

## **MUNICIPAL FINANCE OVERSIGHT BOARD**

**December 11, 2024**

**10:00AM**

**(conducted by conference call)**

### **MINUTES**

**Board Members Present:** Dr. Ben Tafoya, Chair (Designee for State Auditor Diana DiZoglio), Deborah Wagner (Department of Revenue), Margaret Hurley (Office of the Attorney General), Minot Powers (Office of the State Treasurer)

**Board Members Absent:** None

**Quorum:** Yes

**Non-Board Members Present:** Bridget Almon (Director of Financial Services, City of Fall River), Ian Schachne (Treasurer/Collector, City of Fall River), The Honorable Erin V. Joyce (Mayor, Town of Braintree), Kara Nyman (Chief of Staff and Director of Operations, Town of Braintree), Michael Esmond (Finance Director, Town of Braintree), Mark Lin (Town Accountant, Town of Braintree), Kristina O'Connell (Treasurer/Collector, Town of Braintree), Carolyn Murray (Town Solicitor, Town of Braintree), Richard Manley (Locke Lord LLP, Bond Counsel, Town of Braintree), Cinder McNerney (Hilltop Securities), Monica Mulcahy (Hilltop Securities), Lisa Driscoll (Hilltop Securities), Abby Jeffers (Hilltop Securities), Melissa Toland (Hilltop Securities), Sean Cronin (Department of Revenue), Jana DiNatale (Office of the State Auditor), Carina DeBarcelos (Office of the State Auditor), Sonia Kwon (Office of the State Auditor, Executive Assistant to the Board)

### **Proceedings:**

Meeting called to order at 10:00AM by Chair, Dr. Ben Tafoya.

Dr. Tafoya made introductory remarks and read a statement noting that, in accordance with Chapter 20 of the Acts of 2021, as extended by Chapters 22 and 107 of the Acts of 2022, and further extended by Chapter 2 of the Acts of 2023, and the Massachusetts Office of the Attorney General's guidance updated as of June 28, 2023, this meeting of the Municipal Finance Oversight Board was being held via conference call. The public meeting notice for this meeting provided a public call-in number to facilitate public access during a relaxation of Open Meeting Law requirements. After reading that statement, Dr. Tafoya announced that the meeting was being recorded.

Board member roll call: All members indicated orally that they were present.

### **Approval of Minutes – November 13, 2024:**

Dr. Tafoya asked for any comments from the Board on the meeting minutes of November 13, 2024. There were none.

MOTION by Ms. Wagner to approve the meeting minutes of November 13, 2024. Seconded by Ms. Hurley. A call of the roll was made as follows:

Dr. Tafoya: YES

Ms. Wagner: YES

Ms. Hurley: YES

Mr. Powers: YES

Motion carried unanimously, meeting minutes of November 13, 2024, approved.

**City of Fall River: Chapter 44A request for \$282,163 in state qualified bonds:**

Dr. Tafoya invited Bridget Almon and Ian Schachne of the City of Fall River to provide comment on the request before the Board.

Ms. Almon noted that Clean Water Trust funding had come in for the project but that the City would have to borrow the requested amount over the longer term and confirmed that this was an add-on to a previous request.

Dr. Tafoya opened the meeting to questions from the Board. There were none.

MOTION by Ms. Wagner that, in accordance with the provisions of Chapter 44A of the General Laws, after due investigation, the City of Fall River be entitled to issue qualified bonds and/or notes from time to time, in the amount of \$282,163, for the Middle Street Area Flood Control Improvements. Seconded by Mr. Powers.

A call of the roll was made as follows:

Dr. Tafoya: YES

Ms. Wagner: YES

Ms. Hurley: YES

Mr. Powers: YES

Motion carried unanimously; state qualified bond authorization application of the City of Fall River approved.

Officials from the City of Fall River exited the meeting.

**Town of Braintree: Chapter 44, § 7(3), request to borrow for a period longer than one year the amount of \$11,900,000 for payment of a final judgment in the matters of *Frederick Weichel v. Town of Braintree, et al.*, No. 1:20-cv-11456-IT (D. Mass. 2024), and *Frederick Weichel v. Town of Braintree, et al.*, No. 1:22-cv-12126-IT (D. Mass. 2024):**

Dr. Tafoya invited The Honorable Erin V. Joyce, Mayor of the Town of Braintree, to introduce the Braintree team and provide comment on the financial condition of the Town and the first request before the Board.

Ms. Hurley recused herself from the matter and temporarily exited the meeting.

Mayor Joyce provided context for the request noting that, coming into her first term as Mayor, Braintree was looking at an \$18M operating deficit which was stabilized via budget cuts and passage of an override. In addition, they faced the settlement, so the team began looking at options that would be fiscally responsible to preserve the override into the future and maintain their bond rating. Mr. Esmond provided additional detail regarding difficult decisions made, both revenue and spending, during the

FY25 budget process, including layoffs and freezes. Braintree does not have the reserves currently to fund the settlement and has aggressively pursued insurance recovery. In the meantime, borrowing is necessary to fund the settlement in early 2025. Mr. Esmond provided additional context for the 15-year requested term versus a 10-year alternative and stated that the difference is a meaningful number given Braintree's recent layoffs, building of the rainy day fund from zero, and forecasting what the Town can afford.

