

MUNICIPAL FINANCE OVERSIGHT BOARD

March 12, 2025

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: The Honorable Robert F. Sullivan (Mayor, City of Brockton), Troy Clarkson (Chief Financial Officer, City of Brockton), Irene Giannopoulos (City Auditor, City of Brockton), Martin Brophy (Treasurer/Collector, City of Brockton), Bethany Couture (Assistant Treasurer/Collector, City of Brockton), Bob Ekstrom (Chief Financial Officer, City of New Bedford), John Taxiarchos (Treasurer/Collector, City of New Bedford), The Honorable Domenic J. Sarno (Mayor, City of Springfield), Cathy Buono (Chief Administrative & Financial Officer, City of Springfield), Stephen Lonergan (Comptroller, City of Springfield), Sandra Powell (Collector-Treasurer, City of Springfield), Lindsay Hackett (Deputy Chief Administrative & Financial Officer, City of Springfield), William Baker (Chief of Staff, City of Springfield), Molly Shea (Communications Director, City of Springfield), Cinder McNerney (Hilltop Securities), Taylor Erickson (Hilltop Securities), Lisa Driscoll (Hilltop Securities), Abby Jeffers (Hilltop Securities), Monica Mulcahy (Hilltop Securities), Melissa Toland (Hilltop Securities), Representative Rita Mendes (11th Plymouth District), Senator Michael Brady (Second Plymouth and Norfolk District), Alfred DeGirolamo (Office of Senator Michael Brady), Bill Arrigal (Department of Revenue), Jana DiNatale (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 – February 12, 2025:

Dr. Tafoya asked for any comments from the Board on the meeting minutes of February 12, 2025. There were none.

MOTION by Ms. Wagner to approve the meeting minutes of February 12, 2025. 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; meeting minutes of February 12, 2025, approved.

City of Brockton: Chapter 44A request for \$50,500,000 in state qualified bonds

Dr. Tafoya invited the Honorable Robert F. Sullivan, Mayor of the City of Brockton, to comment on the financial status of the City and the request before the Board.

Mayor Sullivan introduced the Brockton team and noted the low approximately 2 ½ percent interest rate that was secured on the original \$98M borrowing which will provide significant savings on the \$150M public safety building project. He acknowledged the school deficit issue and working with A&F, DOR, and DESE. Dr. Clarkson provided background on the City's finances and noted that the City's practice of estimating revenues conservatively allowed for an increase in revenue estimates to bridge the gap along with reserves. The City has a balanced budget this year and they are working on putting a balanced budget before the City Council in June. With respect to the public safety building, the original borrowing was within the levy limit, but there have been cost overruns due to unexpected remediation and increasing building costs which require additional borrowing. The high school project is an MSBA approved project; they anticipate up to 80% reimbursement. They anticipate paying for the debt with new growth and tax revenue from the development of the old Brockton fairgrounds including 1700 units of housing and 28 acres for industrial/commercial development. They will temporarily borrow until the new growth provides additional tax revenue to pay for the debt. They are also engaged in significant long-range planning for the high school project; they anticipate a debt exclusion vote in November 2026, and temporary borrowing that will be rolled into the entirety of the high school project debt.

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

Ms. Hurley asked whether the City anticipates any opposition or obstacles to the Brockton fairgrounds development given uncertainties and increasing building costs. Mayor Sullivan thought not, given the residential development, as well as the additional green/park space. He noted other developments in progress in the City, as well as recent substantial investments in the City by the financial industry.

Dr. Tafoya asked about the shortfall in education spending and whether that had been resolved to DESE's satisfaction. Dr. Clarkson noted that the \$7.2M shortfall is available for spending by the schools and the School Committee recently voted on \$4.1M. They anticipate an additional shortfall this year but there is continuous dialog with DESE and those funds will also be made available.

