

## Office of Treasury and Planning

As part of the restructuring of the Office of the Vice President for Finance, in 2015 the Office of Treasury and Planning spun off as a separate unit reporting to the executive vice president and treasurer. This transition was undertaken to improve the Institute's focus on capital planning and the modeling of the long-term impacts of the capital plan and other major initiatives, such as the development of Kendall Square, upon MIT's financial performance. The group was initially established with a director, four analysts/senior analysts, and an office manager, but due to the recent departure of one analyst, the group now has three senior analysts.

Staff members help guide financial strategy and analysis in support of MIT's mission. Key ongoing deliverables include financial reports and analysis presented to the Institute's Executive Committee and the MIT Corporation in the areas of capital planning, financial forecasting, borrowings, and working capital management. During the course of the year, staff members are responsible for the strategic and operational deployment of MIT's working capital, the optimization of its debt structure, and the funding and strategic implementation of the capital plan.

Significant FY2015 accomplishments include:

- We executed an advance refunding of tax-exempt Series N and O bonds maturing after FY2017 with taxable debt, Series D1 and D2, realizing over \$30 million of net present value savings in debt service. This also relieved significant restrictions on the use of the financed facilities resulting from the use of tax-exempt debt to construct them, including such research-intensive buildings as the Koch Institute.
- In issuing Series D2, MIT became the first higher education institution to take advantage of the "green bond" market, setting the stage for many others to follow. This enabled MIT to get preferential pricing on the debt by allowing green investment managers to invest in the bonds. As the green facilities were already constructed using Series N and O, this required little forward justification and tracking on MIT's part and allowed the financing to be completed more smoothly.
- We worked with units across the MIT community to complete the Institute's first Private Business Use Survey. The survey reached out to units occupying facilities financed with tax-exempt debt to gather detailed information on how those facilities are used. This effort will pay dividends in strengthening ties with the community, helping us understand the use of these facilities, and providing evidence that MIT's use of the buildings is within the restrictive utilization guidelines for facilities so financed.
- We worked with the Office of the Vice President for Finance and the Office of the General Counsel to construct a private business use model to allow modeling of different research sponsorship scenarios to evaluate their impacts on Internal Revenue Service private business use compliance.

- We continued to support the strategic decision-making process around MIT's capital plan running out to 2030, integrating the capital planning process with financial modeling to evaluate impacts on MIT financial performance for the next 15 years.
- We supported the Kendall Square development initiative by working closely with MIT Investment Management Company real estate and tax team members to communicate effectively with credit-rating agencies to maintain their favorable evaluation of the program and allow MIT's campus capital plan to proceed with minimal credit impact from Kendall Square-related borrowings. This activity permitted the borrowing of \$75 million on the 700 Main Street project and will enable several million dollars of upcoming borrowings.

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