



THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE FOR
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Meeting Minutes

**State Finance and Governance Board
August 17, 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, August 17, 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 11:06 am.

Board members comprising a physical quorum:

Sue Perez, Office of the State Treasurer
Supreo Ghosh, Office of the State Treasurer
Brent Andersen, Pilgrim Bay

Others in attendance:

Anna Tanaglia, MassPort
John Regier, Mintz Levin
Brandon Wolanski, Barclays
Kathy Connolly, MassHousing
Drew Smith, Office of the State Treasurer
Kathleen Bramlage, Office of the State Treasurer

1. Introduction of Attendees

2. **Adoption of Minutes**

- I. On a motion made by Ms. Perez and duly seconded, members voted to approve the July 20, 2017 meeting minutes.

3. **Administrative Matters**

- I. The next meeting date was tentatively planned for Thursday, September 21, 2017, at 11:00 am.
- II. The Board discussed timing and procedures for submission of the Annual Report.

4. **Discussion**

- I. *No discussion requests scheduled.*

5. **Derivative Reviews**

- I. Ms. Bramlage from the Office of the State Treasurer presented the details of an upcoming General Obligation College Opportunity Bond transaction. The College Opportunity Bond program was established in 1995 as one of the first prepaid tuition programs in the country to assist families saving for college tuition and mandatory fees. The program was developed statutorily in conjunction with officials from Massachusetts Educational Financing Authority (MEFA), the Administration and the State Treasurer's Offices, as well as representatives from the higher education community. MEFA operates the program in partnership with nearly 80 Massachusetts public and private colleges and universities. These colleges and universities agree to lock-in tuition and mandatory fees at CPI plus 2% to assist participants. Parents (or a child's benefactor) can "lock-in tomorrow's tuition at today's prices" by purchasing Tuition Certificates. Tuition Certificates are backed by general obligation bonds of the Commonwealth and are guaranteed to cover a fixed percentage of tuition and mandatory fees in the year they mature regardless of how much tuition has increased since the time of purchase

There were no questions from the Board. On a motion made by Ms. Perez and duly seconded, the Board voted that it had received satisfactory information regarding the proposed College Opportunity Bond transaction involving a new derivative financial product by the Commonwealth for the College Opportunity Bond program and deemed the submission consistent with the regulations.

6. **Waiver Request**

- I. Ms. Bramlage from the Office of the State Treasurer presented the details of a request for a waiver from the presumption of a competitively bid bond issuance. Ms. Bramlage explained that the Commonwealth's use of SFGB waivers from competitive sales continues to be prudent, and approaches all transactions under the assumption that bonds will be sold on a competitive basis. However, when market conditions or the structure of the bonds warrant the flexibility of a negotiated sale, the Commonwealth has sought waivers from the requirements of Section 53 of Chapter 29 of the M.G.L. Due to the profile of the upcoming transaction that is expected to include a new money (and potentially a refunding) transaction for the Commonwealth Transportation Fund, the State Treasurer's Office has determined that a waiver from the requirement of a competitive sale is needed. To ensure that all negotiated

contingencies can be met in the near-term, the State Treasurer's Office requests a waiver from the presumption of competitive financings in the amount of \$750 million for new money and possible refunding transactions. The requested waiver will expire on January 31, 2018

There were no questions from the Board. On a motion made Ms. Perez and duly seconded, the Board voted to authorize the Commonwealth (i) to issue bonds in an aggregate amount of \$750,000,000 for refunding and/or new money issues in one or more series and in one or more transactions; (ii) to price the bonds in any such transactions on a date or dates no later than January 31, 2018; and (iii) to sell any such bonds on a negotiated basis.

7. Review of Closed Transactions:

- I. Ms. Tenaglia presented the details of a recently closed transaction on behalf of the Massachusetts Port Authority. The transaction of \$169,500,000 revenue bonds, series 2017-A, consisting of current refunding of Series 2007-C fixed rate bonds and a current refunding of series 2010-D variable rate bonds. In addition MassPort issued \$91 million in new money on July 12, 2017. The bond sale will fund the Terminal B Optimization Project.

Ms. Perez asked if MassPort partners with airlines to manage renovations. Ms. Tenaglia responded that the Terminal B project is being led by MassPort. Mr. Andersen asked if the capital plan extends to work beyond these described areas in Boston. Ms. Tenaglia responded that Hanscom and Worcester air fields are included in the strategic plan.

8. Adjournment

- I. Mr. Andersen determined that there was no further business to come before the Board. On a motion made by Ms. Perez, members voted to adjourn. The meeting was adjourned at 11:35 am.

Mark Attia, Secretary