

## Replay Information

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Please note that a replay of the investor broadcast associated with the following slides is available. The replay can be accessed by following the link below and will remain available until November 9, 2017.

<http://munios.com/live/CommonwealthMANov2016>

The full slide deck for this call is found in the pages below. These slides as well as those of prior investor calls may also be accessed by visiting the Investor and Rating Agency Presentation Archive on the Commonwealth's investor website at:

[www.massbondholder.com](http://www.massbondholder.com)



# The Commonwealth of Massachusetts Bond Financing Programs

November 9, 2016  
Commonwealth Credit Review



# Disclaimer

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This presentation has been prepared by the Commonwealth of Massachusetts to provide summary information relative to the general obligation credit of the Commonwealth. The presentation is incomplete. The presentation is not part of the Commonwealth's Information Statement (Information Statement) and is qualified in all respects by reference to the most recently updated Information Statement that has been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system.

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# TREASURER

# DEBORAH B. GOLDBERG



# Economic Update – Statistical Overview

	<u>Massachusetts</u>	<u>United States</u>
<b><u>Population</u></b>		
July-15 Estimated 5-year percent change	3.5%	3.9%
<b><u>Personal Income, Consumer Prices, Poverty</u></b>		
2015 Per Capita Personal Income	\$62,603	\$48,112
2015 Average Annual Pay, All Industries	\$66,692	\$52,942
2014-15 Annual Percent Change in CPI-U	0.6%	0.1%
Sep-15 to Sep-16 Annual Percent Change in CPI-U	2.3%	1.5%
2015 Poverty Rate	11.5%	14.7%
2015 Average Weekly Earnings, Manufacturing Production	\$893	\$832
Annual Percent Change (2014-2015)	1.7%	1.1%
<b><u>Employment</u></b>		
July-15 to July-16 Percent Change in Nonfarm Employment	2.0%	1.7%
2015 Average Annual Unemployment Rate	5.0%	5.3%
Sep-16 Unemployment Rate	3.5%	4.8%
<b><u>Education</u></b>		
2014 Expenditure Per Pupil K-12, Public	\$15,105	\$11,022
2015 Percent of Adults with at least a Bachelor's Degree	41.5%	30.6%
<b><u>Economic Base and Performance</u></b>		
2014-15 Percent Change in Gross Domestic Product	2.0%	2.4%
2014-15 Percent Change in International Exports	-7.8%	-7.4%
2014-15 Percent Change in Authorized Housing Permits	20.3%	13.0%

Source: UMASS Donahue Institute



# Economic Update – Unemployment

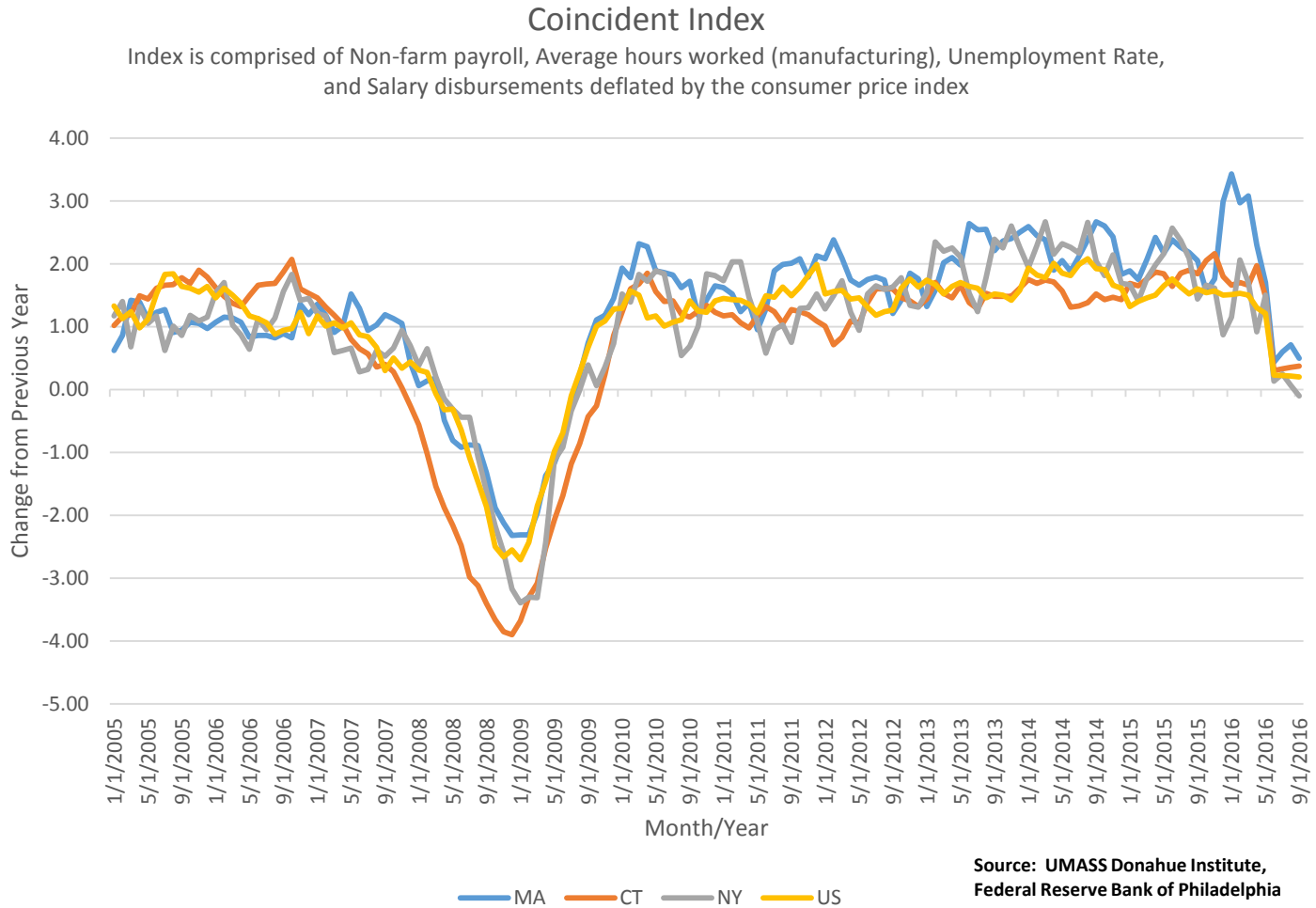
Average Annual Unemployment Rate  
Massachusetts, New England and United States



