

## **MUNICIPAL FINANCE OVERSIGHT BOARD**

**Meeting January 11, 2023**

**(conducted by conference call)**

### **MINUTES**

**Board Members Present:** Ben Tafoya (designee for State Auditor Suzanne Bump), Deborah Wagner (Department of Revenue), Minot Powers (Office of the State Treasurer), Margaret Hurley (Office of the Attorney General)

**Non-Board Members Present:** Hilary Hershman (Office of the State Auditor), Carina DeBarcelos (Office of the State Auditor), George Chichirau (Office of the State Auditor), Bill Arrigal (Department of Revenue), Monica Mulcahy (Hilltop Securities), Cinder McNerney (Hilltop Securities), Melissa Toland (Hilltop Securities), Lisa Driscoll (Hilltop Securities), Matthew Kerwood (Finance Director - Pittsfield), Tricia Farley-Bouvier (State Representative).

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

Dr. Tafoya made introductory remarks and read a statement noting that, in accordance with the July 16, 2022 Massachusetts Law, An Act Relative to Extending Certain State of Emergency Accommodations, and the Massachusetts Attorney General's Office February 18, 2022 guidance, this meeting was being held by 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 the statement, Mr. Tafoya announced that the meeting was being recorded and that Hilary Hershman was acting as Executive Assistant.

Board Member roll call: All members indicated orally that they were present.

### **Minutes from December 14, 2022**

Ms. Wagner made a motion to approve the minutes from the last meeting, which was seconded by Ms. Hurley. On the question of approval of the minutes from the meeting on December 14, 2022, the members voted as follows to approve the draft minutes without any changes:

Dr. Tafoya voted YES, as he attended at the previous meeting as a non-board member.

Ms. Wagner: YES

Mr. Powers abstained from voting, as he was not present at the previous meeting.

Ms. Hurley: YES

### **City of Pittsfield**

Mr. Kerwood introduced himself before the Board. He started his discussion detailing the City of Pittsfield's financials. The City is financially solid and has an approved tax rate with collections continuing, and tax bills have gone out. The City's free cash was certified at \$17 million, which is a record high. The City is looking to transfer \$2 million of the free cash balance into their general stabilization fund, another \$2 million into their public works stabilization fund, and \$2 million into their

OPEB trust. These transfers would still leave the City with over \$10 million free cash, representing above 5% of the City's operating budget.

Dr. Tafoya then solicited questions and comments from the Board. Ms. Wagner reiterated Mr. Kerwood's comments. For FY 2023, the City had \$17.1 million in free cash, \$5 million in stabilization funds (the City also plans to transfer \$4 million in free cash to stabilization), and \$3.5 million in excess capacity, and are nowhere near their levy ceiling. She feels that at this time the City is in good financial condition. Mr. Kerwood emphasized the dramatic improvement in the City's finances over the duration of his tenure.

Mr. Kerwood also commented on their borrowing money to buy vehicles, about which he knows the MFOB has had concerns. He said the City is trying to get into a better place by using "pay as you go" funding, but some equipment is expensive and requires other funding. This plan is one of the reasons why the City is allocating \$2 million into their public works stabilization account. He thinks that is a good start for a transition in the way vehicles have been financed. Another funding source is their cannabis taxes, which Mr. Kerwood hopes to see climb in the future. (Currently, the City is seeing a decline in cannabis taxes.) The City is also relying on free cash as a way to bolster public works funds. Mr. Kerwood also said he is happy to answer any questions on generic authorizations.

Ms. Hurley asked about vehicle purchases – whether the City exploring electric vehicles for their suite – or green alternatives for city construction (such as alternative heat pumps). Mr. Kerwood replied that they are trying to move to electric vehicles when they can (e.g. dispatch and inspection vehicles), but some electric vehicles have not proved suitable for certain purposes (such as plowing).

Mr. Powers asked if the City issued BANs for the request ahead of time. Mr. Kerwood replied that the City is planning to issue both bonds and BANs at the end of January 2023, which was authorized in the City's FY 2023 budget.

Ms. Wagner then moved to approve the application of the City. Mr. Powers seconded the motion. A call of the roll was made as follows:

Dr. Tafoya: YES

Ms. Wagner: YES

Mr. Powers: YES

Ms. Hurley: YES

#### **Updates and Topics for Next Meeting**

Mr. Tafoya asked the Hilltop Securities representatives if they were aware of any MFOB applicants for the February meeting. Ms. McNerney replied that she is not aware of any communities that are interested in coming before the Board then, but would notify the Board.

### **Long-Range Municipal Fiscal Stability**

Ms. Wagner stated that her department finished the tax rate season with only four communities not completing the process. Of these communities, two communities are issuing semi-annual bills, while one is sending quarterly bills and the other sending late bills. To date, DOR has certified \$1.5 billion in free cash for communities, which is an increase of \$163.1 million over the 2022 certifications, or 11.6%. Of the free cash certified, \$596 million (38%) comes from unspent free cash from the prior fiscal year, appropriations turn-backs make up \$429.5 million (27%), excess local receipts make up \$430.6 million (27%), and the collection of additional property tax receivables makes up over \$40 million (3%).

### **Adjournment**

Ms. Wagner made a motion to adjourn, which was seconded by Mr. Powers. A call of the roll was made with the votes as follows:

Dr. Tafoya: YES

Ms. Wagner: YES

Mr. Powers: YES

Ms. Hurley: YES

The meeting adjourned at 11:21 a.m.