

MUNICIPAL FINANCE OVERSIGHT BOARD

July 10, 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: The Honorable Jared C. Nicholson (Mayor, City of Lynn), Michael Bertino (Chief Financial Officer, City of Lynn), Elyse Fannon (Treasurer/Collector, City of Lynn), Stephen Spencer (Comptroller, City of Lynn), Josue Hernandez (City of Lynn), The Honorable Joshua A. Garcia (Mayor, City of Holyoke), Tanya Wdowiak (Auditor, City of Holyoke), Rory Casey (Treasurer, City of Holyoke), Kara Torres (City of Holyoke), Cinder McNerney (Hilltop Securities), Monica Mulcahy (Hilltop Securities), Megan Hyland (Hilltop Securities), Taylor Erickson (Hilltop Securities), Mark Messer (Office of Senator John Velis, Hampden and Hampshire), Ella Florence (Office of Senator John Velis, Hampden and Hampshire), Bill Arrigal (Department of Revenue), Jana DiNatale (Office of the State Auditor), Carina DeBarcelos (Office of the State Auditor), Hussain Zaidi (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 – May 8, 2024:

Dr. Tafoya asked for any comments from the Board on the meeting minutes of May 8, 2024. There were none.

MOTION by Ms. Wagner to approve the meeting minutes of May 8, 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 May 8, 2024, approved.

City of Lynn: Chapter 44A request for \$76,640,000 in state qualified bonds

Dr. Tafoya invited The Honorable Jared C. Nicholson, Mayor of the City of Lynn, to introduce the Lynn team and provide comment on the financial condition of the City and the request before the Board.

On behalf of Lynn, Mayor Nicholson noted that the City continues to experience strong finances and fiscal discipline, recently passed a balanced FY 25 budget, and that the financial team has been planning for debt capacity in the City's budget for the new middle school over the last few years.

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

The Board members requested an overview of any other school building projects or large capital requests as well as more detail regarding the Market Street acquisition in the current request.

Mayor Nicholson noted that the priority is the new middle school and the acquisition of an office building which will be converted into school space, in an effort to address severely overcrowded classrooms in the near term. Over the long term, the City has discussed broader capital needs, will be leveraging other funding sources including the transportation improvement project, and working toward longer term solutions for the school district that will likely require further partnership with the state. MSBA will be funding a majority of the new middle school project. The Market Street acquisition will allow for consolidation of school operations and administrative functions currently spread out over several buildings, as well as creation of classroom space, and will likely also have a tenant.

MOTION by Ms. Wagner that, in accordance with the provisions of Chapter 44A of the General Laws, after due investigation, the City of Lynn be entitled to issue qualified bonds and/or notes from time to time, in the aggregate amount of \$76,640,000, to finance the Pickering Middle School and the land acquisition for administrative offices. 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 Lynn approved.

Officials from the City of Lynn exited the meeting.

City of Holyoke: Chapter 44A request for \$37,395,000 in state qualified bonds

Dr. Tafoya invited The Honorable Joshua A. Garcia, Mayor of the City of Holyoke, to introduce the Holyoke team and provide comment on the financial condition of the City and the request before the Board.

On behalf of Holyoke, Mayor Garcia summarized the projects included in the request. Mr. Casey noted that the bulk of the projects are related to school projects that have been awarded accelerated repair or MSBA grants, the largest being a new middle school. The City has been building capacity in the general operating budget for several years to pay for the associated debt service, received a sizeable grant, bids are coming in favorably, and construction is underway. The City is using the accelerated repair program and receiving a full 80% reimbursement for the deferred maintenance of other school buildings, and using a combination of debt, MassWorks grants and other funding for other general infrastructure projects. The City is working toward improving its financial position, strengthening internal controls, passing general operating budgets with a surplus, and implementing new policies and procedures recommended by DLS. In addition, the City Council approved funding a CAFO position as part of the FY 25 budget, which the state has been recommending.

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

Context for the Board was requested regarding a debt exclusion for school projects which had gone before the voters a few years ago but was unsuccessful. Mr. Casey noted that at the time the City could not project that it could absorb the cost of the project in the general operating budget, and confirmed that the current request is part of the plan the City developed in the absence of the debt exclusion. The City worked with MSBA, using a standard design to have a much more affordable project. In addition, the City started a capital stabilization fund allowing for current payment for projects, long term debt to decrease, and projections of what the City could afford going forward. Mayor Garcia added that the new plan included the school district rethinking its assets, converting another school building into a middle school, redistributing elementary school students, and making capital investments to rehabilitate the existing buildings. The total projected cost for the new middle school is \$85 million, maintaining conservative estimates, costs are coming in closer to \$80 million, potentially allowing for some alternative exterior options and site work, and a majority of the funding is coming from MSBA.

MOTION by Ms. Wagner that, in accordance with the provisions of Chapter 44A of the General Laws, after due investigation, the City of Holyoke be entitled to issue qualified bonds and/or notes from time to time, in the aggregate amount of \$37,395,000, to finance the several projects 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 unanimously, state qualified bond authorization application of the City of Holyoke approved.

Officials from the City of Holyoke exited the meeting.

Long-Range Municipal Fiscal Stability:

Ms. Wagner recognized the closing of another fiscal year, working with communities on year-end procedures and cleaning up of line items, expecting first tax rates in August for the semi-annual communities and balance sheets any time now for free cash certification, and noted two open positions at DLS. In response to a query regarding the challenges faced by the Town of Orange, Ms. Wagner noted discussions with the town administrator about finding ways to balance their budget but affirmed

that it is largely a local issue, and noted further that fraud, in particular fraudulent invoicing, is increasing. DLS has been providing support to the extent possible with respect to both the budget and the fraud issue.

Board EA Kwon brought to the Board's attention the confirmatory update to the state qualified bond informational supplement to reflect the current policy of requiring issuers to set maturity payments only on the first day of the month to align qualified bond debt service payments with standard general obligation debt service payments and the payment of local aid.

Agenda Items for Next Meeting:

Ms. McNerney noted that Lowell and Revere may submit applications at the August meeting.

Board EA Kwon notified the Board and financial advisors that she will not be in attendance at the August meeting and arrangements for coverage will be made.

Adjournment

MOTION by Ms. Wagner to adjourn the meeting. 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

Meeting adjourned at 10:35AM.

Respectfully submitted by,

Sonia Kwon, Executive Assistant to the Board