

## MUNICIPAL FINANCE OVERSIGHT BOARD

Meeting February 21, 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), George Anzuoni (City of Revere), Meredith Sullivan (CDM Smith/City of Revere), Bob Button (CDM Smith/City of Revere), John Doherty (CDM Smith/City of Revere), Mark Ianello (City of Lawrence), Kelly Oakes (City of Lawrence), Cinder McNerney (First Southwest/Hilltop Securities), Kristy Tofuri (First Southwest/Hilltop Securities)

The meeting was called to order 11:03 a.m.

#### **Minute from January 10, 2018**

On the question of approval of the minutes from the meeting on January 10, 2018: unanimous approval.

#### **Lawrence**

Mark Ianello provided a general update for the City of Lawrence. In FY 2017, Lawrence had \$12 million in free cash reserves and increased its free cash reserves to \$14 million in FY 2018. Lawrence made some operational changes, including training hundreds of municipal employees on its enterprise resource planning system and implementing a 5-year financial forecast and a 5-year capital plan. Additionally, Lawrence put systems in place to manage expenditures, including mayoral approval for expenditures over \$1,000 and mayor approval and documentation of necessity for any expenditures made after April 1. Lawrence is working on collecting back taxes which has boosted Lawrence's free cash.

The items in this request for borrowing are items in last year's capital plan. The three largest items are accelerated MSBA repair projects. The request for a police radio system is necessary because the current system is antiquated and the system is experiencing failures. The request to repair the central fire station floor would extend the life of the building for approximately 25 years.

The Board questioned the request to bond for project management staff. The request is for a year of project management services. The project management positions would be full-time city employees with health and pension benefits. The City's financial overseer recommended that the project management staff expenses be included in the bond request because the projects they oversee are the bonded projects. The board reiterated concerns about the fiscal prudence of bonding for permanent municipal positions.

The board also asked questions about growth.

Lawrence's new growth was approximately \$1.8 million which was about \$200,000 higher than projections. Lawrence has seen consistent growth over the last several years. Lawrence has several

ongoing mill building conversions. There are also a few new employers and no discussions of losing large employers.

Lawrence has five unsettled contracts, two of which Lawrence believes will be settled in approximately a month. The City expects negotiations with fire, police, and police supervisors unions to be more complex. Most of the contracts have settled at between 1 to 2 percent.

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

Craig Stepno seconded the motion.

Auditor Bump made a motion to amend the Lawrence's request by striking the request for \$150,000 for the project manager and staff.

Margaret Hurley seconded the motion on the amendment to Lawrence's request.

The motion to amend Lawrence's request by striking the request for \$150,000 for the project manager and staff was unanimously approved.

The motion as amended was unanimously approved.

## **Revere**

Since 2007, Revere has operated under a consent decree. As part of the consent decree, the City has replaced or rebuilt every pump station in the City. Revere expects to borrow annually through 2022, with a possibility of annual borrowing through 2030 if Revere is allowed to extend its compliance time.

The board asked about Revere's annual schedule for water infrastructure.

In 2012, the EPA revised the Combined Sewer Overflow Policy. The revisions would require Revere to spend approximately \$3 to 5 million annually. The City is using the State Revolving Fund and enterprise funds to pay for its required annual spending. Revere's sewer enterprise fund is approximately \$21 million per year.

The board asked about collective bargaining contacts.

Revere has one pending contract with department heads and expects to settle it with the next several weeks.

The board asked about new growth.

Revere expects to see an increase in new growth, from \$1 million to \$1.5 to \$2 million. Revere also expects \$5.5 billion in new growth through the development of the Suffolk Downs property.

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

Craig Stepno seconded the motion.

The motion was unanimous approved.

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

The Department of Revenue's Municipal Dashboard had some glitches and the presentation will be delayed.

Holyoke's auditor recently resigned. The resignation highlighted a scam that caused the City to erroneously wire money. Margaret Hurley stated that this is the second community that she is aware of that fell prey to a wire scam. The board may want send out notification to the municipalities about fraudulent requests for money transfers.

Mary Jane Handy stated that there may be some issues regarding virtual cards to pay invoices and that DOR is currently researching virtual cards.

### **Potential Agenda Items**

The board members discussed agenda items for the next MFOB meeting. The board has received requests from New Bedford, Methuen, Holyoke and Brockton. The board is considering dates in March and April to hear these requests.

The meeting was adjourned at 12:16 p.m.