

MUNICIPAL FINANCE OVERSIGHT BOARD

Meeting March 20, 2019

MINUTES

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

Non-Board Members Present: Sophia Apostola (Office of the State Auditor), Michael Leung-Tat (Office of the State Auditor), William Arrigal (Department of Revenue), Cinder McNerney (Hilltop Securities), R. Renee Fernandez (New Bedford), Ari Sky (New Bedford), John Gannon (Department of Revenue), Kenneth Woodland (Department of Revenue)

The meeting was called to order at 11:01 a.m.

Minute from January 17, 2019 and February 20, 2019

On the question of approval of the minutes from the meeting on January 17, 2019: approved by all members.

On the question of approval of the minutes from the meeting on February 20, 2019: approved by all members.

The designation letter for Ben Tafoya was entered into the minutes.

City of New Bedford

Ari Sky, New Bedford's CFO, gave a brief overview of New Bedford's request. Mr. Sky stated that the debt requested was previously authorized in 2017 and 2018 and is for repairs and improvements to various city and school buildings and facilities.

Mary Jane Handy asked whether New Bedford has a capital plan.

Mr. Sky stated that New Bedford has a capital plan for fiscal years 2018 through 2022. The capital plan outlines \$93.2 million in expenditures over the 5 year period. Mr. Sky noted that some of the major projects the City wants to undertake, including \$7,000,000 for a public safety communications system, \$6,800,000 for dam restoration, \$3,900,000 for roadwork, and \$19,500,000 for a new public safety center (which will combine two fire stations and a police station).

Ms. Handy asked whether the borrowing for the elementary school was for repairs or a feasibility study and whether New Bedford had any other school building projects planned.

Mr. Sky stated that the feasibility study was previously funded and the current request is for repairs. Mr. Sky stated that New Bedford is in the early stages of a school consolidation project. Additionally, New Bedford has some school roof and boiler replacements planned. Typically, New Bedford receives 65% reimbursement from the MSBA for core projects.

Ms. Handy asked New Bedford to provide a brief overview of development in New Bedford.

Mr. Sky stated that the offshore wind industry is gradually starting to take hold and New Bedford is poised to take advantage of the offshore industry with its manufacturing facilities. New Bedford's Port Authority is doing well. The City opened its second downtown hotel and there are early phase discussions of a third hotel. New Bedford has some downtown residential projects in the works. Additionally, New Bedford's industrial park is thriving; it has \$100,000,000 worth of development and is nearly full. Finally, New Bedford is the top fishing port by value.

Ben Tafoya asked why New Bedford was seeking the maximum term (30 years) for borrowing for most of the items in the request.

Mr. Sky stated that New Bedford sells its bonds based on useful life/service life. New Bedford may not sell all the bonds listed for the 30 year term, but New Bedford wants flexibility when it goes to the bond market. New Bedford will base the bonding term off of the warranty terms and estimated useful life.

Mary Jane Handy made a motion to approve the request from New Bedford.

Margaret Hurley seconded the motion.

The motion was unanimous approved.

Long-Range Municipal Fiscal Stability

Ms. Handy provided an overview of some ongoing municipal fiscal issues. Ms. Handy stated that Millville is having financial difficulties meeting their FY 2019 budget; currently Millville is \$600,000 short of its FY 2019 budget. Millville is part of a regional school district and Millville's assessment increased. DOR, on Millville's behalf, contacted the Department of Elementary and Secondary Education to see if Millville would qualified for the Foundation Reserve Budget. Millville is planning to vote on a Proposition 2½ override in April 2019 to meet their operating expenses. During the previous fiscal year they used one-time revenue sources to balance their budget.

Ms. Handy also noted that the Cherry Valley Sewer District is having problems. Cherry Valley outsources their water/sewer to Worcester and Worcester has a different rate for residents versus non-residents. A typical water/sewer bill for a Cherry Valley Sewer District resident is \$300-400 per month. Cherry Valley does not have sufficient funds to pay the water bills.

Margaret Hurley mentioned that the Hingham Water District may also have some upcoming struggles. Additionally, Ms. Hurley noted that the Town Clerk of Marion was just indicted.

Topics for Next Meeting

Sophia Apostola stated that the board has a meeting scheduled on April 24, 2019 and expects Brockton and Fitchburg to be in attendance.

The meeting was adjourned at 11:34 a.m.