

## **MUNICIPAL FINANCE OVERSIGHT BOARD**

**Meeting April 11, 2018**

### **MINUTES**

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

**Non-Board Members Present:** Sophia Apostola (Office of the State Auditor), William Arrigal (Department of Revenue), Andrew Nelson (Department of Revenue), Amy Handfield (Department of Revenue), Cinder McNerney (Hilltop Securities), Abby Jeffers (Hilltop Securities), Kristy Tofuri (Hilltop Securities), Mayor Thomas McGee (Lynn), Darren Cyr (Lynn), Peter Caron (Lynn), Richard Fortucci (Lynn), Stephen Spencer (Lynn), Mary Carney (Hilltop Securities), Douglas Willardson (Webster), Andrew Jolda (Webster), James Chauvin (Webster)

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

#### **Minute from March 21, 2018**

On the question of approval of the minutes from the meeting on March 21, 2018: unanimous approval.

#### **Lynn**

Mayor McGee provided an overview of Lynn's request. Lynn is seeking authorization to borrow up to \$14 million to rectify Lynn's FY 2018 deficit and a potential FY 2019 deficit.

Mayor McGee is taking steps to implement sound financial practices, including starting the budget process earlier in the year, having more transparent budget meetings with department heads and the city council, and developing and implementing a 5-year capital plan. Lynn is also in the process of hiring a full-time chief financial officer.

Lynn is working to increase revenue. As part of this goal, the deficit legislation authorized Lynn to implement a trash fee, which is expected to raise approximately \$2 million to offset the cost of trash collection. In addition, Lynn is working to increase revenue through development. Lynn is considering authorizing commercial marijuana facilities in addition to the existing medical marijuana facilities. Lynn is also finalizing a \$60-80 million waterfront development project.

Auditor Bump asked what provisions of the deficit legislation Lynn believes will help it stabilize its finances.

Mayor McGee stated that the legislation authorizes changes that will help Lynn to become more efficient, including elimination of the requirement that the deficit cap be approval by the voters, elimination of the resident requirement for superintendent of schools and the chief financial officer, removing the charter prohibition against a combined treasurer/collector position, removing the newspaper advertisement requirements for job listing, and allowing for the collection of trash fees for curbside pickup. Mayor McGee also stated the financial reporting requirements in the deficit legislation will help to create a practice of accountability in Lynn.

Craig Stepno asked about Lynn's union contracts.

Peter Caron stated that all contracts expire on June 30, 2018.

The Board asked about revenue from marijuana facilities.

Mayor McGee stated that Lynn currently has two medical marijuana facilities and that Lynn's City Council voted to authorize the local option tax for the sale of commercial marijuana.

Lynn also expects to a small mitigation payment from the Wynn Casino.

Council President Cyr stated that the City Council is in the process of developing a 50-75 year development plan. Lynn has 350 acres of buildable land with ferry access that include a wide swath of continuous beach access.

Mayor McGee stated that Lynn is working with GE to open GE's commuter rail stop to the public. Lynn is in the process of creating a revised waterfront master plan.

Auditor Bump asked if Lynn has applied for any support through the Community Compact program.

Mayor McGee stated that Lynn has signed several agreements with the Metropolitan Area Planning Council (MAPC), including an LED street light conversion. Lynn is exploring the Green Communities Compact. Lynn also used the Community Compact to develop its 5-year capital plan.

Margaret Hurley asked whether Lynn has taken into account climate change in its developments plans.

Mayor McGee stated that Lynn is exploring grants to plan for rising sea levels. Mayor McGee stated that the city is looking at how to mitigate flooding in parts of Lynn that already experience flooding.

Council President Cyr added that most of the land under consideration for development is above sea level and the developers are building with climate change in mind.

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

Craig Stepno seconded the motion.

The motion was unanimous approved.

### **Webster**

Town Administrator Douglas Willardson provided an overview of Webster's request. Mr. Willardson stated that the Department of Revenue (DOR) recently conducted a financial management review, in which DOR recommended hiring a new auditor and reviewing the town's health insurance. Webster is working to resolve several issues that have caused financial difficulties, including deficits in its self-insurance account, late submissions of required reports to DOR, which caused a loss in state aid, and difficulties managing their capital accounts, which led to late borrowing for a school construction project. Webster is working to build its stabilization fund through appropriations and a potential property sale. Webster's retirement fund is also self-insured. Webster is exploring joining the Massachusetts Pension Reserve Investment Management Board. However, Webster must receive authorization from its current retirement board. Webster currently has an elected assessor, collector, and treasurer. Webster amended

its charter to allow for appointment of those positions. Additionally, Webster is working on amending its charter to merge the assessor and collector positions.

Mary Jane Handy discussed Webster's previous cash flow issues, including how the Division of Local Services (DLS) within DOR worked to resolve those issues. DLS created an intervention team to assist Webster with financial management. As part of its investigation, DLS discovered that Massachusetts School Building Authority (MSBA) still owed Webster money which DLS helped to recover.

Auditor Bump asked why the Park School was under funded.

Mr. Willardson said Webster originally borrowed \$10 million with the intention of bonding for the remainder of the funds at a later date. However, the account was not properly tracked which led to a deficit in the account. To rectify this issue Webster has moved accounts from the general fund to a separate account.

Margaret Hurley asked whether Webster is exploring other health insurance options.

Mr. Willardson stated that Webster is currently in meetings with its collective bargaining groups to discuss becoming members of the Group Insurance Commission (GIC). Webster believes it will join the GIC as of July 1, 2018. Webster expects to save at least 5% or \$500,000 by joining the GIC.

Craig Stepno asked about Webster's future debt.

Mr. Willardson stated Webster's only planned future debt is to replace a fire apparatus. Additionally, Webster has applied for MSBA funding for the rehabilitation or replacement of its high school.

Craig Stepno asked about Webster's expected savings from the LED conversion.

Mr. Willardson stated that Webster has received several grants for this project and Webster's share is \$150,000. The conversion itself is expected to save \$170,000 annually.

Margaret Hurley asked whether Webster expects any marijuana projects.

Mr. Willardson stated that Webster has a medical marijuana grow facility. The medical marijuana facility negotiated to expand to grow marijuana for commercial sales and that facility will provide payments of \$200,000 per year to Webster.

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

Margaret Hurley seconded the motion.

The motion was unanimous approved.

### **Long Range Municipal Fiscal Security**

Mary Jane Handy stated that DLS's Financial Trend dashboard is on-line. It is located at <https://www.mass.gov/service-details/municipal-finance-trend-dashboard>. The dashboard has demographics, debt, operating trends, revenue and expenditures. Currently, the dashboard contains information from 2011-2016.

Auditor Bump asked whether you can compare municipalities with this tool.

Mary Jane Handy stated that function is not available on the Financial Trend Dashboard but can be accomplished through the Municipal Databank.

**Potential Agenda Items**

Sophia Apostola stated that the next MFOB meeting is scheduled for May 9, 2018 and the Board will review requests from Brockton and Methuen.

The meeting was adjourned at 12:28 p.m.