

CITY OF NEWTON
IN BOARD OF ALDERMEN
FINANCE COMMITTEE AGENDA

MONDAY, JANUARY 14, 2013

7:00 PM
Room 222

Please bring the Management Letter, Reports on Internal Control over Financial Reporting, Compliance and Federal Award Programs and the Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2012.

ITEMS SCHEDULED FOR DISCUSSION:

Re-appointment by His Honor the Mayor

#426-12 MARIA BIANCHI ROSEN, 41 Aspen Avenue, Auburndale reappointed as a Constable for the City of Newton for a term of office to expire December 5, 2015. [12/07/12 @ 3:55 PM]

#16-13 HIS HONOR THE MAYOR requesting the vote of the Board of Aldermen to complement by RESOLUTION the vote of the School Committee to transfer the sum of three hundred fifty thousand dollars (\$350,000) from unspent reserve in the Fiscal Year 2013 School Operating Budget (which resulted from an additional State circuit breaker reimbursement received at the end of Fiscal Year 2012) to a capital account established for the purpose of funding the design and engineering work for the installation of several modular classrooms at various elementary schools. [12/31/12 @ 9:25 AM]

#19-13 HIS HONOR THE MAYOR requesting authorization to transfer the sum of seventeen thousand four hundred eighty dollars (\$17,480) from Fiscal Year 2013 Budget Reserve to Public Buildings Repairs & Maintenance Account to fund the demolition costs for the Department Public Works salt shed that was damaged beyond repair during Hurricane Sandy.

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

#400-12 HIS HONOR THE MAYOR requesting authorization to appropriate the sum of one hundred fifty thousand dollars (\$150,000) from bonded indebtedness for the purpose of funding plumbing and bathroom renovations at the Gath Pool facility. [11/13/12 @ 5:13 PM]

**PROG & SERV REFERRED TO PUBLIC FACILITIES on 12/05/12
PUBLIC FACILITIES APPROVED 7-0 on 12/19/12**

The location of this meeting is handicap accessible, and reasonable accommodations will be provided to persons requiring assistance. If you have a special accommodation need, please contact the Newton ADA Coordinator Trisha Guditiz, 617-796-1156, via email at TGuditiz@newtonma.gov or via TDD/TTY at (617) 796-1089 at least two days in advance of the meeting date.

- #25-04(2) HIS HONOR THE MAYOR requesting authorization to expend up to two hundred fifty thousand dollars (\$250,000) from Avalon at Chestnut Hill Traffic Mitigation Funds for the purpose of installing a fully-activated traffic signal at the intersection of Hammond Pond Parkway and the Boylston Street Eastbound Exit Ramp. [12/31/12 @ 9:25 AM]
- #17-13 COMPTROLLER transmitting the Budgetary Basis Annual Financial Report for fiscal year ending June 30, 2012 for Board of Aldermen review/acceptance.
- #13-13 FINANCIAL AUDIT ADVISORY COMMITTEE providing the annual report of the Financial Audit Advisory Committee for review by the Finance Committee of the Board of Aldermen. [12/18/12 @ 9:31 AM]
- #14-13 FINANCIAL AUDIT ADVISORY COMMITTEE requesting review and acceptance of a City of Newton Whistleblower Policy. [12/18/12 @ 9:31 AM]
- #15-13 FINANCIAL AUDIT ADVISORY COMMITTEE requesting review and acceptance of the revised City of Newton Investment Policy. [12/18/12 @ 9:31 AM]

ITEMS NOT SCHEDULED FOR DISCUSSION:

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

- #427-12 ALD. DANBERG, BLAZAR, CROSSLEY, JOHNSON, LINSKY, RICE, FISCHMAN, YATES, & HESS-MAHAN requesting an increase in the fine for violation of Section 26-9 Putting snow and ice upon streets, sidewalks, and bridges, as listed in Section 20-21(d) relative to the costs incurred in maintaining sufficient levels of enforcement and consistent with fees charged by surrounding communities. [12/05/12 @ 7:33 PM]

REFERRED TO PUBLIC SAFETY & TRANS. AND FINANCE COMMITTEES

- #428-12 ALD. CICCONE & FULLER requesting a discussion with the Executive Office and the Police Department regarding police staffing and overtime costs. [12/07/12 @ 1:34 PM]
- #412-12 HIS HONOR THE MAYOR requesting a discussion regarding updating the City's departmental fees and fines. [11/27/12 @ 12:45 PM]

