

MUNICIPAL FINANCE OVERSIGHT BOARD

June 11, 2025

10:00AM

(conducted by conference call)

MINUTES

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

Board Members Absent: Margaret Hurley (Office of the Attorney General)

Quorum: Yes

Non-Board Members Present: Leon Goodwin (Town Manager, Dedham), Brady Winsten (Finance Director, Dedham), Jason Caravaggio (Collector/Treasurer, Dedham), Gary Suter (Business Manager, Spencer-East Brookfield Regional School District), William Schlosstein (Treasurer, Spencer-East Brookfield Regional School District), Peter Lukes (Town Manager, Holden), Lori Rose (Town Accountant, Holden), Laurie Gaudet (Collector/Treasurer, Holden), Barry Tupper (General Manager, Municipal Light Department, Holden), Callie Knower (Director of Finance and Administration, Municipal Light Department, Holden), Brenda McDonough (Troutman Pepper Locke, Bond Counsel, Holden), Octavien Spanner (Senior Advisor to the Mayor, Lawrence), Ramona Ceballos (Acting Chief Administrative and Finance Officer, Lawrence), Perla Ortiz (Collector/Treasurer, Lawrence), Lynn Tran (Assistant Comptroller, Lawrence), William Hale (Water/Sewer Commissioner, Lawrence), Lynne Foster-Welsh (UniBank), Cinder McNerney (Hilltop Securities), Monica Mulcahy (Hilltop Securities), Kristy Tofuri (Hilltop Securities), Melissa Toland (Hilltop Securities), Taylor Erickson (Hilltop Securities), Courtney Cardello (Department of Revenue), Jodi Lanza (Office of State Representative Paul McMurtry), Francis Munro (Office of State Representative Frank Moran), Elizabeth Kazinskas (Office of State Representative Kimberly Ferguson), Grace O'Sullivan (MA House of Representatives), Brett Hoffman (Office of State Senator Michael Rush), Todd Prokop (Woodard & Curran), Matthew Chilliak (Office of the State Auditor), Sabiel Rodriguez (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 Section 20 of Chapter 20 of the Acts of 2021, as most recently extended by Section 1 of Chapter 2 of the Acts of 2025, and the Massachusetts Office of the Attorney General's guidance updated as of April 8, 2025, 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: The three Board members in attendance indicated orally that they were present.

Approval of Minutes – May 14, 2025:

Dr. Tafoya asked for any comments from the Board on the meeting minutes of May 14, 2025. Mr. Rassias noted that he would be voting present as he was not in attendance at the meeting. It was confirmed that a yes vote of the other two members present would be sufficient to approve the minutes.

MOTION by Mr. Powers to approve the meeting minutes of May 14, 2025. Seconded by Dr. Tafoya. A call of the roll was made as follows:

Dr. Tafoya: YES

Mr. Rassias: PRESENT

Mr. Powers: YES

Motion carried; meeting minutes of May 14, 2025, approved.

Town of Dedham: Chapter 44, § 7(3), request to borrow for a period longer than one year the amount of \$4,850,000 for payment of a final judgment in the matter of *CTA Construction Company, Inc. v. Town of Dedham, Turowski2 Architecture, Inc., and Atlantic Construction and Management, Inc.*, Middlesex Superior Court, C.A. No. 1881CV01465-B

Dr. Tafoya invited officials from the Town of Dedham to introduce themselves and provide an overview of the request before the Board.

Finance Director Winsten summarized the request to pay a legal settlement in the amount of \$4,850,000 over a 10-year term due to the size of the settlement and the burden it would present on Dedham's operating budget and noted that the settlement is related to a major capital project that otherwise would have been included in a 30-year capitalization. Town Manager Goodwin explained that the settlement arose from litigation filed in 2018 amidst a construction project related to the town hall senior center and the subsequent jury verdict.

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

Mr. Rassias asked whether this would be a final judgment or if the settlement amount could change. Town Manager Goodwin confirmed that a final judgment would be filed with the court reflecting execution of the settlement agreement. Mr. Powers asked whether the litigation was over. Town Manager Goodwin noted that the other parties were still in litigation with the contractor.