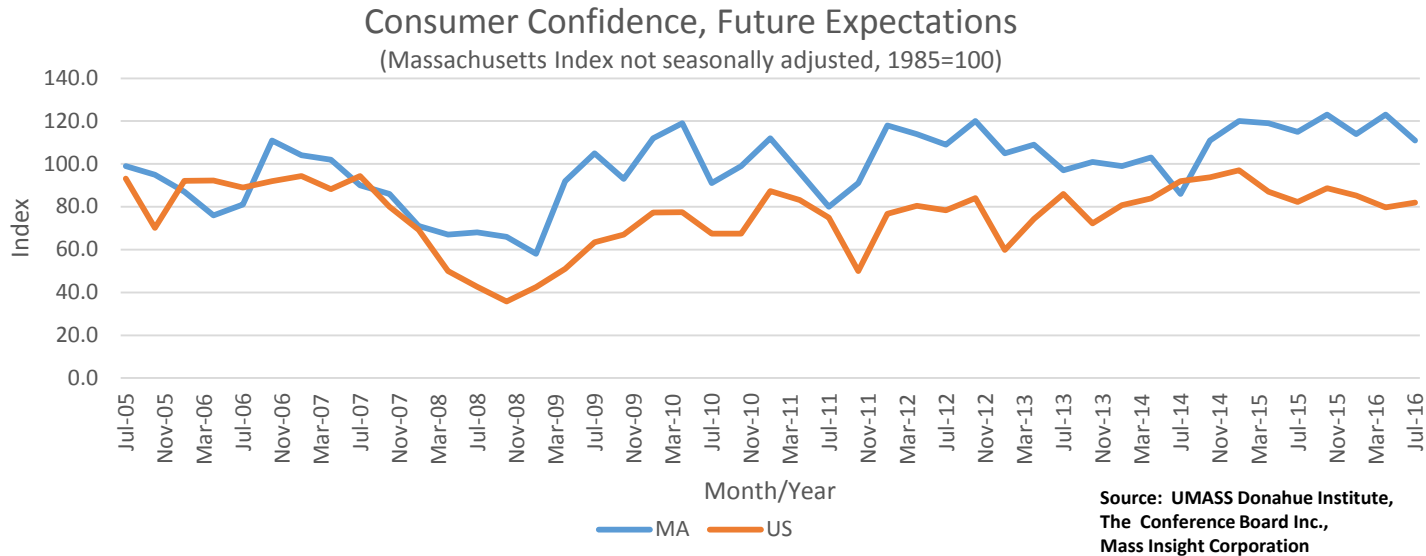
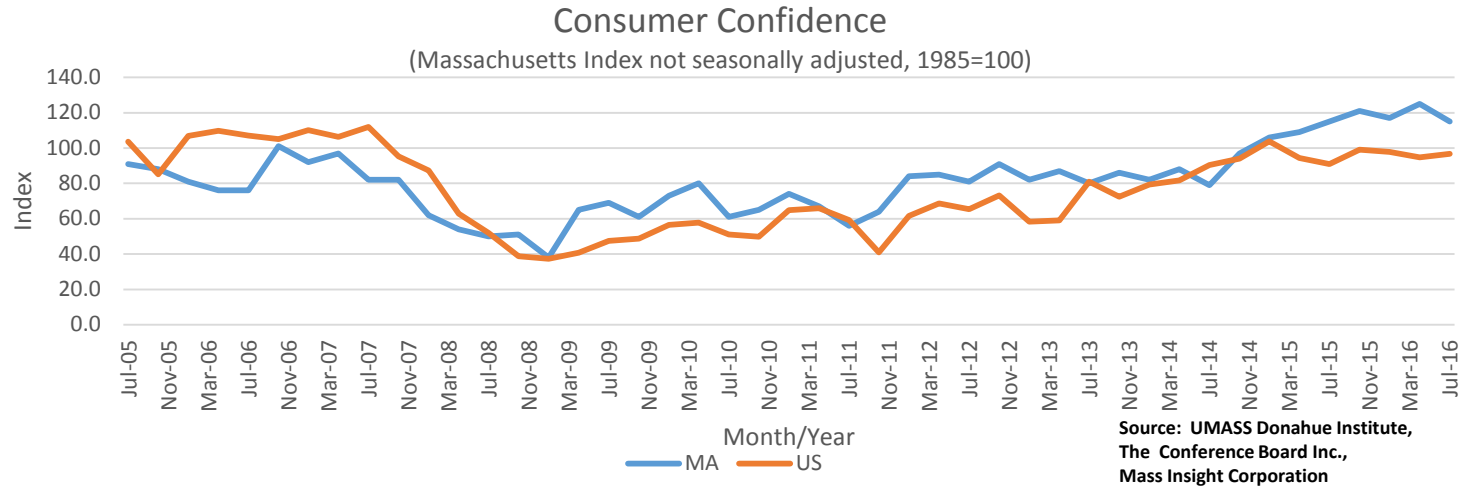
Source: UMASS Donohue Institute,  
US Dept of Labor, Bureau of Labor Statistics



