

## **MUNICIPAL FINANCE OVERSIGHT BOARD**

**Meeting November 14, 2018**

### **MINUTES**

**Board Members Present:** State Auditor Suzanne Bump (Chair), Craig Stepno (Office of the State Treasurer), Mary Jane Handy (Department of Revenue), Margaret Hurley (Office of the Attorney General) (arrived at 11:07 a.m.)

**Non-Board Members Present:** Sophia Apostola (Office of the State Auditor), Michael Ruane (Office of the State Auditor), William Arrigal (Department of Revenue), Richard Fortucci (City of Lynn), Michael Bertino (City of Lynn), Stephen Spencer (City of Lynn), Cinder McNerney (Hilltop Securities), Megan Hyland (Hilltop Securities), Abby Jeffers (Hilltop Securities)

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

#### **Minute from September 19, 2018**

On the question of approval of the minutes from the meeting on September 19, 2018: approved by Auditor Suzanne Bump, Craig Stepno, and Mary Jane Handy.

#### **City of Lynn**

Michael Bertino, the City of Lynn's Chief Financial Officer, provided a brief overview of the request. Lynn is seeking authorization for deficit financing and street light conversion to LED lights. Mr. Bertino stated that Lynn expects to receive \$1,100,000 in rebates and grants for the LED light conversion from the utility provider and the Department of Energy Resources. The expected payback period for the LED light conversion is 3 years. Mr. Bertino state that a goal is to implement more cost savings projects similar to the LED light conversion.

Mr. Bertino provided a brief overview of his professional background. Mr. Bertino has worked in municipal government for 20 years, focusing primarily on municipal finance. Most recently, Mr. Bertino was the treasurer in Somerville. Prior to that he was in the finance director in West Newbury and Winthrop. Mr. Bertino's priorities for the office are to ensure that Lynn has policies and procedures that are consistent with best practices and strengthen communication between departments.

Craig Stepno asked whether Lynn believed that \$4,500,000 will be sufficient to balance the budget.

Mr. Bertino stated that he is confident the \$4,500,000 will be sufficient to balance Lynn's budget. Lynn's FY 2019 budget was unbalanced because of cash flow issues and charter school payments. Lynn has complied with the provisions of the deficit spending legislation to set aside money in reserves and placed \$1,000,000 in reserves.

Mary Jane Handy asked about Lynn's progress on its capital plan.

Mr. Bertino stated that Lynn contracted with the Collin's Center to develop Lynn's capital plan, but the capital plan will not be ready for distribution for another 30 days.

Ms. Handy also asked for an update on Lynn's trash fees.

Mr. Bertino stated Lynn has collected \$1,600,000 in trash fees to date. Lynn is in the process of sending out delinquency and demand notices and is considering ways to improve the collection process.

Ms. Handy asked for an updated on Lynn's self-insurance fund and Lynn's future plans for providing health coverage to its employees.

Mr. Bertino stated that Lynn revised its self-insurance policy and is allocating sufficient funds to support the self-insurance fund. Lynn separated the pharmacy benefit to reduce costs. Additionally, Lynn increased some fees from employees. Lynn is looking into other options to provide health insurance. However, Lynn does not have a formal public employee committee, as authorized under the law. Consequently, union contracts and health insurance contracts are negotiated separately with employees. As Lynn further investigates its options Lynn wants to keep the informal public employee committee apprised of the information gathered.

The board invited Sean Cronin, Lynn's fiscal overseer, to speak about Lynn's fiscal outlook.

Mr. Cronin stated that health insurance is a significant issue for Lynn, and in part, caused the deficit. Lynn contracted with a consultant to analyze the health insurance options and outline all the health insurance options and the savings and the impact of each options on employees. Mr. Cronin stated that Lynn allocated funding for health care consulting services in the FY 2019 budget and it will cost approximately \$20,000 to 40,000. Mr. Cronin stated that the FY 2020 budget will be very challenging. Mr. Cronin stated that Lynn needs to develop policies for capital spending and long-term capital issue.

Mr. Stepno asked where Lynn stands with its union contract process.

Mr. Cronin stated that all Lynn's union contracts expired in FY 2018 and employees received no increases in FY 2019.

Mr. Stepno asked if the new construction will affect staffing of the fire department.

Mr. Bertino stated it will not have an impact.

Auditor Bump asked if Lynn received any allocations in the Supplemental Budget.

Mr. Cronin stated that Lynn received \$4,000,000 for roadways, school security, and school mental health, but no additional money for on-going operations.

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

Craig Stepno seconded the motion.

The motion was unanimous approved.

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

Ms. Handy reported that the Pioneer Valley Regional School District's (PVRSD) deficit spending legislation has been approved by the Legislature and Richard Kingsley has been appointed PVRSD's financial overseer.

Ms. Handy also stated that, at the request of the acting town administrator, the Department of Revenue (DOR) is meeting with Brewster to review policies and procedures. Brewster's tax rate was set in September 2018.

Finally, Ms. Handy reported that Uxbridge had several resignations, including the town account, assistant town accountant, collector/treasurer, fire chief, and police chief. Uxbridge also has a new town administrator and is using consultants to temporarily replace the town accountant and treasurer/collector. DOR will conduct a financial review for Uxbridge.

William Arrigal stated that Rockland may need to come before the board to finance a settlement from a potential law suit.

#### **Topics for Next Meeting**

Methuen is scheduled to come before the board on December 11, 2018.

Fall River, Lowell, New Bedford, and Revere are considering submitting applications to the board.

Pioneer Valley Regional School District may also seek to come before the board.

The meeting was adjourned at 12:02 p.m.