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

MOTION by Mr. Powers that, in accordance with the provisions of Chapter 44, § 7(3), of the General Laws, after due investigation, it is hereby determined that the Town of Dedham is entitled to issue bonds and/or notes for payment of a final judgment in the matter of *CTA Construction Company, Inc. v. Town of Dedham, Turowski2 Architecture, Inc., and Atlantic Construction and Management, Inc.*, Middlesex Superior Court, C.A. No. 1881CV01465-B, in the amount of \$4,850,000, for a term of not more than 10 years from their date or dates of issue, which borrowing was approved by a vote of the Town passed May 19, 2025 (Article 12). Seconded by Mr. Rassias.

Dr. Tafoya drew attention to the high statutory prejudgment interest rate of 12% for the staff of the legislative delegation in attendance. Mr. Rassias asked whether there were concerns over the language of the motion referencing a final judgment. Town Manager Goodwin indicated that he did not have concerns over the language of the motion as the remaining paperwork to obtain the final judgment would be filing a stipulation with the court.

A call of the roll was made as follows:

Dr. Tafoya: YES

Mr. Rassias: YES

Mr. Powers: YES

Motion carried; application of the Town of Dedham to borrow for a period longer than one year for payment of a final judgment pursuant to M.G.L. c. 44, § 7(3), approved.

Officials from the Town of Dedham exited the meeting.

Due to technical difficulties connecting with officials from the Town of Holden, Dr. Tafoya called forth officials from Spencer-East Brookfield Regional School District. There were no objections by the Board.

Spencer-East Brookfield Regional School District: Chapter 44A request for \$63,346,746 in state qualified bonds

Dr. Tafoya invited officials from the district and any member municipalities to introduce themselves and provide an overview of the request before the Board.

Business Manager Suter summarized the request to qualify under the state qualified bond act to finance over 30 years the complete renovation of the David Prouty High School, for which MSBA has provided \$55 million of grant financing. The district will retire \$50 million of BANS outstanding with this financing and is borrowing an additional \$10 million to finish the project which is 65-70% complete. The underlying municipalities have approved the debt exclusion and understand that they will be paying the debt as it is apportioned each year.

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

Mr. Powers asked about the current high school's head count and the count for the renovated building. Business Manager Suter indicated the count at 300 and 350, respectively.

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

MOTION by Mr. Powers that, in accordance with the provisions of Chapter 44A of the General Laws, after due investigation, it is hereby determined that Spencer-East Brookfield Regional School District is entitled to issue qualified bonds and/or notes from time to time in the amount of \$63,346,746 voted for the purpose of the new district high school as set forth in their application. Seconded by Mr. Rassias.

A call of the roll was made as follows:

Dr. Tafoya: YES

Mr. Rassias: YES

Mr. Powers: YES

Motion carried; state qualified bond authorization application of Spencer-East Brookfield Regional School District approved.

Officials from Spencer-East Brookfield Regional School District exited the meeting.

Town of Holden: Chapter 44, § 8(8A), request to borrow \$4,800,000 for electrical substation & system improvements

Dr. Tafoya invited officials from the Town of Holden to introduce themselves and provide an overview of the request before the Board.

Municipal Light Department General Manager Tupper summarized the request, noting that the original \$6 million+ borrowing for a new substation was through MA Municipal Electric Wholesale, a pooled loan program. The department has since canceled its membership so the loan is being called. Municipal Light Department Finance Director Knower explained that the department would be going through the Town for the borrowing and that the department would be paying the borrowing through the Town treasurer, so the principal and interest payments would fall on the ratepayers.

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

Mr. Rassias asked whether this would be a non-taxable or taxable obligation on the part of Holden, whether the electric light commissioners had approved moving forward, and whether this would result in an increase in rates. Ms. McNerney confirmed that it would be tax exempt. General Manager Tupper confirmed the department has full approval from the commissioners and from town meeting to move forward and that there would not be an increase in rates as the loan was simply shifting from one entity to another. Finance Director Knower confirmed that payments began in 2022.

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

MOTION by Mr. Powers that, in accordance with the provisions of Chapter 44, § 8(8A), of the General Laws, after due investigation, it is hereby determined that the Town of Holden is entitled to issue bonds and/or notes to pay for costs of remodeling, reconstructing, or making extraordinary repairs to its electric lighting plant, in the amount of \$4,800,000, for a term of not more than 10 years from their date or dates of issue, which borrowing was approved by a vote of the Town adopted on May 19, 2025. Seconded by Mr. Rassias.