# Economic Update – Coincident Index



# Economic Update – Consumer Confidence





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# Department of Revenue

**Kazim P. Özyurt**

*Chief Economist*

*Director, Office of Tax Policy & Analysis*



## Recap of FY16 Revenue Performance:

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- Excluding “tax-related” settlements of \$155.3M, FY16 tax revenues totaled \$25.269 billion..... increase \$551.7 million, or 2.2% over FY15.....\$482 million below the revised benchmark
- The most of the revenue shortfall occurred in the second half of the fiscal year 2016
  - primarily in the income category
  - reflecting the effects of volatility in financial markets →
    - lower than anticipated investment-related income
    - higher than anticipated refunds,
    - lower than anticipated payments with returns and estimated payments
  - shortfall in income tax and sales/use tax was only partly offset by surplus in corporate & business tax, and all other taxes



# Recap of FY16 Revenue Performance:

	----- Month of June -----					----- FY16 Year-to-Date -----					FY16 Full Year Benchmark
	06/16 Collections	06/16 v. 06/15 \$ Change	06/16 v. 06/15 Actual % Change	06/16 v. 06/15 Baseline % Change	06/16 \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.751 Billion	06/16 FY16 YTD Collections	06/16 FY16 YTD \$ Change	06/16 FY16 YTD Actual % Change	06/16 FY16 YTD Baseline % Change	FY16 YTD \$ Above/(Below) Benchmark Based on FY16 Estimate of \$25.751 Billion	
<b>Income - Total</b>	<b>1,346</b>	<b>(20)</b>	<b>-1.4%</b>	<b>-4.2%</b>	<b>(99)</b>	<b>14,394</b>	<b>19</b>	<b>0.1%</b>	<b>1.1%</b>	<b>(475)</b>	<b>14,868</b>
Income Withholding	892	35	4.1%	0.0%	(44)	11,427	364	3.3%	4.3%	(57)	11,484
Income Est. Payments (Cash)	483	(41)	-7.9%	-6.0%	(31)	2,511	(42)	-1.7%	-0.6%	(127)	2,638
Income Returns/Bills	63	(1)	-0.9%	-20.0%	(12)	2,043	(140)	-6.4%	-6.6%	(172)	2,215
Income Refunds (Cash)	92	13	16.0%	16.0%	12	1,585	163	11.5%	11.5%	120	1,465
<b>Sales &amp; Use - Total</b>	<b>533</b>	<b>1</b>	<b>0.1%</b>	<b>-0.2%</b>	<b>(37)</b>	<b>6,055</b>	<b>280</b>	<b>4.9%</b>	<b>4.8%</b>	<b>(108)</b>	<b>6,162</b>
Sales - Regular	358	(1)	-0.2%	-1.1%	(25)	4,157	170	4.3%	4.1%	(69)	4,226
Sales - Meals	96	3	2.7%	1.7%	(6)	1,064	65	6.5%	6.9%	(6)	1,070
Sales - Motor Vehicles	79	(1)	-1.3%	2.1%	(6)	834	45	5.7%	5.7%	(33)	867
<b>Corporate &amp; Business - Total</b>	<b>537</b>	<b>12</b>	<b>2.2%</b>	<b>2.3%</b>	<b>(11)</b>	<b>2,548</b>	<b>128</b>	<b>5.3%</b>	<b>5.8%</b>	<b>64</b>	<b>2,484</b>
<b>All Other</b>	<b>222</b>	<b>(12)</b>	<b>-5.3%</b>	<b>-6.4%</b>	<b>(23)</b>	<b>2,273</b>	<b>124</b>	<b>5.8%</b>	<b>5.2%</b>	<b>36</b>	<b>2,237</b>
<b>Total Tax Collections</b>	<b>2,637</b>	<b>(20)</b>	<b>-0.7%</b>	<b>-2.3%</b>	<b>(170)</b>	<b>25,269</b>	<b>551.7</b>	<b>2.2%</b>	<b>2.8%</b>	<b>(482)</b>	<b>25,751</b>

*Tax-Related Settlements & Judgments Exceeding \$10 Million Each* (NOT included in the June and YTD collections figures above. June and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).

