

MEMORANDUM

TO: Board of Directors
FROM: Maureen Valente, Chief Executive Officer and John K. McCarthy, Executive Director / Deputy CEO
DATE: January 11, 2016
RE: MSBA Debt Management Policy Update

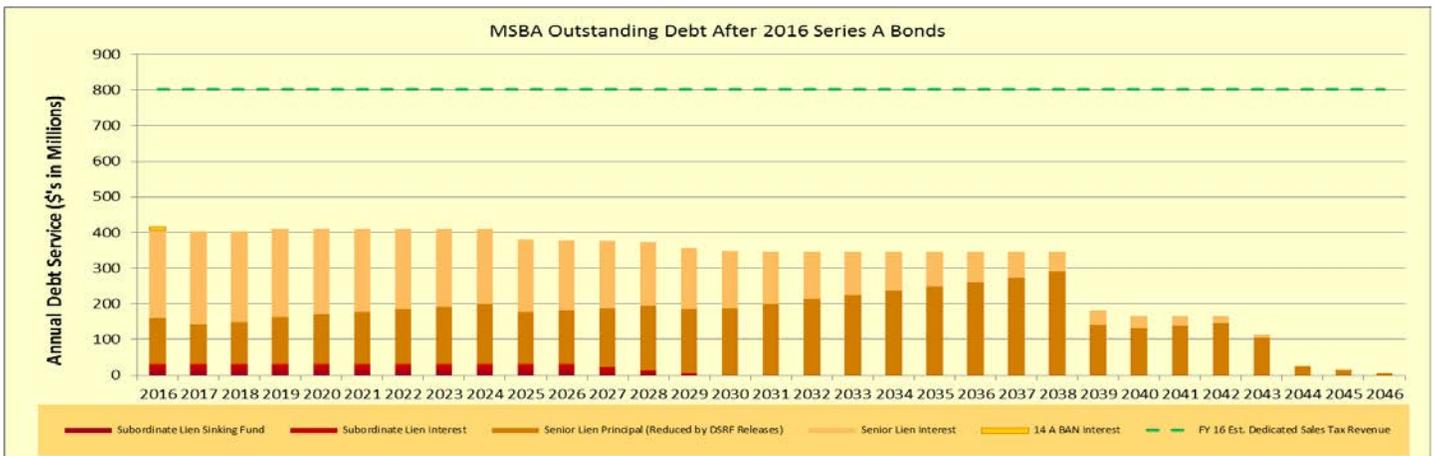
The State Finance Governance Board (“SFGB”) regulations 976 CMR 2.01-2.08 require certain Massachusetts entities issuing debt to periodically approve and file a debt management policy with the SFGB. The regulations require that the governing board of the issuer formally adopt the policy every two years. The MSBA’s Board of Directors (“Board”) voted to adopt the Authority’s current debt management policy at the March 2014 Board meeting. The SFGB regulations require issuers to file the debt management policies in even-numbered years beginning in 2012.

Staff has reviewed the current policy and policies of other issuers. At this time staff feels the current policy meets the needs of the Authority. The attached version of the MSBA’s Debt Management Policy reflects changes in debt statistics caused by issuance over the past two years and the passage of time. There are no recommendations for changes in policy.

Data included in the Debt Management Policy are the following:

- MSBA debt outstanding data as of January 20, 2016
- Final maturity date of current debt
- Size of debt issues
- Number of series of debt issued on senior and subordinate lien
- Debt receiving financial assistance from the federal government.

Following the issuance of the 2016 Series A Bonds, the aggregate Maximum Annual Debt Service (‘MADS’) is \$411,455,687, and senior MADS is \$381,604,649. FY 2021 is the MADS year for both calculations. The chart below shows the estimated FY SMART fund amount of \$800.8 million compared to the outstanding bonds (and BAN interest) after giving effect to the defeasance, 2015 Series C, 2015 Series D, and 2016 Series A bonds.



Staff will continue to review the MSBA’s Debt Management Policy on an annual basis to ensure that the policy continues to include key aspects of effective debt management.

Staff recommends the Board formally vote to adopt the attached Debt Management Policy. Staff will file the updated policy with the SGFB, prior to March 31, following an affirmative vote of the Board.