A call of the roll was made as follows:

Dr. Tafoya: YES

Mr. Rassias: YES

Mr. Powers: YES

Motion carried; application of the Town of Holden to borrow pursuant to M.G.L. c. 44, § 8(8A), approved.

Officials from the Town of Holden exited the meeting.

City of Lawrence: Chapter 44A request for \$5,190,000 in state qualified bonds

Dr. Tafoya invited officials from the City of Lawrence to introduce themselves and provide an overview of the request before the Board.

Acting CAFO Ceballos summarized the Leahy Elementary School project, noting the total estimated cost of \$115 million, with MSBA expected to contribute approximately \$65 million. Treasurer Ortiz stated that the City is requesting an additional \$2 million due to an increase in the budget from the original \$103 million and after taking into account MSBA's increased contribution. Regarding the City's financial condition since its last appearance before the Board, Treasurer Ortiz noted the City's continued strong tax collection efforts and Acting CAFO Ceballos noted that revenues are tracking slightly above budget projections, expenditures remain below budgeted levels, and the City has a healthy reserve balance of \$57.9 million, approximately 13% of FY 2025 revenues.

Water/Sewer Commissioner Hale provided a detailed summary of the water and sewer projects and clarification regarding the purpose and spending of the on-call/emergency construction line items.

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

Mr. Rassias asked about the City's overall level of debt. Treasurer Ortiz indicated that the City is in line with its financial policy which warrants 7% of its general operating revenue and that they are building up reserves to offset the increase in long-term debt repayment to ensure they remain within their financial policy. Mr. Rassias asked about the origins of the 7% figure and suggested revisiting. Acting CAFO Ceballos confirmed that it had been presented to the City Council when the financial policies were created. Mr. Powers asked whether there was any cost sharing for the water and sewer projects. Acting CAFO Ceballos stated that water/sewer is an enterprise fund and they fund their own debt service. Dr. Tafoya asked for confirmation about the appropriateness of borrowing for the on-call/emergency construction line items. Water/Sewer Commissioner Hale noted that although there is no specific need at the moment, historically there has been an annual spend due to the age of the water/sewer system. Ms. McNerney noted that bond counsel viewed the line items as part of the overall project cost. Mr. Rassias asked whether rates would need to be raised to meet the new debt service. Water/Sewer Commissioner Hale noted that they were already planning to raise rates in the next year and Treasurer Ortiz indicated that there had been some decrease in long-term debt year over year.

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

MOTION by Mr. Powers that, in accordance with the provisions of Chapter 44A of the General Laws, after due investigation, it is hereby determined that the City of Lawrence is entitled to issue qualified bonds and/or notes from time to time in the aggregate amount of \$5,190,000, to finance the several projects listed in their application. Seconded by Mr. Rassias.

A call of the roll was made as follows:

Dr. Tafoya: YES

Mr. Rassias: YES

Mr. Powers: YES

Motion carried; state qualified bond authorization application of the City of Lawrence approved.

Officials from the City of Lawrence exited the meeting.

Long-Range Municipal Fiscal Stability:

Mr. Rassias reported that the Division of Local Services is watching the level of federal revenues that may or may not be coming down, especially for schools, and whether municipalities will go for override

votes in FY 2026, noting that there is a lot of free cash and it wouldn't be a surprise if municipalities had to lean on their free cash for part of their operating budgets.

Board Processes:

Board EA Kwon noted preparation of a new application form for Chapter 44, § 8(8A), requests since another is expected for the July meeting.

Agenda Items for Next Meeting:

Hilltop confirmed a Chapter 44, § 8(8A), application would be submitted for Concord for July but that the Chapter 44A application for Lowell would probably not be submitted until August or September. Board EA Kwon mentioned North Adams could possibly submit a Chapter 44A application for July but it could be later.

Adjournment

MOTION by Mr. Powers to adjourn the meeting. Seconded by Mr. Rassias. A call of the roll was made as follows:

Dr. Tafoya: YES

Mr. Rassias: YES

Mr. Powers: YES

Meeting adjourned at 10:56AM.

Respectfully submitted by,

Sonia Kwon, Executive Assistant to the Board