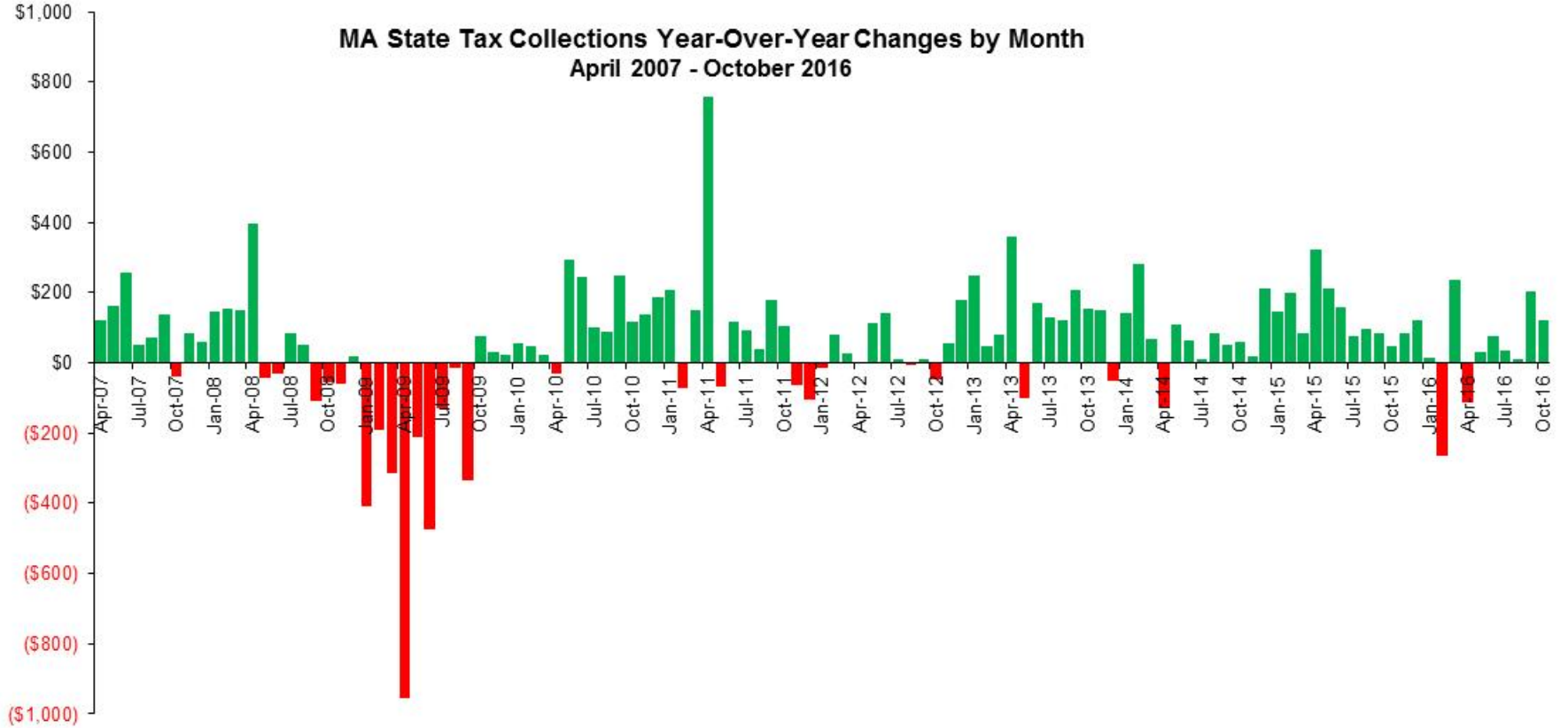
128.4

155.3

<b>Total Tax Collections</b> (Including tax-related settlements & judgments)	2,765	77	2.9%	1.4%		25,425	492	2.0%	2.5%	
<b>Corporate &amp; Business - Total</b> (Including tax-related settlements & judgments)	665	109	19.6%	19.7%		2,703	143	5.6%	6.1%	
<b>Income Returns/Bills</b> (Including tax-related settlements & judgments)	63	(1)	-0.9%	-20.0%		2,043	(214)	-9.5%	-9.7%	



