



**MASSACHUSETTS BAY TRANSPORTATION AUTHORITY
MEETING OF THE AUDIT AND FINANCE SUBCOMMITTEE**

May 12, 2022 at 8:30 a.m.

This meeting was held virtually in accordance the law recently signed by the Governor permitting public bodies to continue to hold meetings remotely. Public participation and comment was available via written communication, voice message and live public comment through conference call.

This meeting was broadcast virtually.

BOARD MEMBERS PARTICIPATING: Chair Betsy Taylor, Director Scott Darling, and Director Mary Beth Mello

OTHERS PRESENT: Chief Counsel Kevin Scanlon, Noah Potash, Esq.

PRESENTERS PARTICIPATING REMOTELY: Director of Capital Program Planning Jillian Linnell, Chief Administrative Officer David Panagore, Treasurer Pat Landers, Chief Commercial Officer Elizabeth Winters Ronaldson, Chief Real Estate Officer Richard Henderson, Chief Financial Officer Mary Ann O'Hara, Deputy Chief Financial Officer Doug LaRose, Chief of Capital Support Chris Brennan

Call to Order by the Chair

Chair Taylor called the meeting of the Massachusetts Bay Transportation Authority ("MBTA") Audit and Finance Subcommittee to order at 8:32 a.m.

Noah Potash called the roll of the Members participating, being a quorum of the MBTA's Audit & Finance Subcommittee:

Chair Taylor	Present
Director Darling	Present
Director Mello	Present

Chair Taylor turned to the approval of the minutes of the April 14, 2022 meeting.

On motion duly made and seconded, it was by roll call:

VOTED: to approve the minutes of the April 14, 2022 Meeting of the Audit & Finance Subcommittee.

Chair Taylor	Yes
Director Darling	Yes
Director Mello	Yes

At the Chair's request, Director of Capital Program Planning Jillian Linnell presented the final FY23-27 Capital Investment Plan (CIP) for Agenda Item 2. Chair Taylor thanked Ms. Linnell for the comprehensive program and asked that future presentations contain information on the proportion of investment containing safety measures. The Chair also expressed appreciation for the explanation of the capital amendment program and asked for updates when projects or funding exceeding the Board's delegation level are added to the CIP. Director Mello noted that planning is continuing for commuter rail electrification.

On a motion duly made and seconded, it was by roll call:

VOTED: to recommend that the MBTA Board of Directors approve the Fiscal Year 2023-2027 Capital Investment Program ("CIP"), as presented at the May 26, 2022 meeting of the MBTA Board of Directors and as attached hereto as Appendix A, and to authorize the General Manager, in the name of and on behalf of the Massachusetts Bay Transportation Authority, to take any steps he deems necessary and appropriate to provide notice to the Legislature and the public of the CIP, pursuant to M.G.L. c. 161A, §5.

Chair Taylor	Yes
Director Darling	Yes
Director Mello	Yes

The Chair asked staff to continue with Agenda Item 4. Chief Commercial Officer Elizabeth Winters Ronaldson and Chief Real Estate Officer Richard Henderson presented on the MBTA's Own Source Revenue. Chair Taylor thanked staff for a thorough presentation and commended the move to recurring revenue sources. Director Mello requested a presentation on the P3 legislation and the MBTA Communities Act. Chair Taylor asked staff to provide information on the kinds of own source revenue used by transit agencies both in the United States and in other countries. Responding to a question from Director Mello, Chief Administrative Officer David Panagore clarified that the P3 legislation does not include value capture.

For Agenda Item 5, Chief Financial Officer Mary Ann O'Hara and Deputy Chief Financial Officer Doug LaRose presented the Q3 Operating Results. Chair Taylor noted that she would prefer additional spending on hiring to saving and asked if any large projects are behind schedule. Chief of Capital Support Chris Brennan said that the Cabot Yard rehabilitation is experiencing delays due to a contractor defaulting. Director Mello asked about spending coming in below projections and Mr. LaRose said that it is not abnormal for spending to fall below projections as risks play out. Mr. Brennan noted there is a systemic challenge working with 148 project manager inputs to create projections and said staff are working on reducing the level of uncertainty. He said that aside from Covid-19, factors impacting spending include bid volatility, adjusting operations to deal with the Government Center Garage tragedy, and supply chain issues.

