

MUNICIPAL FINANCE OVERSIGHT BOARD

Meeting February 5, 2020

MINUTES

Board Members Present: State Auditor Suzanne Bump (Chair), Mary Jane Handy (Department of Revenue), Craig Stepno (Office of the State Treasurer), Margaret Hurley (Office of the Attorney General)

Non-Board Members Present: Hilary Hershman (Office of the State Auditor), Ben Tafoya (Office of the State Auditor), Philip McLaughlin (Office of the State Auditor), Carina DeBarcelos (Office of the State Auditor), William Arrigal (Department of Revenue), Noah Futterman (Office of the State Auditor), Cinder McNerney (Hilltop Securities), Abby Jeffers (Hilltop Securities), Lisa Driscoll (Hilltop Securities), George Anzuoni (City of Revere Director of Finance), Renee Fernandes (City of New Bedford Treasurer), Ari Sky (City of New Bedford Chief Financial Officer)

The meeting was called to order at 11:00 a.m.

Minutes from January 9, 2020

On the question of approval of the minutes from the meeting on January 9, 2020: approved by all board members present with amendment to correct the word "Counsel" to "Council" under the "City of Pittsfield" section.

City of Revere

Introductions were made by the team representing the City of Revere. Mr. Anzuoni began with a description of the project funded by this borrowing, which is building a new fire station to replace an old, unused fire station in the Point of Pines section of the city. Due to development near Revere Beach, the City believes a modern fire station is appropriate. Ongoing development for housing and hotels near Revere Beach has shown which areas flood, and this fire station is sited in an area not prone to flooding. The location also will allow fire trucks to exit in two different directions.

The Auditor asked if this project is in the same vicinity as a land-swap deal done in Revere last year with a DCR building, which was discussed at an MFOB meeting last year, and the Director responded that it is not. The Auditor then asked what savings the City would get from using the Qualified Bond Act rather than going directly to market. Cinder McNerney from Hilltop said that, as this is a new authorization, the City wants to keep all its bonds on the Qualified Bond Program and does not want have both qualified and non-qualified bonds on the market.

Ms. Handy asked about whether the new fire station would require shifting personnel or increasing staffing. The Director stated it would require staffing increases. Ms. Hurley asked if there were alternative sources of funding available for the project, to which the Director stated there were not.

Mr. Stepno asked about overall revenue streams in Revere and if there were going to be any new revenues in the next few years. The Director stated that Amazon is siting a distribution center at the former Necco candy factory, which will bring hundreds of jobs to the City. The City also expects increased revenue over a 13-14 year period due to development ongoing in the vicinity of Suffolk Downs. Development at Revere Beach is also adding revenue.

Ms. Handy made a motion to approve the request from the City of Revere. Ms. Hurley seconded the motion. The motion was unanimously approved by the members present.

City of New Bedford

Introductions were made by the team from the City of New Bedford. The Auditor asked for an overview of the capital projects that will be funded with this borrowing. Mr. Sky stated that the City is building a public safety center which would house personnel from the fire and police departments. This is the first new public safety center in 50 years. Mr. Sky stated that personnel from five police and fire facilities would be consolidated into the new center. The City will also be replacing the current radio communication system, which is reaching the end of its useful life. The new communications system will cover fire, police, and EMS. All projects have been provided for in the City's Capital Improvement Plan. There are also school projects included in the borrowing application, which are approved under the MSBA's accelerated repair program and are for general renovations.

Mr. Stepno asked if the 911 system is shared with other towns, to which Mr. Sky stated that the current system is an internal system. This borrowing would fund a total revamp of the city's system, which would involve 60 antenna sites. The Auditor asked what the City will be doing with the five facilities whose occupants would be moved into the public safety center, and Mr. Sky said that they will be sold. Ms. Hurley asked what the future use of those sites would be. Mr. Sky stated that they would more than likely be commercial, retail, or residential buildings once sold.

The Auditor asked if this center was being built on open land, to which Mr. Sky stated that it is being built at the site of a former church and adjacent building. The property has most recently been owned by a doctor, who had offices in the additional building. The Auditor then asked what savings could be expected by using the Qualified Bond Program. Cinder McNerney, the financial advisor, stated that New Bedford's credit rating (AA-) is lower than the state's and that, depending on market conditions, there would be savings of approximately 20 basis points. Mr. Sky added that the bonds for these projects are being sold over 3 years.

Ms. Hurley asked how police and fire personnel feel about being combined into one location. Mr. Sky stated that they seem excited. It would cost \$30-40M to renovate their existing buildings to modern status, so it makes sense to create a new center.

Ms. Hurley then asked for details on the Merchant Mariners' Memorial Walkway Repairs mentioned in New Bedford's request. Mr. Sky stated there is a pier at Fort Taber built in the early 2000s with a railing that has rotted due to the salt water and air. These repairs would replace that railing.

Mr. Stepno asked if there was still an elephant at the New Bedford zoo, and Mr. Sky answered affirmatively, saying that they had expanded the area for the elephant by 100% and brought the enclosure into conformity with AZA standards.

The Auditor then asked about the Moody's Credit Report opinion, which cites pension and OPEB liabilities as a challenge. Mr. Sky stated that, as for pensions, the City is on track and has a schedule to be fully funded by 2035. They have dedicated a portion of free cash revenue every year to their OPEB liability, which is close to \$500M. The City has also recently adopted a policy to include one-third of future marijuana excise tax revenue to help pay its OPEB liability. The retirement plan was recently changed to go from Medicare Part B to a City-led liability program.

Ms. Handy made a motion to approve the request from the City of New Bedford. Mr. Stepno seconded the motion. The motion was unanimously approved by the members present.

Long-Range Municipal Fiscal Stability

Ms. Handy stated that the former owner of Bay State Municipal Accounting, which closed in December, is helping a few communities finalize financial reports. All communities that used that firm now have other arrangements made. The City of Revere Treasurer is retiring, although there is someone in place to enter that position. The City Auditor, who had prior experience in Arlington but comes from Revere, is relatively new.

Ms. Hurley then raised the issue of snow and ice budgets, due to the winter being mild. Ms. Handy stated that the money not used for snow and ice removal will revert to free cash.

Topics for Next Meeting

Springfield and Winthrop are expected to attend the next meeting. Springfield's application, which is expected to be in excess of \$93 million, includes borrowing for construction of an elementary school, which is the majority of their application. The Auditor suggested that the Mayor be invited to attend the meeting. Winthrop's application is reportedly for \$1.265 million in judgment bonds.

The Auditor made a motion to adjourn, and the meeting was adjourned at 11:37 am.