# Monthly year-over-year changes in collections:



# FY17 Year-to-Date (October) Tax Collections Update

## October 2016 Tax Collection Summary (in \$ millions) (Preliminary as of November 3, 2016)

	----- Month of October -----					----- FY17 Year-to-Date -----				
	10/2016 Collections	10/2016 v. 10/2015 \$ Change	10/2016 v. 10/2015 Actual % Change	10/2016 v. 10/2015 Baseline % Change	10/2016 \$ Above/(Below) Benchmark Based on FY17 Estimate of \$26.231 Billion	10/2016 FY17 YTD Collections	10/2016 FY17 YTD \$ Change	10/2016 FY17 YTD Actual % Change	10/2016 FY17 YTD Baseline % Change	FY17 YTD \$ Above/(Below) Benchmark Based on FY17 Estimate of \$26.056 Billion
<b>Income - Total</b>	<b>1,003</b>	<b>71</b>	<b>7.6%</b>	<b>4.5%</b>	<b>43</b>	<b>4,434</b>	<b>186</b>	<b>4.4%</b>	<b>3.8%</b>	<b>43</b>
Income Withholding	960	129	15.5%	8.2%	62	3,788	285	8.1%	6.7%	62
Income Est. Payments (Cash)	41	(12)	-22.4%	-21.4%	(11)	625	(59)	-8.6%	-7.6%	(11)
Income Returns/Bills	92	(11)	-10.9%	-10.9%	(5)	208	(2)	-0.9%	-0.9%	(5)
Net Income Refunds	90	35	62.0%	6.7%	3	187	38	25.3%	13.6%	3
<b>Sales &amp; Use - Total</b>	<b>536</b>	<b>15</b>	<b>2.9%</b>	<b>2.3%</b>	<b>(2)</b>	<b>2,128</b>	<b>51</b>	<b>2.5%</b>	<b>1.5%</b>	<b>(2)</b>
Sales - Regular	370	17	4.7%	3.1%	3	1,433	38	2.7%	1.0%	3
Sales - Meals	98	5	5.6%	6.0%	1	404	16	4.1%	4.3%	1
Sales - Motor Vehicles	68	(6)	-8.6%	-5.8%	(7)	291	(3)	-1.0%	0.1%	(7)
<b>Corporate &amp; Business - Total</b>	<b>59</b>	<b>43</b>	<b>275.6%</b>	<b>180.7%</b>	<b>47</b>	<b>660</b>	<b>114</b>	<b>20.9%</b>	<b>14.8%</b>	<b>47</b>
<b>All Other</b>	<b>189</b>	<b>(6)</b>	<b>-3.3%</b>	<b>-2.7%</b>	<b>(9)</b>	<b>748</b>	<b>5</b>	<b>0.6%</b>	<b>1.3%</b>	<b>(9)</b>
<b>Total Tax Collections</b>	<b>1,787</b>	<b>123</b>	<b>7.4%</b>	<b>4.7%</b>	<b>79</b>	<b>7,971</b>	<b>356</b>	<b>4.7%</b>	<b>3.7%</b>	<b>79</b>
<i>Tax-Related Settlements &amp; Judgments Exceeding \$10 Million Each</i> (NOT included in the October and YTD collections figures above. October and YTD benchmarks DO NOT assume such large settlements and judgments exceeding \$10 million each).										
	<b>0.0</b>					<b>13.5</b>				
<b>Total Tax Collections</b> (Including tax-related settlements & judgments)	1,787	123	7.4%	4.7%		7,984	370	4.9%	3.9%	
<b>Corporate &amp; Business - Total</b> (Including tax-related settlements & judgments)	59	43	275.6%	180.7%		674	128	23.3%	17.2%	
<b>Income Returns/Bills</b> (Including tax-related settlements & judgments)	92	(11)	-10.9%	-10.9%		208	(2)	-0.9%	-0.9%	



# FY17 Year-to-Date (October) Tax Collections Update

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- Year-to-Date (October) – moderate growth
- Excluding tax related settlements and judgments exceeding \$10 million each:
  - October total: \$1.787 billion
  - +\$123 million, or 7.4%, from the same period in fiscal 2016
    - \$79 million above October benchmark
    - *above benchmark performances in income tax withholding payments and corporate & business tax collections*

*offset by*

- *lower than expected income tax cash estimated payments, income tax returns/bills, sales tax collections (particularly motor vehicle sales tax), and*
- *slightly more than expected income tax cash refunds*



## FY17 Year-to-Date (October) Tax Collections Update

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- **Withholding:** \$3,788M, +\$285M, +8.1% actual, +6.7% baseline, \$62M above benchmark.
- **Income tax cash estimated payments:** \$625M, -\$59M, -8.6% actual, -7.6% baseline, \$11M below benchmark.
- **Income tax payments with bills and returns:** \$208M, -\$2M, -0.9% actual & baseline, \$5M below benchmark.
- **Net Income tax refunds:** \$187M, +\$38M, +25.3% actual, +13.6% baseline, \$3M above benchmark.
- **Sales & use tax collections:** \$2.128M, +\$51M, 2.5% actual, +1.5% baseline, \$2M below benchmark.
- **Corporate and business tax collections:** \$660M, +\$114M, +20.9% actual, +14.8% baseline, \$47M above benchmark.
- **“All Other” tax categories (including estate tax):** \$748M, +\$5M, +0.6% actual, +1.3% baseline, \$9M below benchmark.



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# Executive Office for Administration & Finance

**Catharine Hornby**

*Assistant Secretary and  
Budget Director*

**Heath Fahle**

*Finance Director*

**Mark Attia**

*Director of Debt Management*





# Recent Developments

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- Statutory basis financial reports for fiscal year 2016 are now available.
- Centers for Medicare and Medicaid Services (CMS) approved an amended and extended Medicaid 1115 Demonstration (waiver) on November 4, 2016, which is effective until June 30 2022, authorizing more than \$52.4 billion for the MassHealth program over the next five years, including:
  - Approximately \$1.8 billion over five years of new Delivery System Reform Incentive Program funding to support restructuring from the current predominantly fee-for-service care model toward Accountable Care Organizations and value-based payments that include shared savings and risk;
  - Nearly \$6 billion of additional payments over five years to safety net providers, hospitals and community health centers that provide health care services through the Health Safety Net to the eligible uninsured and underinsured and additional federal matching funds for state funded subsidies to assist consumers who obtain coverage on the Health Connector;
  - Expanded recovery-focused substance use disorder services; and
  - Investments for strengthening the community-based health care system for behavioral health services and long-term services and supports.



