

## **MUNICIPAL FINANCE OVERSIGHT BOARD**

**July 12, 2023**

**(conducted by conference call)**

### **MINUTES**

**Board Members Present:** State Auditor Diana DiZoglio, Minot Powers (Office of the State Treasurer), Margaret Hurley (Office of the Attorney General), Deborah Wagner (Department of Revenue)

**Non-Board Members Present:** Jana DiNatale (Office of the State Auditor), Ben Tafoya (Office of the State Auditor), Hilary Hershman (Office of the State Auditor), George Chichirau (Office of the State Auditor), Jeffrey Moyer (Office of the State Auditor), Phil DeCologero (Office of the State Auditor), Bill Arrigal (Department of Revenue), David Eisenthal (UniBank), Ben Oglesby (UniBank), Monica Mulcahy (Hilltop Securities), Lisa Driscoll (Hilltop Securities), Taylor Erickson (Hilltop Securities), Lisa Krzywicki (Department of Revenue), Bethiny Moseley (Department of Local Services), Marc Strange (Town of Ludlow), Elsa Barros (Town of Ludlow), Bayleigh Young (CLA/Town of Ludlow), Matthew Kerwood (City of Pittsfield), Rachel Jingst (City of Pittsfield), Gabby Hanson Massachusetts State Senate - Legislative Director), Kelly Oakes (City of Lowell - Auditor), Conor Baldwin (City of Lowell - CFO), Tom Golden (City of Lowell – City Manager), Austin Ball (City of Lowell – Deputy CFO), Ted Panagiotopoulos (City of Lowell - Treasurer), Katherine Pomeroy (CLA – Assistant Controller), Maddy Sinsley (Legislative Aide for Massachusetts State Representative Aaron Saunders).

The meeting was called to order at 9:59 a.m.

Auditor DiZoglio made introductory remarks and read a statement noting that, in accordance with July 16, 2022 Massachusetts law, An Act Relative to Extending Certain State of Emergency Accommodations, as extended by Chapter 2 of the Acts of 2023, adopted March 29, 2023, 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 the statement, Auditor DiZoglio announced that the meeting was being. Auditor DiZoglio asked Dr. Tafoya to call the roll.

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

### **Minutes from May 10, 2023 Meeting**

Auditor DiZoglio asked if any of the Board Members had any comments on the minutes from the May 10, 2023 meeting. There was none. Ms. Wagner therefore made a motion to approve the minutes from the last meeting, which Ms. Hurley seconded. On the question of approval of the minutes from the May 10, 2023 meeting, the members voted as follows to approve the draft minutes without any changes:

Auditor DiZoglio: YES

Ms. Wagner: YES

Ms. Hurley: YES

Mr. Powers: YES

### **Town of Ludlow**

The Auditor recognized the submission from the Town of Ludlow and asked Town Manager Marc Strange to introduce his team. Mr. Strange stated that Mr. Eisenthal from UniBank, who would be taking the lead on the presentation, and Ms. Bayleigh Young from Clifton Larson & Allen, who serves as accountant, were in attendance. Mr. Strange also introduced Elsa Barros, who is the Treasurer and Collector for the Town. Mr. Eisenthal noted that his colleague, Ben Oglesby, was in attendance.

Mr. Eisenthal described the purpose of this request, which was to finance a radio communications project. Given that the state qualified bond program recently had an upgrade in its rating, the Town wished to use the higher rating, even though the Town has been successful in accessing capital markets in recent years. The Town also anticipates coming to the MFOB in about a year to help finance an as-yet-unknown amount of school project bonds for the Harris Brook School on Chapin Street. This project is nearing completion, the MSBA audit is expected in about a year, and the local share has not yet been determined, so the Town is holding off asking for approval for that financing. The Town also anticipates asking for \$2.4 million of financing for an HVAC upgrade for the municipal public safety facility.

The Auditor thanked Mr. Eisenthal and asked if any Board members had questions or comments. Ms. Wagner indicated that the Town has increased both free cash and stabilization funds to about \$4.4 million by the end of fiscal year 2022.

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

Auditor DiZoglio: YES

Ms. Wagner: YES

Ms. Hurley: YES

Mr. Powers: YES

### **City of Pittsfield**

The Auditor turned to the submission from the City of Pittsfield. Finance Director/Treasurer Matthew Kerwood noted that Mayor Tyer was unable to join the meeting and introduced the remainder of the team, including those from Hilltop Securities. Mr. Kerwood said that the City is in a very strong financial position and invited Ms. Wagner to update the Board on the City's free cash and stabilization funds, the former of which increased substantially to \$17.5 million by the end of the previous fiscal year and still had a healthy balance as of June 30. The City also has excess levy capacity.

Mr. Kerwood noted that the City's request contains a number of capital infrastructure requests, spanning water, sewer, property improvements, and vehicle purchases. The City has sought to use public works stabilization and free cash accounts to purchase vehicles, but the City Council rejected those requests and preferred to borrow for them instead. Mr. Kerwood stated that the current request is similar to past requests from the City for the Board.