Dr. Tafoya asked for any additional questions or comments 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 Brockton be entitled to issue qualified bonds and/or notes from time to time, in the amount of \$50,500,000, for the high school feasibility study and the additional public safety complex borrowing. 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; state qualified bond authorization application of the City of Brockton approved.

Officials from the City of Brockton exited the meeting.

City of New Bedford: Chapter 44A request for \$30,280,000 in state qualified bonds

Dr. Tafoya invited officials from the City of New Bedford to comment on the financial status of the City and the request before the Board.

CFO Bob Ekstrom spoke to FY 2024 results, FY 2025 status, and FY 2026 projections. New Bedford has been under an administrative order with the EPA for some time and there is extensive work occurring in the wastewater system. The FY 2024 general fund balance built up to about 8.3% (one month) of FY 2025's operating expenditures; the goal is twice that for best practice. About half of the fund balance is in stabilization. Internal fund balance policy specifies the stabilization fund at 2-6% of the next year's operating expenditures; they are currently at 4.1%. 25% of certified free cash goes to stabilization and 10% to OPEB which still has a balance of less than \$10M but they are taking steps to achieve full funding by 2035. Regarding FY 2025, the City's low per capita income presents challenges to increasing tax bills and the City Council looked to budget cuts. The budget increased by less than \$2M from FY 2024 to FY 2025. They will need some help from free cash to prevent service reductions. For FY 2026, the City anticipates a net pickup of \$8M in education costs, \$5M in pension, \$5M in health insurance, among other cost increases so they will continue to look at all services to try to maximize efficiencies. It will be a continuing challenge to balance the budget and provide the same services while being hesitant to pass along tax increases. Mr. Taxiarchos summarized the projects in the 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 New Bedford be entitled to issue qualified bonds and/or notes from time to time, in the amount of \$30,280,000, for the several purposes listed in their application. 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; state qualified bond authorization application of the City of New Bedford approved.

Officials from the City of New Bedford exited the meeting.

City of Springfield: Chapter 44A request for \$8,433,300 in state qualified bonds

Dr. Tafoya invited the Honorable Domenic J. Sarno, Mayor of the City of Springfield, to comment on the financial status of the City and the request before the Board.

Mayor Sarno introduced the Springfield team and noted the stability of the City's almost \$1B budget (\$670M on the school side, \$400M with \$71M in reserves on the city side), 10 years of balanced budgets without the use of reserves, and the highest bond rating in the City's history. Mayor Sarno summarized the projects in the request and noted that his administration has built the most new schools in the Commonwealth amounting to almost \$1B and the City continues to rehabilitate school facilities including the roof and window projects listed in the request. The City is preparing the next budget and they are positioned to absorb any negative financial impacts from potential federal budget cuts.

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

Ms. Wagner acknowledged the work of Springfield's financial team to improve the City's financial condition.

Ms. Hurley asked about the large retirement liability noted in the credit analysis and the City's efforts on funding. Mayor Sarno noted the increase from 28% to 40% during his tenure and the City's aggressive 9% payment increase every year. They anticipate meeting the pension obligation by 2034. Ms. Buono also noted the City's \$19M pension reserve stabilization account in addition to the \$71M in the fiscal stabilization fund as a fallback.

Dr. Tafoya asked for any additional questions or comments 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 Springfield be entitled to issue qualified bonds and/or notes from time to time, in the amount of \$8,433,300, for the several purposes listed in their application. 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; state qualified bond authorization application of the City of Springfield approved.

Officials from the City of Springfield exited the meeting.

Long-Range Municipal Fiscal Stability:

Ms. Wagner noted that they continue to certify free cash and they have received numerous submissions recently in anticipation of spring town meetings.

Board Processes:

Board EA Kwon reminded the Board of potentially meeting in person in April in the absence of an extension of remote/hybrid meetings.

Agenda Items for Next Meeting:

Board EA Kwon indicated that there had not yet been notice of applicants for April.

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 10:53AM.

Respectfully submitted by,

Sonia Kwon, Executive Assistant to the Board