# Fiscal Year 2017: Budget Process

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- The fiscal 2017 budget was approved by the Governor on July 8, 2016 and provided for spending of approximately \$38.92 billion, after accounting for \$264 million in line item vetoes.
- At the time of its approval the fiscal 2017 budget was \$489 million, or 1.3%, greater than fiscal 2016 estimated spending levels.
- An increase in the pension transfer was an additional \$226 million over fiscal 2016.
- Also on July 8, 2016, the Governor filed a supplemental budget proposing additional appropriations totaling \$177 million, net of offsetting revenues, for fiscal 2017 deficiencies.
- The Legislature passed overrides to the Governor's vetoes in the aggregate amount of \$219 million, net of offsetting revenues and increased caseload exposures.



# Fiscal Year 2017: Revenue

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- The revised fiscal 2017 consensus tax revenue estimate of \$26.231 billion (after overrides) resulted in approximately \$24.372 billion available for the budget after required transfers, and was \$620 million, or approximately 2.4% over the revised fiscal 2016 estimate.
- On October 14, 2016, the Secretary of Administrative and Finance revised the tax revenue projection downward by \$175 million to \$26.056 billion to reflect slower-than-expected growth in sales tax collections. Revised projected fiscal 2017 tax revenue growth was 1.73% over fiscal 2016.
- Preliminary tax revenues (including large tax-related settlements) for the first three months of fiscal 2017, ended September 30, 2016, totaled \$6.196 billion, an increase of approximately \$246.7 million, or 4.1% over the same period in fiscal 2016.
- In their presentation, the Department of Revenue will provide additional information on preliminary tax revenues through October and a more detailed discussion of the components of fiscal 2017 revenue results by tax category.
- The next statutory review date for tax revenues will be in December at the time of the consensus tax revenue hearings for fiscal 2018. The Executive Office for Administration and Finance and Department of Revenue will continue to monitor results in the interim.



# Fiscal Year 2017: Outlook

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- On October 14, 2016, the Secretary for Administration and Finance announced a budget shortfall of \$294 million, which reflected both the tax revenue reduction of \$175 million and non-discretionary spending obligations, approximately \$106 million of which had previously been recognized in the fiscal 2017 supplemental budget filed by the Governor in July.
- In response, the Secretary for Administration and Finance identified solutions to close the announced budget gap and authorized a Voluntary Separation Incentive Program to help achieve payroll related savings.
- Other budget solutions included use of unneeded trust balances, increased non-tax revenue, decreased transfers to the MBTA and MSBA and other savings.
- The Executive Office for Administration and Finance is tracking additional deficiencies, including approximately \$100 million in additional MassHealth spending net of projected reimbursements, and is in the process of identifying solutions within the MassHealth program to manage spending within appropriated amounts.
- The Executive Office for Administration and Finance will continue to monitor revenues and spending and will actively manage the Commonwealth's budget in fiscal 2017.
- The Secretary for Administration and Finance expects to implement additional measures to ensure that the Commonwealth's budget will achieve statutory balance.



# Fiscal Year 2018: Budget Process

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- State finance law requires the Legislature and the Governor to approve a balanced budget for each fiscal year.
- The Executive Office for Administration and Finance begins the process of preparing a state budget early in the fiscal year preceding the fiscal year for which the budget will take effect. Initial planning and modeling for the fiscal 2018 budget is already underway.
- On or before January 15 of each year, the Secretary of Administration and Finance is required to develop jointly with the House and Senate Committees on Ways and Means a consensus tax revenue forecast for the following fiscal year.
- The Department of Revenue and various economists will appear at a joint hearing on consensus revenue on or about December 5, 2016.
- On or about January 25, 2017, the Governor's budget will be submitted to the Legislature for their consideration.
- State finance law also requires the Secretary of Administration and Finance to present a triennial pension funding schedule to the Legislature in January, which will be based on the January 1, 2016 actuarial valuation.
- The Legislative budget process is expected to continue through the spring and early summer to result in a fiscal 2018 budget on or about the beginning of the new fiscal year.





# Office of the Comptroller

Thomas G. Shack, Comptroller

Howard Merkowitz, Deputy Comptroller



Investors' Conference Call  
November 9, 2016



# Comptroller's Obligation

- M.G.L. c. 7A – Independent and apolitical overseer of the Commonwealth's fiscal administration;
- As part of this responsibility we oversee the financial audits of the Commonwealth;
- Mission is to provide Accountability, Accuracy, and Clarity in state spending;
- CTHRU – New Transparency System for state spending and payroll accessible through our website – highly accessible and intuitive;
- More information about the Comptroller and our CTHRU system is available at: [www.mass.gov/comptroller](http://www.mass.gov/comptroller).



