



Charles D. Baker, Governor  
Karyn E. Polito, Lieutenant Governor  
Stephanie Pollack, MassDOT Secretary & CEO



## **MINUTES**

### **Joint Meeting of the MassDOT Board of Directors with the Fiscal and Management Control Board**

**February 10, 2016**

At the call of the Chair Pollack, a joint meeting of the Board of Directors of the Massachusetts Department of Transportation and the Fiscal and Management Control Board was called to order at 1:20 p.m. at the State Transportation Building in the MassDOT Board Room, suite 3830, Boston, Massachusetts.

Those present were Secretary Pollack, Chair, Directors Ruth Bonsignore, Betsy Taylor, Lisa Calise, Russell Gittlen, Dean Mazzarella, Joseph Sullivan and Steven Poftak, being a quorum of the Board of Directors of the Massachusetts Department of Transportation.

Also present were the members of the Fiscal and Management Control Board, Chairman Joseph Aiello and Director Brian Lang, as well as Directors Lisa Calise and Steven Poftak, who also serve as members of the Massachusetts Department of Transportation Board.

Also present were General Manager Frank DePaola, Chief Administrator Brian Shortsleeve, General Counsel John Englander, Registrar Erin Deveney, Aeronautics Administrator Jeff DeCarlo, Highway Administrator Tom Tinlin, Rail

& Transit Administrator Astrid Glynn, GLX Project Manager Jack Wright and Owen Kane, Senior Counsel to the Board.

Next Chair Pollack opened up the public comment period.

The first speaker was James O'Brien, President/Business Agent for the Carmen's Union, Local 589 who spoke on behalf of the employees of the Money Room who were in jeopardy of losing their jobs because of the possibility of privatization efforts. He asked the Board not to move forward with the privatization of the Money Room.

Next, Patrick Hogan from Local 589 spoke against privatization of the Money Room.

Next, Antoinette Hobbs, Samantha Mills, Alix Ambroise, Bill Cullity, and Marilyn Barclay, all employees in the Money Room spoke against privatization efforts of the Money Room.

Next, Louise Baxter from the TRU spoke against outsourcing jobs and the lack of advertising of the public meetings.

Next, Lou Antonellis from Local 103 spoke against the privatization of the Money Room.

Next, Lee Matsueda from ACE and Carolyn Casey from the TRU spoke against the fare increase.

Next, Stephen Kaiser, citizen engineer spoke about transit capacity.

Next, Wig Zamore from ROC spoke against the fare increase and the Green Line capacity.

The last speaker, Steve Tolman, president of the Massachusetts AFL-CIO spoke against privatization at the MBTA.

Next, Chairman Aiello gave the update of the Fiscal and Management Control Board to the MassDOT Board of Directors, as set forth in the attached document labeled "FMCB Update to MassDOT Board – J. Aiello, 2/10/16."

Next, the Chair moved to agenda item #2, an update of the Green Line Extension project (GLX). Jack Wright, the interim project manager of the GLX began the discussion, as set forth in the attached presentation labeled "GLX Evaluation, February 10, 2016." Jamey Tesler, Assistant General Manager for Procurement and Contract Management contributed to the GLX discussion concerning the design/build manual to be submitted to the Inspector General.

Next, Secretary Pollack asked staff to present agenda item #3 and discuss the development of the Capital Investment Plan. Thom Dugan, Senior Director of Capital Budget began the discussion, and Michelle Ho, Deputy CFO and Steve Woelfel, Director of Strategic Initiatives contributed to the discussion, as set forth in the attached presentation labeled "Massachusetts Department of Transportation Joint Board Meeting, February 10, 2016."

Chairman Aiello departed the meeting at 3:35pm.

Next, Chair Pollack skipped to agenda item 10 and asked Beth Pellegrini, Director of Debt Management to discuss the renewal and substitution of the 2010 Metro Highway System variable rate demand obligations liquidity facilities. On

motion duly made and seconded by the MassDOT Board of Directors only, it was;

VOTED :

