

**BOARD OF HIGHER EDUCATION  
REQUEST FOR BOARD ACTION**

**NO.:** BHE 24-57

**BOARD DATE:** June 11, 2024

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**FINANCING APPROVAL OF MASSACHUSETTS STATE COLLEGE BUILDING AUTHORITY REFUNDING REVENUE BONDS STATE UNIVERSITY PROGRAM**

**MOVED:** The Massachusetts State College Building Authority (the “Authority”) is hereby authorized to issue one or more series of refunding bonds for the purpose of refunding all or a portion of the Authority’s outstanding Build America Bonds (“BABs”) issued to finance projects at the state universities in order to achieve debt service savings and provide for the costs of issuance of the refunding bonds, provided the aggregate net present value savings achieved from the refunding is at least one percent (1%) of the par amount of refunded bonds; provided further that the Commissioner is hereby authorized and directed, in the name and on behalf of the Board of Higher Education, to:

- approve in writing the issuance by said Authority of bonds for such refunding purpose; and
- to execute and deliver any and all documents, certificates, and other instruments necessary or desirable in connection with the issuance of such refunding bonds, including, without limitation, an amended and restated contract with the Authority and a continuing disclosure agreement with the Authority; and
- to do all other acts and things the Commissioner deems necessary or desirable to effectuate the purpose and intent of this motion.

**VOTED:** Motion approved and advanced to the full BHE by the Executive Committee on 6/3/2024; and adopted by the BHE on 6/11/2024.

**Authority:** Massachusetts General Laws Chapter 15A, Sections 4, 6, and 9; Chapter 703 of the Acts of 1963, sections 1-3, et seq., as amended.

**Contact:** Matthew Cole, Deputy Commissioner for Administration, Finance & Operations

## **Background**

The Massachusetts State Building Authority (MSCBA) issued one series of Build America Bonds (BABs) in each of 2009 and 2010. The federal subsidy was 35% of the interest cost; however, the sequestration due to the federal budget deficit has reduced the subsidy since 2013, and is expected to reduce it through 2030 per the IRS website: <https://www.irs.gov/tax-exempt-bonds/effect-of-sequestration-on-state-local-government-filers-of-form-8038-cp>

This authorization will allow the Authority to include a refunding of the outstanding BABs with another refunding or new money issuance to improve efficiency, or to move forward with a stand-alone refunding if the sequestration impact and market conditions warrant such action.

DHE staff have reviewed the proposal and the MSCBA's underlying supporting materials, and DHE Staff recommendation is for approval.