# Fiscal 2016 Statutory Basis Financial Report (SBFR)

- SBFR is presented on a budgetary or statutory basis – cash receipts and expenditures, including two months accounts payable and receivable period; excludes trust funds and most activity of so-called business-type activities such as unemployment and the Institutions of Higher Education
- Also excludes “component units” such as Massachusetts School Building Authority (MSBA), some of the Massachusetts Department of Transportation (MassDOT), and Massachusetts Development Finance Agency (MassDevelopment)
- SBFR determines whether the budget is balanced according to state finance law. Determines the calculation of the “consolidated net surplus” and the end of year transfer to the Stabilization Fund





# Fiscal 2016 Statutory Basis Financial Report (SBFR)

- FY16 budget ended in balance according to state finance law
- FY16 operating loss of \$89 million in the budgeted funds
- Budgeted fund ending balance of approximately \$1.482 billion
- Total budgeted fund revenue (prior to transfers between budgeted funds) increased by \$2.129 billion, or 5.6%, to \$40.37 billion
- Budgeted fund tax revenue up \$443 million, or 1.9%, from FY15, with healthy employment growth (above U.S. growth) offset by a decline in capital gains taxes.
- Budgeted fund expenditures and other uses (prior to transfers between budgeted funds) totaled \$40.45 billion, up \$2.34 billion, or 6.1%
  - Medicaid expenditures totaled \$14.851 billion, up \$1.196 billion, or 8.8% due to continuing implementation of the Affordable Care Act (ACA), increased enrollment and health care cost inflation.



# Fiscal 2016 Statutory Basis Financial Report (SBFR)

- Budgetary fund debt service down \$16 million from FY15, or 0.7%, but up \$97 million, 4.4%, after taking into account \$113 million in debt service paid from a non-budgeted fund capitalized with FY15 surplus revenues
- Between 6/30/15 and 6/30/16, number of FTEs declined by 1,547, to 86,213, primarily due to the 2,478 employees who took advantage of an early retirement program, and were required to be off the payroll on July 1, 2015.
- Net increase of \$39 million in Stabilization Fund balance in FY16
  - no withdrawals in FY16 and increases of \$12 million from investment earnings and \$27 million from deposit of growth in abandoned property revenues, the latter per a statutory requirement first triggered in FY16.



# Fiscal 2016 Statutory Basis Financial Report (SBFR)

- \$77 million deposit to the State Retirement Benefits Trust Fund (SRBTF) to fund Other Post Employment Benefits (OPEB)
  - 30% of tobacco master settlement proceeds received in FY16

## FY16 Stabilization Fund Activity (in \$ Thousands)

<b>Stabilization Fund Balance as of July 1, 2015</b>	<b>\$1,252,429</b>
Certain Lottery Withholding Taxes	744
Investment Earnings	11,241
Growth in Abandoned Property Revenues	27,100
<b>Stabilization Fund Balance as of June 30, 2016</b>	<b>\$1,291,514</b>



# Fiscal 2016 Comprehensive Annual Financial Report (CAFR)

- FY16 Comprehensive Annual Financial Report (CAFR) expected to be issued by December 31<sup>st</sup> this year
- Fund Perspective
  - Similar focus to the SBFR in terms of fund coverage, but also includes trust funds not covered in the SBFR, and MSBA is incorporated into the statements as a blended component unit.
  - Purpose is to measure a government's ability to meet obligations from currently available resources
  - Uses a “modified accrual” basis of accounting, which is GAAP compliant, and takes into account short-term accruals (within one year). No long-term accruals or capital assets, depreciation, or adjustment for pension or OPEB liabilities.



# Fiscal 2016 Comprehensive Annual Financial Report (CAFR)

- CAFR Government-Wide Perspective
  - Treats government according to accounting rules similar to private business
  - Includes business-type activities such as Unemployment Insurance and the Institutions of Higher Education within the Commonwealth's net position (formerly net assets)
  - Full accrual accounting for long-term assets and liabilities, including long-term debt, pensions, OPEB, capital assets, and compensated absences
  - Includes so-called "component units" such as MassDOT, Health Insurance Connector, and the Massachusetts Clean Water Trust, all of which have a close relationship to the Commonwealth



# Financial Information on Comptroller's and Related Web Sites

## Topic

- Statutory Basis Financial Report
- Comprehensive Annual Financial Report
- Pension Actuarial Valuations
- OPEB Actuarial Valuations
- Workers Comp Actuarial Valuations
- Stabilization Fund History

## Web Link

- <http://www.mass.gov/comptroller/publications-and-reports/financial-reports/sbfr.html>
- <http://www.mass.gov/comptroller/publications-and-reports/financial-reports/cafr-reports.html>
- <http://www.mass.gov/perac/forms-pubs/commonwealth-reports.html>
- <http://www.mass.gov/comptroller/publications-and-reports/financial-reports/valuations.html>
- <http://www.mass.gov/comptroller/publications-and-reports/financial-reports/valuations.html>
- <http://www.mass.gov/comptroller/publications-and-reports/research-and-statistics/commonwealth-stabilization-fund.html>

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# Office of the State Treasurer