REFERRED TO FINANCE AND APPROPRIATE COMMITTEES

- #322-12 HIS HONOR THE MAYOR submitting the FY14-FY18 Capital Improvement Program pursuant to section 5-3 of the Newton City Charter. [10/09/12 @ 2:38 PM]
- #317-12 HIS HONOR THE MAYOR submitting the FY14 - FY18 Five-Year Financial Forecast for Board of Aldermen review/acceptance. [10/09/12 @ 2:38 PM]

REFERRED TO PUBLIC SAFETY/TRANSPORTATION & FINANCE COMMITTEES

- #281-12 HARRY SANDERS requesting creation of an ordinance to allow pawnbrokers in the City of Newton pursuant to G.L. c. 140 section 70 with potential for non-fixed location of business. Secured property storage would not entail retail walk-in; model would entail possible satellite locations enabling the possibility of integrating Newton students. [08-31-12 @12:25 PM]

REFERRED TO ZONING & PLANNING, LAND USE & FINANCE COMMITTEES

- #273-12 ALD. CROSSLEY & HESS-MAHAN requesting a restructuring and increase in fees for permits charged by the Inspectional Services Department and fees charged by the Planning Department and City Clerk to assure that fees are both sufficient to fund related services provided and simple to administer. [09-10-12 @1:17 PM]

REFERRED TO FINANCE AND APPROPRIATE COMMITTEES

- #257-12 RECODIFICATION COMMITTEE recommending (1) review of the Fees, Civil Fines/Non-Criminal Disposition contained in Chapter 17 LICENSING AND PERMITS GENERALLY and Chapter 20 CIVIL FINES/NON-CRIMINAL DISPOSITION CIVIL FINES to ensure they are in accordance with what is being charged and (2) review of the acceptance of G.L. c. 40 §22F, accepted on July 9, 2001, which allows certain municipal boards and officers to fix reasonable fees for the issuance of certain licenses, permits, or certificates.

REFERRED TO PROG & SERV, PUB. FAC., ZAP, AND FINANCE COMMITTEES

- #256-12 ALD. HESS-MAHAN, SANGIOLO & SWISTON proposing and ordinance promoting economic development and the mobile food truck industry in the City of Newton. [08/06/12 @4:46 PM]

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

- #254-12 ALD. HESS-MAHAN, SANGIOLO, DANBERG, KALIS, CROSSLEY proposing an ordinance relating to plastic bag reduction that would add a fee to single-use plastic and paper bags that are not at least 40% post-consumer recycled content, at certain retail establishments in Newton. [07/18/12 @4:34 PM]
- #248-12 RECODIFICATION COMMITTEE recommending that **ARTICLE IV. PURCHASES AND CONTRACTS, Secs. 2-182 through 2-205**, be amended to make it consistent with state law.
- #247-12 RECODIFICATION COMMITTEE recommending that Chapter 18 MEMORIAL FUNDS AND TRUSTS be reviewed relative to the consequences and practices of special legislation passed by the General Court in 2007, Chapter 75 of the Acts of 2007, in which the City sought and was granted an exemption from G.L. Chapter 44 §54, which intent was to allow the City greater flexibility in terms of investments.

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

- #185-12 ALD. BAKER, BLAZAR, SANGIOLO, LINSKY, ALBRIGHT & DANBERG requesting that the Board of Aldermen adopt a RESOLUTION to His Honor the Mayor asking that, when the Mayor seeks future Board approval for bonding the cost of additional capital facilities or equipment for the schools, he include in that funding request, as well as in the city-wide Capital Improvement Plan, the estimated costs needed for funding the capital technology needs of the Newton Schools, including the appropriate portions of the estimated project costs of the School Committee's three-year district-wide technology plan not anticipated to be funded by the Information Technology Department budget; the anticipated technology grants from Boston College for the elementary schools; and/or estimated revenue from the E-rate Technology Reimbursement Program. [06/11/12 @ 11:23 PM]
- #102-12 HIS HONOR THE MAYOR requesting authorization to appropriate the sum of five hundred thousand dollars (\$500,000) from cable contract receipts for the purpose of constructing Phase I of III to connect all city facilities with high-speed fiber infrastructure for continued reliance on the IT network. [04-09-12 @ 3:40 PM]

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

- #54-12(2) PUBLIC FACILITIES COMMITTEE proposing that Chapter 26, Section 71 (b)(1) & (2) and Section 73(c)(2) of the City of Newton Ordinances be amended by increasing the assessment minimum from five hundred dollars (\$500) to no more than two thousand dollars (\$2,000). [10/17/12]