The Auditor thanked Mr. Kerwood and asked if any Board members had questions or comments.

Ms. Hurley asked how many computers the City was planning to purchase and whether these were for a specific department. Mr. Kerwood stated that this purchase was citywide, excluding the school department. Ms. Hurley also asked whether the City has a tax lien foreclosure program and whether this program would be impacted by the recent Supreme Court decision. Mr. Kerwood stated that, in his tenure as finance director, the City has had only one tax title auction, which was in FY 2017. He is much more focused on auctions for City-owned real property, including ones on which they received land court judgments, with a focus on getting some properties on the tax rolls.

Ms. Wagner confirmed Mr. Kerwood's free cash figures and asked how much was remaining. Mr. Kerwood stated that \$6.1 million in free cash remains. Ms. Wagner noted increases in rates for sewer and water as well. She asked whether the budget for sewer was \$11 million, which Mr. Kerwood confirmed. He stated that the biggest portion of the amount that came out of free cash (\$7.5 million) went to road and sidewalk improvement, in which the City Council was interested. He confirmed that the enterprise funds would pay the debt service for water and sewer projects. The City was also using some ARPA funds for water infrastructure projects. No other Board Members had questions.

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

Auditor DiZoglio: YES

Ms. Wagner: YES

Ms. Hurley: YES

Mr. Powers: YES

### **City of Lowell**

The Auditor turned to the submission from the City of Lowell and recognized City Manager Tom Golden to introduce the request. Mr. Golden introduced the members of his team. He then turned to Mr. Baldwin to review the specifics.

Mr. Baldwin stated that the City's financial condition is strong. They had just passed their proposed budget unanimously. The City maintains a dynamic five-year capital improvement plan, and many of the projects included in this request are a part of this capital plan. The City has proposed increases in the water and sewer enterprises to meet operational costs and debt service and is also examining a potential increase for the parking enterprise. Mr. Baldwin said they keep a close eye on enterprise funds in order to make sure revenues meet expenses and the City is able to finance outstanding debt.

The City also experienced a cyber-hacking event recently, but has restored all its systems. As part of this recovery, they have introduced new controls, and one of their requests to the Board is to finance additional network infrastructure to enhance cyber security. One of these steps has been to adopt Office 365, which has provided both challenges and opportunities as part of the migration.

The Auditor thanked Mr. Baldwin and asked if any Board members had questions or comments.

Mr. Powers asked what the expected life was for the firearms purchase. Mr. Baldwin stated that he expects it would be either 10 or 15 years.

Ms. Wagner agreed with Mr. Baldwin that the City appeared to be in a strong financial position. Ms. Hurley asked whether the City has a program of tax lien foreclosures, which might be impacted by the recent Supreme Court decision. Mr. Baldwin stated that the City does regularly conduct tax lien auctions and had paused activities when the decision came down. The City traditionally has a good amount of receivables from tax liens and is using expertise from a recent hire as First Assistant City Solicitor, who has specific experience on tax titles and will advise them going forward. Mr. Baldwin does not expect the City to take a financial hit, and the focus is always to bring the properties back to productive use. Ms. Hurley asked if the City handles these auctions and foreclosures in-house. Mr. Baldwin stated that the City has a hybrid approach, with some cases handled in house, but also using legal firms to do title searches. They conduct the auctions internally, and Tallage has always been the prevailing bidder.

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

Auditor DiZoglio: YES

Ms. Wagner: YES

Ms. Hurley: YES

Mr. Powers: YES

Ms. Wagner pointed out that the Board Members may need a new form of vote page, because there is an error in the amount on the copy available. Ms. Erickson from Hilltop stated that they would forward Dr. Tafoya and Ms. Hershman a new copy immediately.

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

Auditor DiZoglio asked Ms. Wagner to provide an update. Ms. Wagner shared that they have recently closed their fiscal year, with the official close being July 17. She expects free cash and balance sheets to start coming in after that time. Ms. Wagner also noted that her office recently wrapped up the first Commonwealth Fellowship Program, with her office hosting 26 very-engaged community college students. These students are now spending time in community placements, usually close to their homes. She hopes to be able to meet some of them in the coming weeks. Auditor DiZoglio thanked Ms. Wagner and invited the students to visit the State House.

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

Auditor DiZoglio asked Dr. Tafoya whether he knew of any communities that wished to come before the Board in August. Dr. Tafoya stated he was not aware of any, but Ms. Mulcahy stated that she expects that Lowell will want to come back to ask for financing due to a legal judgment. Dr. Tafoya stated that the due date on cover letters for the next meeting would be next Wednesday, so they will know more then. Ms. Hershman stated that she was not aware of any other communities planning to come for the next meeting.

**Adjournment**

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

Auditor DiZoglio: YES

Ms. Wagner: YES

Ms. Hurley: YES

Mr. Powers: YES

The meeting adjourned at 10:36 a.m.