Dr. Tafoya opened the meeting to questions from the Board, noting his request for the 10-year alternative projection so all parties would be aware of the financial impact of the longer term borrowing, and asking Braintree to acknowledge the approximately \$1M in additional cost. Braintree confirmed moving forward with the 15-year request.

Ms. Wagner provided context for the Board regarding the coverage analysis provided by the Division of Local Services (DLS), noting that it is usually prepared by evaluating the entire amount of debt service as a percentage of local aid and that the Board looks for a coverage ratio of 2.0 or greater. The approach seemed unnecessarily conservative so going forward DLS will be preparing the coverage analysis both by evaluating the entire amount of debt service and the qualified bond payment as a percentage of local aid. The coverage ratio derived from the qualified bond payment as a percentage of local aid is what should be considered by the Board members for this request as the risk of Braintree not being able to make its bond payments is not at issue, free cash and fund balances have been increasing, and there is no concern that the state would have to make Braintree's bond payments entirely from state aid. Regarding the 15-year term, Ms. Wagner stated that there are a number of considerations but in the end she is supportive of the Town making its own decisions on what it can afford.

Dr. Tafoya asked for any additional questions from the Board. There were none.

MOTION by Ms. Wagner that, in accordance with the provisions of Chapter 44, § 7(3), of the General Laws, after due investigation, it be determined that the Town of Braintree is entitled to issue bonds and/or notes for payment of a final judgment/settlement in the matter of *Frederick Weichel v. Town of Braintree, et. al. No. 1:20-cv-11456-IT (D. Mass.)* and *Frederick Weichel v. Town of Braintree, et. al., No. 1:22-cv-12126-IT (D. Mass.)*, in the amount of \$11,900,000, for a term of not more than 15 years from their date or dates of issue, which borrowing was approved by Order No. 24-053 of the Braintree Town Council adopted on October 15, 2024. Seconded by Mr. Powers.

A call of the roll was made as follows:

Dr. Tafoya: YES

Ms. Wagner: YES

Mr. Powers: YES

Motion carried 3 votes in favor of approval, none against; application of the Town of Braintree to borrow for a period longer than one year the amount of \$11,900,000 for payment of a final judgment approved.

**Town of Braintree: Chapter 44A request for \$18,989,444 in state qualified bonds:**

Ms. Hurley rejoined the meeting.

Dr. Tafoya invited the Braintree team to provide comment on the second request before the Board.

Mr. Esmond stated that the request is made up of items included in a note issued in June and due in February. Braintree is looking to lower costs as much as possible given the financial picture impacting the FY25 budget as the Town goes out to the market to borrow for these costs in addition to borrowing for the settlement.

Dr. Tafoya opened the meeting to questions from the Board.

Mr. Esmond confirmed that the request includes the settlement amount.

Dr. Tafoya asked Hilltop to provide information about the savings. Ms. McNerney noted the BANs coming due, that Braintree is rated AA, the state qualified bond program is rated AA+, depending on the size of the bond issue and market conditions, it could save 10 or 20 basis points on \$10-15M of debt.

Dr. Tafoya asked for any additional questions from the Board. There were none.

MOTION by Ms. Wagner that, in accordance with the provisions of Chapter 44A of the General Laws, after due investigation, the Town of Braintree be entitled to issue qualified bonds and/or notes from time to time, in the amount of \$18,989,444, for the several purposes listed in their application. Seconded by Mr. Powers.

A call of the roll was made as follows:

Dr. Tafoya: YES

Ms. Wagner: YES

Ms. Hurley: YES

Mr. Powers: YES

Motion carried unanimously; state qualified bond authorization application of the Town of Braintree approved.

Officials from the Town of Braintree exited the meeting.

#### **Agenda Items for Next Meeting:**

Hilltop indicated that they were not aware of applications for the January meeting yet. Board members confirmed availability for the January meeting.

#### **Long-Range Municipal Fiscal Stability:**

Ms. Wagner noted that this is the big push to set tax rates, 243 of the 352 tax rates have been approved, 109 to go. 66 have not sent anything in yet so it will be a busy couple of weeks wrapping up.

#### **Continued Discussion of Board Processes, Draft Bylaws:**

Dr. Tafoya opened the floor for continued discussion of Board processes and the draft bylaws. Commissioner Cronin reiterated his earlier suggestion about assessing the function of the Board, particularly with respect to qualified bond authorizations which could possibly be processed through DLS's Gateway system, noting the necessity for legislative change. The Board members agreed with the merit of evaluating the Board's roles and responsibilities, with Dr. Tafoya noting that perhaps the qualified bond authorization process could be more automated with empaneling the Board reserved for circumstances like the judgment borrowing extension, but that the Board has to operate in the meantime. Ms. Hurley requested an editable version of the draft bylaws and provided comment on

specific areas of concern. Mr. Powers and Ms. Wagner also provided comment on specific areas of concern. Dr. Tafoya suggested circulating an editable document to be marked up and returned to EA Kwon, retaining the matter as an agenda item for future meetings, and putting thought into proposed legislative changes. No objection was made by the other Board members.

**Adjournment:**

MOTION by Ms. Wagner to adjourn the meeting. Seconded by Ms. Hurley. A call of the roll was made as follows:

Dr. Tafoya: YES

Ms. Wagner: YES

Ms. Hurley: YES

Mr. Powers: YES

Meeting adjourned at 10:51AM.

Respectfully submitted by,

Sonia Kwon, Executive Assistant to the Board