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

- #39-12 HIS HONOR THE MAYOR requesting authorization to establish a revolving account with an annual expenditure limit of \$2,000,000 for the purpose of receiving funds collected by the Newton Schools Foundation in connection with the sale of naming rights for Newton Public School buildings and facilities and to be distributed for the sole purpose of public school education technology and curriculum purposes. [01/30/12 @ 4:18 PM]

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

- #383-11(4) HIS HONOR THE MAYOR recommending that Section 29-80 (b)(1) of the City of Newton Revised Ordinances, 2007 be amended by revising the stormwater rates as follows: single-family residences \$25 per year, two-family residences \$37.50 per year, and multi-family (3 units or more), commercial, industrial, and institutional properties (to include non-profits) would be charged at a rate of \$25 per Equivalent Residential Unit of 2,600 square feet of impervious surface on the property to take effect on July 1, 2012. [04-09-12 @ 2:39 PM]

- #140-11 ALD. HESS-MAHAN requesting acceptance of MGL Chapter 59 §5c which allows communities to shift the tax burden away from homeowners who live in lower than average valued single and multi-family homes to owners of higher valued homes, second homes, and most apartment buildings. {04-15-11 @ 3:07 PM]

REFERRED TO PROG & SERV, PUB FACIL. & FINANCE COMMITTEES

- #130-11 PAUL COLETTI, ALD. SANGIOLO, DANBERG, & JOHNSON requesting Home Rule Legislation to create a Capital Preservation Fund for the City of Newton modeled on the Community Preservation Fund to address the capital needs of the City. [04/11/11 @9:42 PM]
PUBLIC FACILITIES NO ACTION NECESSARY 6-0 (Lennon not voting) on 10/18/11
PROGRAMS & SERVICES APPROVED 5-0-3 (Fischman, Baker, Blazar abstaining) on 03/21/12

- #130-11(A) PROGRAMS & SERVICES COMMITTEE requesting the Finance Committee review alternate proposed Home Rule Legislation language related to the creation of a Capital Preservation Fund.
PROGRAMS & SERVICES APPROVED & REFERRED TO FINANCE 7-0-1 (Blazar abstaining) on 03/21/12

REFERRED TO PUBLIC SAFETY&TRANS & FINANCE COMMITTEES

- #363-10(2) ALD. ALBRIGHT proposing a trial of parking meter free Saturdays between Thanksgiving and New Year for the shopping areas to support shopping at local businesses in Newton. [02-10-12 @9:13 AM]

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

- #311-10(A) HIS HONOR THE MAYOR requesting an appropriation in the amount of three million three hundred thirty-five thousand dollars (\$3,035,000) from bonded indebtedness for the purpose of funding the FY 2011 Capital Improvement Plan projects as follows: [11/29/ 10 @ 3:23 PM]
Architectural Design and Engineering/ Next Scheduled Fire Station \$400,000
A-2 - HELD 6-0 \$270,000 for final design bidding and construction admin on 12/08/10

REFERRED TO LAND USE & FINANCE COMMITTEES

- #276-10 ALD. FULLER, CROSSLEY, DANBERG, LINSKY requesting a review of guidelines for mitigation fund provisions to maximize the use of such funds on behalf of the city together with mechanisms by which the city can better track such funds to ensure they are used in a timely fashion.

REFERRED TO FINANCE AND PROGRAMS AND SERVICES COMMITTEES

- #245-06 ALD. JOHNSON AND HESS-MAHAN requesting an amendment to the City Charter to require the Mayor annually to prepare and submit to the Board of Aldermen a long-term financial forecast of anticipated revenue, expenditures and the general financial condition of the City, including, but not limited to identification of any factors which will affect the financial condition of the City; projected revenue and expenditure trends; potential sources of new or expanded revenues; anticipated municipal needs likely to require major expenditures; and a strategic plan for meeting anticipated municipal needs, to include, but not be limited to, any long or short-term actions that may be taken to enhance the financial condition of the City.