RESOLUTION

WHEREAS, the Massachusetts Department of Transportation (the "Department") issued its \$100,000,000 Metropolitan Highway System Revenue Bonds (Senior), Variable Rate Demand Obligations, 2010 Series A-1 (the "Senior A-1 Bonds"), \$107,665,000 Metropolitan Highway System Revenue Bonds (Senior), Variable Rate Demand Obligations, 2010 Series A-2 (the "Senior A-2 Bonds"), \$43,625,000 Metropolitan Highway System Revenue Bonds (Subordinated), Commonwealth Contract Assistance Secured, Variable Rate Demand Obligations, 2010 Series A-1 (the "Subordinated A-1 Bonds"), \$83,100,000 Metropolitan Highway System Revenue Bonds (Subordinated), Commonwealth Contract Assistance Secured, Variable Rate Demand Obligations, 2010 Series A-2 (the "Subordinated A-2 Bonds"), \$92,845,000 Metropolitan Highway System Revenue Bonds (Subordinated), Commonwealth Contract Assistance Secured, Variable Rate Demand Obligations, 2010 Series A-3 (the "Subordinated A-3 Bonds"), \$92,845,000 Metropolitan Highway System Revenue Bonds (Subordinated), Commonwealth Contract Assistance Secured, Variable Rate Demand Obligations, 2010 Series A-6 (the "Subordinated A-6 Bonds"), and its \$94,230,000 Metropolitan Highway System Revenue Bonds (Subordinated), Commonwealth Contract Assistance Secured, Variable Rate Demand Obligations, 2010 Series A-7 (the "Subordinated A-7 Bonds" and collectively, with the Senior A-1 Bonds, the Senior A-2 Bonds, the Subordinated A-1 Bonds, the Subordinated A-2 Bonds, the Subordinated A-3 Bonds and the Subordinated A-6 Bonds, the "Bonds") on April 10, 2010 in the case of the Subordinated A-1 Bonds, the Subordinated A-2 Bonds, the Subordinated A-3 Bonds, the Subordinated A-6 Bonds and the Subordinated A-7 Bonds, and on May 27, 2010, in the case of the Senior A-1 Bonds and Senior A-2 Bonds, for the purpose of refinancing bonds previously issued by the Massachusetts Turnpike Authority, predecessor to the Department;

WHEREAS, the payment of principal of and interest on the Senior A-1 Bonds is secured by a letter of credit (the "Senior A-1 Letter of Credit") issued by Citibank, N. A. ("Citibank");

WHEREAS, the Senior A-2 Bonds currently bear interest at an Index Rate and are owned by Wells Fargo Municipal Capital Strategies, LLC ("Wells Fargo");

WHEREAS, the payment of principal of and interest on the Subordinated A-1 Bonds is secured by a standing letter of credit (the "Subordinated A-1 Letter of Credit") issued by The Bank of New York Mellon ("BNY");

WHEREAS, the payment of principal of and interest on the Subordinated A-2 Bonds is secured by a standby bond purchase agreement (the "Subordinated A-2 SBPA") issued by The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch ("BTMU");

WHEREAS, the Department has previously entered into remarketing agreements with respect to the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the members of the Board of the Department, pursuant to the Act, as follows:

Section 1. The Department hereby approves the extension of the Senior A-1 Letter of Credit on such terms and conditions as the Chairman, the Secretary and Chief Executive Officer or the Chief Financial Officer of the Department (each, an "Authorized Officer"), acting singly, shall determine to be appropriate, and the Department hereby authorizes the execution and delivery by any Authorized Officer, acting singly, of any and all documents as such Authorized Officer shall determine to be appropriate in connection with such extension, including, without limitation, (i) any amendments to the Fee Letter Agreement between the Department and Citibank relating to the Senior A-1 Letter of Credit and (ii) any other agreement or instrument guaranteeing, securing or otherwise relating to the document described in clause (i) as any such Authorized Officer shall determine to be appropriate, and the execution thereof by such Authorized Officer or Officers shall be conclusive as to such determination.

Section 2. With respect to the Senior A-2 Bonds, the Department hereby authorizes the conversion of the Senior A-2 Bonds to bear interest at the Weekly Interest Rate, as defined in the Metropolitan Highway System Trust Agreement dated as of September 1, 1997, as heretofore amended and supplemented, and in connection therewith, to (i) terminate the Continuing Covenant Agreement dated as of June 1, 2013 (the "CCA"), between the Department and Wells Fargo and (ii) obtain a direct-pay letter of credit (the "Senior A-2 Letter of Credit") to be provided by Barclays Bank PLC, acting through its New York Branch ("Barclays") for the Senior A-2 Bonds, and the Department hereby authorizes the execution and delivery by any of the Chairman, the Secretary and Chief Executive Officer and Chief Financial Officer of the Department (each an "Authorized Officer"), acting singly, of (y) a reimbursement agreement between the Department and Barclays pursuant to which Barclays will issue the Senior A-2 Letter of Credit in such form and otherwise containing such terms and conditions as any Authorized Officer, acting singly, shall determine to be appropriate, the execution of such reimbursement agreement by such Authorized Officer to be conclusive evidence that the form and terms of such reimbursement agreement and the Senior A-2 Letter of Credit

were deemed appropriate, and (z) any other documents, certificates and other instruments which may be advisable, convenient or necessary to obtain the Senior A-2 Letter of Credit, including without limitation any fee letter agreement, offering memorandum or remarketing circular.

