori Kim, Deputy General Counsel of the Executive Office for Administration and Finance, discussed the current initiative by A&F to modify and streamline State Finance and Governance Board Regulations (specifically, 978 CMR) and to formally promulgate the Board's role with the Secretary of State. Ms. Perez requested a copy of the redline version for review. Jennifer Sullivan ensured the board member that A&F will keep them updated on progress.
- b. Tori Kim also described a recent determination by A&F regarding MDFA as a conduit issuer of financing for charter schools. Ms. Kim advised the Board that it need not continue to review derivative financial transactions involving charter schools as these operate under license from the Commonwealth, but this license does not render them a "state entity" and no public money is at-risk.

## **5. Derivative Review**

- a. Simon Gerlin, CFO of MDFA, presented the preliminary details of a proposed interest rate swap currently under consideration by MDFA. Mr. Gerlin described the background and objectives of the swap arrangement including the anticipated costs. Mr. Simon expects that proposals by several banks will be reviewed by their Board of Directors in September. Ms. Sullivan stated that the State Finance and Governance Board does not have the authority to approve the transaction, rather certify that information has been made available to the board for review. Ms. Perez asked why MDFA does not choose to remain with a variable rate arrangement given the interest rate environment. Mr. Ghosh asked if other bank proposals were similarly competitive. Mr. Gerlin responded that the swap offers more certainty on rates at a low cost and does not introduce significant counter-party risk given the credit worthiness of the banks under consideration. Ms. Sullivan clarified that the Board may request that Mr. Gerlin present the terms of their final swap arrangement during the next meeting on September 15, 2016.
- b. Drew Smith, Deputy Assistant State Treasurer, presented for review the Commonwealth of Massachusetts College Opportunity Bonds, Series 2016, with Thomas Graf and Elizabeth Fontaine of MEFA in attendance. Mr. Smith presented Secretary Mark Attia with the

Certificate of the Secretary and Authorization Letter as required by regulations. Mr. Smith stated that the provisions of the College Opportunity Bond program, including the variable rate nature of the bonds, require Board review by statute. On a motion made by Ms. Perez and duly seconded, members voted unanimously that it has received satisfactory information regarding the proposed transaction. (See, Exhibit II: Bond Financing Programs)

#### **6. Waiver Request**

- a. Drew Smith, Deputy Assistant Treasurer, presented information of the recent bond sale program by the Commonwealth. Mr. Smith requested the SFGB approve a waiver from selling bonds on a competitive basis as market conditions are appropriate for selling bonds on a negotiated basis. The total waiver size is \$800 million for multiple transactions and will expire on January 20, 2017. Ms. German asked if the size of syndicated banks is sufficient to stimulate demand. Mr. Smith responded that the selling group is sizable. Ms. German read the request and a motion made by Ms. Perez was duly seconded and members voted unanimously to approve the waiver. (See, Exhibit III: Waiver from Presumption of a Competitively Bid Financing)

#### **7. Other Business**

#### **8. Adjournment**

- a. 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 11:45 am.

---

Mark Attia, Secretary