Treasurer Pat Landers presented Agenda Item 1, a proposed Energy Hedge for Fiscal Year 2023. Chair Taylor said that the plan was prudent and sensible and added that the hedge would reduce volatility.

On motion duly made and seconded, it was by roll call:

VOTED: to recommend that the MBTA Board of Directors authorize that the Board of Directors authorize the Chief Financial Officer or Treasurer:

- **To enter into one or more hedges, with terms expiring no later than June 30, 2023, as determined to be necessary or appropriate, to hedge the MBTA's financial risks related to the price of diesel fuel, provided that such hedges shall be procured via competitive bid process and shall hedge not more than 10 million gallons; and**
- **To execute any and all documents, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by the foregoing vote.**

Chair Taylor	Yes
Director Darling	Yes
Director Mello	Yes

Next, Mr. Landers presented Agenda Item 3, a proposal on issuing Build America Bonds and securing a TIFIA loan to finance the Quincy Bus Maintenance Facility. Chair Taylor said the proposal was wise and noted the low cost of financing. She recommended that board members closely review the memorandum from Piper Sandler & Co. that was provided in their materials.

On a motion duly made and seconded, it was by roll call:

VOTED: to recommend that the Board of Directors of the Massachusetts Bay Transportation Authority ("MBTA") that it:

Approve the Plan of Finance recommended by the MBTA's loan advisor, Piper Sandler & Co., in its memorandum presented herewith;

Approve the TIFIA Loan Agreement (the “Loan Agreement”) by and between the MBTA and the United States Department of Transportation, acting by and through the Executive Director of the Build America Bureau (the “USDOT Lender”), in substantially the form presented at this meeting, with such changes as are deemed advisable by the General Manager, Chief Administrator, Chief Financial Officer and Treasurer, or any of them acting singly (each, an “Authorized Officer”), the definitive form of such agreement to be evidenced conclusively by the execution thereof by an Authorized Officer;

**Approve the issuance of Subordinated Sales Tax Bonds (the “Bonds”) in one or more series or subseries pursuant to the Sales Tax Trust Agreement to evidence the payment obligations under the Loan Agreement, and thereby to finance and refinance a portion of the costs of the modernization of the Quincy bus facility;
Authorize the Forty-Seventh Supplemental Trust Agreement providing for the issuance of the Bonds, in substantially the form presented at this meeting, with such changes as are deemed advisable by an Authorized Officer, the definitive form of such agreement to be evidenced conclusively by the execution thereof by an Authorized Officer;**

Authorize the sale of the Bonds to the USDOT Lender on the terms and in the manner set forth in the Loan Agreement and the Sales Tax Trust Agreement; and

Authorize each Authorized Officer, the General Counsel and other officers of the MBTA and MassDOT, acting singly, 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 the documents executed in connection with foregoing votes.

Chair Taylor	Yes
Director Darling	Yes
Director Mello	Yes

The final item on the agenda was an executive session to discuss strategy with respect to collective bargaining. Chair Taylor explained that she had determined, and the General Counsel concurred, that discussion of these matters

during an open session may have a detrimental effect on the bargaining position of the MBTA and said that the subcommittee would not return to open session.

On motion duly made and seconded, it was by roll call:

Chair Taylor	Yes
Director Darling	Yes
Director Mello	Yes

VOTED: to enter into executive session to discuss strategy with respect to collective bargaining at 9:52 a.m.

Documents relied upon for this meeting:

- May 12, 2022 Audit and Finance Subcommittee Agenda
- Minutes of the April 14, 2022 Audit & Finance subcommittee meeting
- MBTA Energy Hedge Presentation VF 5.5.22
- May Board_Final FY23-27 CIP_05092022
- FY23-27 MBTA Final CIP Public Document
- Quincy Bus Presentation to MBTA Board VF 5.5.22
- Piper TIFIA Loan Board Memo 5-6-2022
- MBTA Quincy Draft Loan Agreement
- Own Source Revenue vSent updated 5-9-22
- Quarterly Results to board Q3 VF – 5.12.22