**Fiscal and Management Control Board**

**Transportation Board Room**

10 Park Plaza

May 14, 2018

***MEETING MINUTES***

**Present:** Director Joseph Aiello,Director Steven Poftak, Director Brian Shortsleeve and Director Monica Tibbits-Nutt

**Quorum Presen**t: Yes

**MassDOT Board Members for Joint Portion of Meeting:**

Secretary Stephanie Pollack, Director Robert Moylan, Director Dean Mazzarella, Director Joseph Sullivan, Director Betsy Taylor, Director Ruth Bonsignore, Director Shortsleeve, Director Steven Poftak and Director Tim King

**Also Present:** General Manager Luis Ramirez, Deputy General Manager, Jeffrey Gonneville, Chief Administrator Mike Abramo, Marie Breen, Owen Kane, Nathan Peyton, Joanna Aalto, Samantha Silverberg, David Abdoo, John Markowitz and Michelle Ho

At the call of Chairman Joseph Aiello, a meeting of the Fiscal and Management Control Board (FMCB) was called to order at 2:02 p.m. at the State Transportation Building, Transportation Board Room, 10 Park Plaza, Boston, Massachusetts joining the MassDOT Board of Directors (Board) Meeting for Joint Board presentations.

Secretary Pollack called upon Chair Aiello to present Agenda Item 10, the report from the Fiscal and Management Control Board. Chair Aiello provided some highlights of recent meetings including: approval of a new ferry contract; execution of a contract to operate The RIDE Access Center (TRAC) to Intelliride/Transdev; updates and on the Commuter Rail Vision; Red/Blue Connector; South Station Air Rights and Positive Train Control; Silver Line in Chelsea ridership; Green Line Investment Strategy; and the Better Bus Working Group.

Chair Aiello concluded his remarks by noting customers were taking the time to tell the MBTA of their positive experiences using the systems and had noticed the hard work the women and men of the MBTA were providing. Their dedication and efforts had not gone unnoticed by the members of the FMCB.

Next, Chair Pollack called upon Director of Treasury Services John Markowitz to present Agenda Item 11, a discussion of the MBTA Debt Refinancing. Mr. Markowitz provided an overview of the current debt portfolio, background on 2017A debt restructuring, Request for Responses solicitation, responses and evaluation and the MBTA Financial Advisor’s recommendation, as set forth in the attached document labeled, “Refunding of 2017A Direct Purchase, May 14, 2018.” Discussion ensued. Director Taylor commented that the Finance and Audit Committee had an opportunity to review this transaction and recommended that both Boards approve this transaction.

On motion duly made and seconded by the FMCB, it was:

**VOTED:**

**Recommendation to MassDOT Regarding Refunding of Existing MBTA Bonds**

***The following votes relate to the Plan of Finance recommended by the MBTA’s Financial Advisor, Public Financial Management, Inc., in its memorandum presented herewith.***

**That the members of the Fiscal and Management Control Board (the “FMCB”) hereby recommend to the Board of Directors of the Massachusetts Department of Transportation (“MassDOT”) that it:**

**Approve the current refunding of the Senior Sales Tax Bonds, Multi-Modal Obligations, 2017 Series A (the “Series 2017A Bonds”) (which bonds current refunded the Senior Sales Tax Bonds, 2008 Series A) currently outstanding in the aggregate principal amount of $211,800,000 by (i) issuing Senior Sales Tax Bonds, Variable Rate Demand Bonds, 2018 Series A (the “2018A Bonds”) bearing interest at variable rates, initially in a weekly mode, and (ii) selling the Series 2018A Bonds in a negotiated public offering, all as determined by the Chief Administrator, Chief Financial Officer and Treasurer, or any of such officers acting singly (each referred to herein as an “Authorized Officer”), the definitive Series 2018A Bonds to be evidenced by the execution thereof in accordance with Chapter 161A of the Massachusetts General Laws (the “Enabling Act”);**

**Approve one or more supplemental trust agreements, bond purchase agreements, official statements and/or stand-by bond purchase agreements or other liquidity facilities, all as deemed advisable by an Authorized Officer, the definitive form of such agreements to be evidenced conclusively by the execution thereof by an Authorized Officer;**

**Direct that the aggregate principal amount of the Series 2018A Bonds shall not exceed $215,000,000;**

**Authorize each Authorized Officer, the General Counsel and other officers of the Authority 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.**

On motion duly made and seconded by the MassDOT Board, it was:

**Approval of Fiscal and Management Control Board Recommendation
Regarding the Refunding of Existing MBTA Bonds**

***The following votes relate to the Plan of Finance recommended by the MBTA’s Financial Advisor, Public Financial Management, Inc., in its memorandum presented herewith.***

**That the members of the Board of Directors of the Massachusetts Department of Transportation (“MassDOT”) hereby approve the recommendation of the Massachusetts Bay Transportation (“MBTA”) Fiscal and Management Control Board that it:**

**Approve the current refunding of the Senior Sales Tax Bonds, Multi-Modal Obligations, 2017 Series A (the “Series 2017A Bonds”) (which bonds current refunded the Senior Sales Tax Bonds, 2008 Series A) currently outstanding in the aggregate principal amount of $211,800,000 by (i) issuing Senior Sales Tax Bonds, Variable Rate Demand Bonds, 2018 Series A (the “2018A Bonds”) bearing interest at variable rates, initially in a weekly mode, and (ii) selling the Series 2018A Bonds in a negotiated public offering, all as determined by the Chief Administrator, Chief Financial Officer and Treasurer, or any of such officers acting singly (each referred to herein as an “Authorized Officer”), the definitive Series 2018A Bonds to be evidenced by the execution thereof in accordance with Chapter 161A of the Massachusetts General Laws (the “Enabling Act”);**

