

MUNICIPAL FINANCE OVERSIGHT BOARD

August 14, 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: Richard Viscay (CFO, City of Revere), Tom Golden (City Manager, City of Lowell), Conor Baldwin (CFO, City of Lowell), Austin Ball (Deputy CFO, City of Lowell), Kelly Oakes (Auditor, City of Lowell), Taylor Erickson (Hilltop Securities), Lisa Driscoll (Hilltop Securities), Abby Jeffers (Hilltop Securities), Bill Arrigal (Department of Revenue), Lauren Donoghue (Acting Executive Assistant, Office of the State Auditor), Carina DeBarcelos (Office of the State Auditor), Rita Bandi (Office of the State Auditor)

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 – July 10, 2024:

Dr. Tafoya asked for any comments from the Board on the meeting minutes of July 10, 2024. There were none.

MOTION by Ms. Wagner to approve the meeting minutes of July 10, 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 July 10, 2024, approved.

City of Revere: Chapter 44A request for \$260,000,000 in state qualified bonds

Dr. Tafoya invited Richard Viscay of the City of Revere to provide comments on the financial condition of the City and the request before the Board.

On behalf of Revere, Mr. Viscay noted that the City experienced a strong FY 2024 with zero deficits and revenues exceeding estimated expenditures. The City will be building a new high school at the former Wonderland greyhound racetrack; the City seized the former track by eminent domain. The Revere City Council and School Committee successfully voted to build the high school at that location; since then, the City received a bond authorization and MSBA grant to start construction.

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

Dr. Tafoya noted that the Board reviews the coverage ratio of every municipality that comes before them, and the City has a coverage ratio of 2.5. He asked Mr. Viscay if the City has any future anticipated spending on other large projects or new construction. Mr. Viscay replied that the high school is the City's largest project, and the City has deferred other capital plans; the City will restart its capital planning now that the high school project has a bond authorization. He anticipates most spending will be on vehicles and building maintenance. The City just completed building a new DPW facility and is in the middle of constructing a new fire station at Port of Pines that is two-thirds completed. Overall, the City has a lean budget and will be able to maintain the ability to pay off bills. The City is also anticipating over \$46 million in tax revenue increases related to the ongoing Suffolk Downs development.

Ms. Hurley asked if Mr. Viscay could give an update on the Suffolk Downs mixed-use project. Mr. Viscay replied that the first residential building is complete and will be leasing units for the fall, and the development just broke ground on a second building. The development is a long-term project of over 20 years.

Ms. Hurley then asked Mr. Viscay if he knows when the City will start to see a benefit from the real estate taxes coming from the development. Mr. Viscay replied that the City forecasts that they may start to see these benefits after FY 2031. New growth associated with the development will also start to be realized at this time.

Ms. Wagner asked if the City has debt service falling off anytime soon that would improve the City's coverage analysis, noting that if their coverage ratio declined it would make it difficult to cover any Qualified Bond debt service with local aid. Mr. Viscay replied that there are some projects where debt service is falling off soon; the City has a detailed debt schedule on hand.

Mr. Powers asked about the current capacity of the high school compared to the new facility. Mr. Viscay replied that the existing high school currently has a capacity of 2,000 students and the new high school will accommodate up to 2,400-2,500 students.

MOTION by Ms. Wagner that, in accordance with the provisions of Chapter 44A of the General Laws, after due investigation, the City of Revere be entitled to issue qualified bonds and/or notes from time to time, in the aggregate amount of \$260,000,000, to finance the high school building project. 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 Revere approved.

Officials from the City of Revere exited the meeting.

City of Lowell: Chapter 44A request for \$38,504,800 in state qualified bonds

Dr. Tafoya invited City Manager Tom Golden to introduce the Lowell team and provide comment on the financial condition of the City and the request before the Board.

On behalf of Lowell, Mr. Golden noted that the City is working on a project (LINC) with UMass Lowell that will invest over \$800 million to the area, create over 2,000 jobs, and provide \$4 billion in economic activity. The City Council recently signed an MOU with a development company to approve 125 housing units. The City is re-developing an acre of land to provide more housing, and the construction of additional units is also underway. The City (in conjunction with DCAMM) will put out bids to potentially transform the Lowell District Court property into a housing development.

Mr. Golden then gave a brief financial update. The City Council approved the FY 2025 budget, which will see rate increases for their water, wastewater, and parking enterprise funds. Mr. Golden then turned to Mr. Baldwin to talk about the request and the City's finances. Mr. Baldwin said that the City successfully closed out their FY 2024 budget with a strong free cash balance in the double digits. He added that the City will use free cash to replenish the City's stabilization funds for capital, maintain existing reserves, and reserve for future pay-as-you-go spending.

Mr. Baldwin noted that the City has struggled with their parking enterprise fund due to debt service related to a garage project. The City Council approved a rate increase this year to help the enterprise fund cover its own debt service. In addition, the City replaced parking meters and kiosks that were reaching the end of their useful life, which have helped with the enterprise fund's revenues.

Mr. Baldwin then summarized the projects included in the request. Much of their request is related to their capital plan, such as paving city roadways. The City is using Chapter 90 funding but will need other monies to keep up with those needs. Mr. Baldwin then highlighted a capital project that was in partnership with the City's public school system and a private school that recently closed. Lowell Public Schools bought the facility with federal funds. The City plans to make improvements to the building to provide special education programming. The City expects that providing this dedicated programming in the district will help them save money on out-of-district school and transportation.

Dr. Tafoya opened the meeting to questions from the Board. Ms. Hurley had no questions but gave kudos to the City of Lowell for their housing projects.

MOTION by Ms. Wagner that, in accordance with the provisions of Chapter 44A of the General Laws, after due investigation, the City of Lowell be entitled to issue qualified bonds and/or notes from time to time,

in the aggregate amount of \$38,504,800, to finance the several projects 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 City of Lowell approved.

Officials from the City of Lowell exited the meeting.

Long-Range Municipal Fiscal Stability:

Ms. Wagner recently sent a letter to the City of Brockton in advance of certifying their free cash and setting their tax rate to make sure the City has a balanced budget for FY 2025. DOR/DLS is requiring that Brockton certify their free cash before setting a tax rate should deficits arrive. With regards to the town of Orange, Ms. Wagner is scheduling a meeting with municipal officials to get an update on the financial status of the Town.

Agenda Items for Next Meeting:

Ms. Mulcahy noted that they are not aware of any municipalities that may submit applications for the September meeting at this time.

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 10:29AM.

Respectfully submitted by,

Lauren Donoghue, Acting Executive Assistant to the Board