Section 3. The Department hereby approves the substitution of a standby bond purchase agreement to be provided by TD Bank, N.A. (the “Substitute A-1 Liquidity Facility”) for the Subordinated A-1 Letter of Credit, and the Department hereby authorizes the execution and delivery by any Authorized Officer, acting singly, of (i) the Substitute A-1 Liquidity Facility in such form and otherwise containing such terms and conditions as any Authorized Officer, acting singly, shall determine to be appropriate, the execution of the Substitute A-1 Liquidity Facility by such Authorized Officer to be conclusive evidence that the form and terms of the Substitute A-1 Liquidity Facility were deemed appropriate, and (ii) any other documents, certificates and other instruments which may be advisable, convenient or necessary to effect the substitution of the Substitute A-1 Liquidity Facility for the Subordinated A-1 Letter of Credit, including without limitation any fee letter agreement, offering memorandum or remarketing circular.

Section 4. The Department hereby approves the substitution of a standby bond purchase agreement to be provided by Landesbank Hessen-Thüringen Girozentrale, acting through its New York Branch (the “Substitute A-2 Liquidity Facility”) for the Subordinated A-2 SBPA, and the Department hereby authorizes the execution and delivery by any Authorized Officer, acting singly, of (i) the Substitute A-2 Liquidity Facility in such form and otherwise containing such terms and conditions as any Authorized Officer, acting singly, shall determine to be appropriate, the execution of the Substitute A-2 Liquidity Facility by such Authorized Officer to be conclusive evidence that the form and terms of the Substitute A-2 Liquidity Facility were deemed appropriate, and (ii) any other documents, certificates and other instruments which may be advisable, convenient or necessary to effect the substitution of the Substitute A-2 Liquidity Facility for the Subordinated A-2 SBPA, including without limitation any fee letter agreement, offering memorandum or remarketing circular.

Section 5. The Department hereby approves the substitution of the existing remarketing agents for the Senior A-1 Bonds, Subordinated A-1 Bonds, Subordinated A-2 Bonds and the Subordinated A-7 Bonds and engaging a new Remarketing Agent for the Senior A-2 Bonds and the amendment of the existing remarketing agreements pertaining to the Subordinated A-3 Bonds and Subordinated A-6 Bonds, and the Department hereby authorizes the execution and delivery by any Authorized Officer, acting singly, of (i) remarketing agreements, in such form and otherwise containing such terms and conditions as any Authorized Officer, acting singly, shall determine to be appropriate, with (a) Citigroup Global Markets Inc. with respect to the Senior A-1 Bonds, (b) Wells Fargo Securities, LLC with respect to the Senior A-2 Bonds and Subordinated A-2 Bonds and (c) TD Securities (USA) LLC with respect to the Subordinated A-1 Bonds and

Subordinated A-7 Bonds, (ii) any other documents, certificates and other instruments which may be advisable, convenient or necessary to effect the substitution of the remarketing agents, including without limitation any offering memorandum or remarketing circular, and (iii) amendments to the existing remarketing agreements with Merrill Lynch, Pierce, Fenner & Smith Incorporated with respect to the Subordinated A-3 Bonds and Subordinated A-6 Bonds.

Section 6. Each Authorized Officer, acting singly, is hereby further authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by this vote.

Section 7. This resolution shall take effect immediately.

Next, Ms. Pellegrini presented agenda item #12, the approval of the MassDOT amended debt issuance and management policy and updated interest rate swap policy.

On motion duly made and seconded by the MassDOT Board of Directors only, it was;

**VOTED:**

That the Board of Directors approves the Debt Issuance and Management Policy in the form presented to this meeting; and that the Chief Financial Officer or his designee is hereby authorized and directed to submit the same in the name and on behalf of the Massachusetts Department of Transportation, to the Commonwealth's Finance Advisory Board in accordance with 976 CMR 2.04.

Next, Ms. Pellegrini presented agenda item #11, the amendments and substitution for the 2010 Metro Highway System variable rate demand obligation remarketing agent.

On motion duly made and seconded by the MassDOT Board of Directors only, it was;

**VOTED:**

That the Board of Directors approves the Interest Rate Swap Management Policy in the form presented to this meeting; and that the Chief Financial Officer or his designee is hereby authorized and directed to submit the same in the name and on behalf of the Massachusetts Department of Transportation, to the Commonwealth's Finance Advisory Board in accordance with 976 CMR 2.04.

Secretary Pollack moved to adjourn the meeting and take up the items not addressed at this meeting at a future MassDOT meeting.

After motion duly made and seconded,

By roll call:

Chair Pollack	yes
Director Bonsignore	yes
Director Calise	yes
Director Gittlen	yes
Director Mazzearella	yes
Director Poftak	yes
Director Sullivan	yes
Director Taylor	yes

**VOTED: to adjourn at 3:38**