

## MEMORANDUM

To: Board of Directors  
From: James MacDonald, First Deputy Treasurer, Chief Executive Officer  
John K. McCarthy, Executive Director, Deputy Chief Executive Officer  
Date: December 8, 2020  
Subject: Investment Management Policy

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The State Finance Governance Board (“SFGB”) regulations 976 CMR 2.01-2.08 require certain Massachusetts entities issuing debt to periodically approve and file an investment management policy with the SFGB. The regulations require that the governing board of the issuer formally adopt the policy every two years. The MSBA’s Board of Directors (“Board”) voted to adopt the Authority’s current investment management policy at the February 2019 Board meeting. The SFGB regulations require issuers to file the debt management policies in odd-numbered years beginning in 2011.

Staff has reviewed the current policy and policies of other issuers. At this time, staff feels the current policy meets the overall needs of the Authority but is recommending one change to the policy related to the investment of funds in escrow accounts established for the purpose of the defeasance or refunding of outstanding debt. Staff proposes that such funds are to be invested in compliance with the requirements as set out in GASB 86, with the express purpose of permitting the Authority to account for the associated reduction of outstanding debt as defeased. A redlined copy of the current Investment Management Policy with the proposed changes accompanies this memorandum.

There are no other recommendations for changes in policy and Staff will continue to review the MSBA’s Investment Management Policy on an annual basis to ensure that the policy continues to include key aspects of effective investment management.

Staff is requesting a vote of the Board to adopt the Investment Management Policy. Staff will file the updated policy with the SGFB, prior to March 31, following an affirmative vote of the Board.