**Approve one or more supplemental trust agreements, bond purchase agreements, official statements and/or stand-by bond purchase agreements or other liquidity facilities, all as deemed advisable by an Authorized Officer, the definitive form of such agreements to be evidenced conclusively by the execution thereof by an Authorized Officer;**

**Direct that the aggregate principal amount of the Series 2018A Bonds shall not exceed $215,000,000;**

**Authorize each Authorized Officer, the General Counsel and other officers of the Authority 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.**

Next, Chair Pollack called upon Michelle Ho, MassDOT’s Director of Planning to present Agenda Item 12, a discussion of the Draft CIP. Ms. Ho noted she was seeking approval from both boards to release the Draft CIP for public comment and review. She provided an overview of CIP updates to approach, program budgets, spending by source and highlighted projects, as set forth in the attached document labeled, “Draft CIP Update SFY 2019-2023 Joint Boards Presentation, May 14, 2018.” Discussion ensued. Chair Pollack noted that Directors Poftak, Taylor and Bonsignore had offered their assistance in creating finance plans for specific projects going forward.

On motion duly made and seconded by the FMCB, it was:

**VOTED**:

**That the Secretary/CEO is hereby authorized and directed to take any steps deemed necessary and appropriate, to request public comment for the Department’s Draft FY19-23 Capital Investment Program.**

 On motion duly made and seconded by the MassDOT Board, it was:

**VOTED:**

**That the Secretary/CEO is hereby authorized and directed to take any steps deemed necessary and appropriate, to request public comment for the Department’s Draft FY19-23 Capital Investment Program.**

On motion duly made and seconded, it was:

**VOTED: to adjourn the MassDOT Board of Directors at 2:36 p.m.**

 Chairman Aiello requested a five-minute recess before continuing with FMCB agenda items.

 The FMCB reconvened at 2:42 p.m.

 Chair Aiello opened the public comment session.

The first speaker was Louise Baxter from the TRU who commented on the Better Bus Project and bus stops.

The last speaker was Paul Regan, the MBTA Advisory Board’s Executive Director who commented on the Advisory Board’s Duxbury representative Richard Prone’s written testimony, requesting improved scheduling on the South Shore Old Colony commuter rail service, restoring family fares, fixing the Kingston/Plymouth “backup trains” and parking incentives.

Chair Aiello closed the public comment period and asked General Manager Luis Ramirez to present Agenda Item 13, the Report from the General Manager. Mr. Ramirez provided an overview of capital investment, including FY18 YTD capital spending and capital spending commitments. Mr. Ramirez noted the Draft FY19-FY23 CIP called for $8B in capital spending over the next five years, funding sources, and discussed the capital investments pipeline, as set forth in the attached document labeled, “General Manager Remarks, May 14, 2018.” Discussion ensued.

Next, the Vice Chair called upon Deputy Chief of Staff Nathan Peyton to present Agenda Item 14, the FMCB Public Schedule. Mr. Peyton reviewed upcoming agenda items with the Board, as set forth in the attached document labeled, “FMCB Public Schedule, May14, 2018.” Discussion ensued.

Next, Chair Aiello called upon Samantha Silverberg, Senior Director of Capital Planning to present Agenda Item 15, a discussion of policy for capital employees. Ms. Silverberg noted the purpose of the proposed policy was to provide high-level guidance on appropriate use of capital funds, consistent with legislation and federal guidelines, as set forth in the attached document labeled, “MBTA Capital Expense Policy, May 14, 2018.” Chief Administrator Officer Mike Abramo contributed to the dialogue. Discussion ensued.

On motion, duly made and seconded, it was:

**VOTED:**

**That the Fiscal and Management Control Board (the “Board”) hereby adopts the MBTA Capital Expense Policy as presented to the Board during the May 14, 2018 meeting and authorizes the General Manager or his designee, to take all necessary steps to implement said Policy, in the name and on behalf of the Massachusetts Bay Transportation Authority.**

Lastly, Chair Aiello noted Agenda Item 16, the FY18 Q3 MBTA Capital Program Update was a written agenda item, as set forth in the attached document labeled, “FY18 Q3 MBTA Capital Program Update, May 14, 2018,” and that Capital Director Joanna Aalto was available to answer any questions the Board members had. Secretary Pollack contributed to the dialogue. Discussion ensued.

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

Chair Aiello Yes

 Director Poftak Yes

Director Shortsleeve Yes

Director Tibbits-Nutt Yes

**VOTED: to enter into executive session for a discussion of strategy related to real estate, collective bargaining and potential litigation 3:29 p.m.**

**Document relied upon for this meeting:**

Draft CIP Update SFY 2019-2023 Joint Boards Presentation, May 14, 2018

Refunding of 2017A Direct Purchase, May 14, 2018.” MBTA Capital Expense Policy, May 14, 2018

FMCB Public Schedule, May14, 2018

FY18 Q3 MBTA Capital Program Update, May 14, 2018

MBTA Capital Expense Policy, May 14, 2018