## Debt / Capital Presentation

**Sue Perez**

*Assistant Treasurer  
for Debt Management*

**Drew Smith**

*Deputy Assistant Treasurer  
for Debt Management*



# Financing Update

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- The State Treasurer's Office (TRE) continues to issue debt periodically to fund the state's capital budget, following the guidelines of the Executive Office for Administration & Finance's (A&F) Debt Affordability Analysis.
- Since the August call, the Commonwealth has issued \$550 million 2016 Series G and \$282 million Refunding Series C GO Bonds as well as \$241 million 2016 Series A and Refunding Series A Commonwealth Transportation Fund Revenue Bonds, \$125 million Series A Federal Highway Grant Anticipation Notes and \$1.5 billion 2016 Series A, B, and C Revenue Anticipation Notes.
- **2016 Series G- \$550,000,000 GO Bonds**
  - Bonds issued to fund the Commonwealth's capital investment plan
  - Sold on a competitive basis on August 25, 2016 with award to Barclays
    - Series G \$550 million maturing 2031 – 2046, Avg Life of 24.0 yrs, All-In-TIC of 3.19%





# Financing Update

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- **2016 Refunding Series C - \$281,995,000 tax-exempt GO Bonds**
  - Bonds issued to advance refund certain existing debt for savings
  - Sold on a competitive basis on August 25, 2016 with award to Morgan Stanley
    - Refunding Series C maturities ranging from 2020 – 2026, Avg Life of 6.9 yrs, All-In-TIC of 1.29%, resulting in \$22 million in PV savings (7.4% of refunded par)
- **2016 Series A and Refunding Series A - \$240,785,000 Commonwealth Transportation Fund Bonds**
  - Bonds issued to fund certain capital expenditures under the Accelerated Bridge and Rail Enhancement Programs and also to advance refund certain existing debt for savings
  - Sold on a negotiated basis on September 29, 2016 with Morgan Stanley acting as senior manager
    - Series A and Refunding Series A maturities ranging from 2018 - 2041, Avg Life of 9.1 yrs, All-In-TIC of 1.64%, resulting in \$11.5 million in PV savings (10.1% of refunded par)



# Financing Update

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- **2016 Series A - \$125,410,000 Federal Highway Grant Anticipation Notes**
  - Bonds issued to fund certain capital expenditures under the Accelerated Bridge Program
  - Sold on a negotiated basis on September 29, 2016 with Morgan Stanley acting as senior manager
    - Series A maturities ranging from 2019 – 2027, Avg Life of 6.7 years, All-In-TIC of 1.84%
- **2016 Series A, B, and C - \$1,500,000,000 Revenue Anticipation Notes**
  - Notes issued to meet cash flow needs
  - Sold on a competitive basis on August 24, 2016
    - Avg Life for all three series of 0.73 years, All-In-TIC of 0.66%
  - \$500,000,000 mature on April 24, 2017
  - \$500,000,000 mature on May 22, 2017
  - \$500,000,000 mature on June 26, 2017



# Upcoming Transactions\*

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## Plan of Finance \*

Month	Par Amount	Structure	Type	Credit	Method of Sale
Nov-16	\$200 M	Fixed Rate Tax Exempt CTF (REP & ABP)	New Money	CTF	Competitive
Nov-16	\$600 M	Fixed-Rate Tax Exempt	New Money	GO	Competitive
Dec-16	\$188 M	Floating Rate Tax Exempt SIFMA Notes	Refunding	GO	Competitive
Mar-17	\$500 M	Fixed-Rate Tax Exempt	New Money	GO	Competitive
May-17	\$250 M	Fixed-Rate Tax Exempt CTF (REP & ABP)	New Money	CTF	Negotiated
Jun-17	\$525 M	Fixed-Rate Tax Exempt	New Money	GO	Competitive

\*Preliminary and subject to change



# Upcoming Deals

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- **2016 Series B Commonwealth Transportation Fund Revenue Bonds**
  - This transaction will be sold on a competitive basis on November 15, 2016
  - Bonds scheduled for delivery on November 22, 2016
  - Par amount of \$200,000,000, Maturities ranging from 2042-2046
- **2016 Series H & I GO Bonds**
  - This transaction will be sold on a competitive basis on November 30, 2016
  - Bonds scheduled for delivery on December 8, 2016
  - Total par amount of \$600,000,000
  - Maturities to be determined



# Upcoming Deals

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- **2017 Series A & B SIFMA Refunding Bonds**

- This transaction will be sold on a competitive basis on December 20, 2016
- Bonds issued to refund existing SIFMA debt (2013 Refunding Series A and 2014 Series E)
- Bonds scheduled for delivery on January 4, 2017
- Par amount of \$188,000,000
- Maturities to be determined



# Issuance Timeline\*

- The Commonwealth expects to sell its 2016 Series B CTF Revenue Bonds on November 15, 2016
- Current Information Statement and Preliminary Official Statement available at [www.massbondholder.com](http://www.massbondholder.com)

November						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

CTF Competitive Sale	15-Nov
CTF Closing Date	22-Nov

\* Preliminary, subject to change

Questions, please contact:	
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# Debt/Capital

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- Today's call represents the fourth and final investor call of 2016
- The Commonwealth will continue to hold investor calls approximately one week after each disclosure update throughout 2017
- For more information on the Commonwealth's financing programs, please contact either Sue Perez or Drew Smith

## **Sue Perez**

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# QUESTIONS

