

MUNICIPAL FINANCE OVERSIGHT BOARD

November 13, 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 John L. Vieau (Mayor, City of Chicopee), Marie LaFlamme (City Treasurer, City of Chicopee), Sharyn Riley (City Auditor, City of Chicopee), Michael Pise (Chief of Staff, City of Chicopee), Lee Pouliot (City Planner, City of Chicopee), The Honorable Peter M. Marchetti (Mayor, City of Pittsfield), Matthew Kerwood (Director of Finance & Administration/Treasurer, City of Pittsfield), Rachel Jingst (City Accountant, City of Pittsfield), Monica Mulcahy (Hilltop Securities), Lisa Driscoll (Hilltop Securities), Taylor Erickson (Hilltop Securities), Bill Arrigal (Department of Revenue), Anthony Rassias (Department of Revenue), Sean Cronin (Department of Revenue), Josie Schafer (Office of Senator John Velis), Jana DiNatale (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.

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

Board EA Kwon confirmed with Dr. Tafoya that the meeting was being recorded.

Approval of Minutes – October 9, 2024:

MOTION by Ms. Wagner to approve the meeting minutes of October 9, 2024. Seconded by Ms. Hurley.

Dr. Tafoya asked for any comments from the Board on the meeting minutes of October 9, 2024. There were none.

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 October 9, 2024, approved.

City of Chicopee: Chapter 44A request for \$49,123,343 in state qualified bonds

Dr. Tafoya invited The Honorable John L. Vieau, Mayor of the City of Chicopee, to introduce the Chicopee team and provide comment on the financial condition of the City and the request before the Board.

The Chicopee team noted that FY 2024 is showing positive operating results, reserves within reserve policy, free cash within 3-5% and stabilization within 5-10%. Regarding the request before the Board, design and engineering plans are set for renovating City Hall, the City is requesting authorization for two new projects and older projects that have been authorized but not yet borrowed. The City's new budget is just under \$260M, and they have been consistently under the levy limit for the past several years, with one of the lowest tax rates in western Massachusetts.

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

Dr. Tafoya requested an update on Chicopee's ARPA allocation and unexpended funds. Mayor Vieau noted that they have fully allocated the \$38M for the best interest of everyone, allocating funds toward sewer separation work, infrastructure, pumps, flood control and wastewater treatment, renovating the former central library into flex space to bring people downtown, focusing on nonprofits and small businesses. The City does not expect to return any funds.

Mr. Arrigal asked if there were any questions about the mechanics of intercepting local aid or appropriating in the budget the state qualified debt. They have questions as this is the first time Chicopee has come before the Board. Ms. Wagner recommended DLS reach out to the City after the meeting to discuss the details.

MOTION by Ms. Hurley that, in accordance with the provisions of Chapter 44A of the General Laws, after due investigation, the City of Chicopee be entitled to issue qualified bonds and/or notes from time to time, in the amount of \$49,123,343, for the purposes specified in their application. Seconded by Mr. Powers.

Dr. Tafoya asked for any additional questions from the Board. There were none.

A call of the roll was made as follows:

Dr. Tafoya: YES

Ms. Wagner: ABSTAINED

Ms. Hurley: YES

Mr. Powers: YES

Motion carried 3 votes in favor of approval, one abstention, none against, state qualified bond authorization application of the City of Chicopee approved.

Officials from the City of Chicopee exited the meeting.

City of Pittsfield: Chapter 44A request for \$670,000 in state qualified bonds

Dr. Tafoya invited The Honorable Peter M. Marchetti, Mayor of the City of Pittsfield, to introduce the Pittsfield team and provide comment on the financial condition of the City and the request before the Board.

The Pittsfield team noted the similarity of circumstances with that of Chicopee, they are consistently building reserves, 5-10% between free cash and reserves, working aggressively with banking partners on investing stabilization and ARPA funds to maximize yield. One issue of concern is that the excess levy capacity is low and needs work. There are projects in the pipeline being funded with ARPA funds, and once those come online, they will continue to maximize opportunities for new growth and to expand the tax base. The City continues to see an increase in real estate value. Regarding the request before the Board, the airport project is mostly grant funded through FAA and MassDOT. Estimated cost is 5% of the total cost of \$300K. Extension of the existing sewer will benefit Arrowhead (former home of Herman Melville) which has a failed septic system, connecting to the City system will allow expansion of use benefiting tourism.

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

Dr. Tafoya requested an update on ARPA allocation, Mr. Kerwood noted full allocation of \$40M in a wide variety of ways, infrastructure projects, water and sewer, repairs to school track, creating water meter grant program for seniors, paving parking lots, repairing elevators, upgrading fire houses, investments in library, HVAC in high school, community organizations and partners. The City does not expect to return any funds.

Dr. Tafoya asked for any additional questions from the Board. There were none.

MOTION by Ms. Wagner that, in accordance with the provisions of Chapter 44A of the General Laws, after due investigation, the City of Pittsfield be entitled to issue qualified bonds and/or notes from time to time, in the amount of \$670,000, for the purposes specified 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 Pittsfield approved.

Officials from the City of Pittsfield exited the meeting.

Long-Range Municipal Fiscal Stability:

Ms. Wagner noted that the Division of Local Services is singularly focused on certifying tax rates and getting free cash certified. They have certified about 188 free cash and set 48 tax rates, after the Thanksgiving holiday is when a majority of tax rates are set and it will be a busy time until the end of December. The Bureau of Local Assessments is focused on getting values certified to get communities across the finish line to timely submit and have their tax rates set.

Agenda Items for Next Meeting:

Lisa Driscoll of Hilltop Securities confirmed that Braintree plans to submit an application for the December meeting.

Discussion of Draft Bylaws:

Board EA Kwon provided the Board with a summary of considerations in drafting proposed bylaws, noting the lack of current statutory or regulatory guidelines regarding chairpersonship and board administration, historical sharing of administrative costs, and the statutory requirement for assessment of costs to applicants. Dr. Tafoya opened the floor for discussion and questions. Commissioner Cronin suggested assessing the need for MFOB as roles and responsibilities last changed in 2004, noting the new modern systems in place. At DLS the Gateway system is used to interact with all municipalities and special districts for free cash certification, setting tax rates, submitting Schedule A, and managing the State House Notes Program. He further suggested assessing whether the Qualified Bond Program could be administered similar to the State House Notes Program, with the Board being brought in for less routine requests. Dr. Tafoya noted that the Board is required to opine on certain other matters by statute. A request was made by Ms. Hurley for more time to reflect, noting her experience on the Board and the merit of being able to engage directly with municipalities, while being open to reevaluating processes in light of technological improvements. Ms. Wagner concurred with Commissioner Cronin and also requested additional time. Director DiNatale commented that although worth pursuing an overall assessment of the role of the Board it is a separate consideration from adoption of bylaws. The Board agreed to hold the matter as an agenda item for the next meeting.

Adjournment

MOTION by Ms. Wagner to adjourn the meeting. 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

Meeting adjourned at 10:57AM.

Respectfully submitted by,

Sonia Kwon, Executive Assistant to the Board