Respectfully submitted,

Leonard J. Gentile, Chairman



SETTI D. WARREN
MAYOR

City of Newton, Massachusetts
Office of the Mayor

#426-12

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(617) 796-1100

Facsimile
(617) 796-1113

TDD/TTY
(617) 796-1089

E-mail
swarren@newtonma.gov

December 5, 2012

Honorable Board of Aldermen
Newton City Hall
1000 Commonwealth Avenue
Newton, MA 02459

RECEIVED
Newton City Clerk
2012 DEC - 7 PM 3:55
David A. Olson, CMC
Newton, MA 02459

Ladies and Gentlemen:

I am pleased to reappoint Maria Bianchi Rosen of 41 Aspen Avenue, Auburndale as a Constable for the City of Newton. Her term of office shall expire December 5, 2015 and her reappointment is subject to your confirmation.

Thank you for your attention to this matter.

Sincerely yours,

Setti D. Warren
Mayor

1000 Commonwealth Avenue Newton, Massachusetts 02459

www.newtonma.gov



DEDICATED TO COMMUNITY EXCELLENCE

UTICA MUTUAL INSURANCE COMPANY
NEW HARTFORD, NEW YORK

CONTINUATION CERTIFICATE

UTICA MUTUAL INSURANCE COMPANY (hereinafter called Surety)

hereby continues in force its Bond No. SU2006370 in the sum of Five thousand and 00/100 Dollars (\$5,000.00), on behalf of Maria Bianchi Rosen in favor of City of Newton, MA for the term beginning on the 1st day of May, 2012 and ending on the 1st day of May, 2015 subject to all the covenants and conditions of said bond.

This Continuation Certificate is executed upon the express condition that the Surety's liability under said Bond and this and all continuations thereof shall not be cumulative from year to year.

Signed, sealed and dated this 2nd day April, 2012

UTICA MUTUAL INSURANCE COMPANY

By: Jackson B. Nelson
Jackson B. Nelson Attorney-in-Fact

RECEIVED
Newton City Clerk
2012 DEC - 7 PM 3:55
David A. Olson, CMC
Newton, MA 02459

SEAL # 007

UTICA MUTUAL INSURANCE COMPANY

NEW HARTFORD, NEW YORK

EXPIRATION DATE March 31, 2013**POWER OF ATTORNEY**

Know all men by these Presents, the **UTICA MUTUAL INSURANCE COMPANY**, as a New York Corporation, having its principal office in the Town of New Hartford, County of Oneida, State of New York, does hereby make, constitute and appoint Debra A. Wichowsky, Wilma K. Acre, Jackson B. Nelson,

Kathleen E. Caiola, Lauri A. Emmerich, all of New Hartford, New York

its true and lawful Attorney(s)-in-fact in their separate capacity if more than one is named above to make, execute, sign, seal and delivery for and on its behalf as surety and as its act and deed (without power of redelegation) any and all bonds and undertakings and other writings obligatory in the nature thereof (except bonds guaranteeing the payment of principal and interest of notes, mortgage bonds and mortgages) provided the amount of no one bond or undertaking exceeds Unlimited Dollars (\$ Unlimited).

The execution of such bonds and undertakings shall be as binding upon said **UTICA MUTUAL INSURANCE COMPANY** as fully and to all intents and purposes as if the same had been duly executed and acknowledged by its regularly elected officers and its Home Office in New Hartford, New York.

This Power of Attorney is granted under and by authority of the following resolution adopted by the Directors of the **UTICA MUTUAL INSURANCE COMPANY** on the 27th day of November, 1961.

"Resolved, that the President or any Vice-President, in conjunction with the Secretary or any Assistant Secretary, be and they are hereby authorized and empowered to appoint Attorneys-in-fact of the Company, in its name and as its acts, to execute and acknowledge for and on its behalf as Surety any and all bonds, recognizances, contracts of indemnity and all other writings obligatory in the nature thereof, with power to attach thereto the seal of the Company. Any such writings so executed by such Attorneys-in-fact shall be binding upon the Company as if they had been duly acknowledged by the regularly elected Officers of the Company in their own proper persons."

"Now therefore, the signatures of such officers and the seal of the Company may be affixed to any such Power of Attorney by a facsimile, and any such Power of Attorney bearing such facsimile signatures or seal shall be valid and binding upon the Company."

In Witness Whereof, the **UTICA MUTUAL INSURANCE COMPANY** has caused these presents to be signed by its Authorized Officers, this 26th day of August, 2005.

George P. Wardley

Secretary

**UTICA MUTUAL INSURANCE COMPANY**

Daniel D. Daly

Vice President

STATE OF NEW YORK
COUNTY OF ONEIDA }

ss:

On this 26th day of August, 2005, before me, a Notary Public in and for the State of New York, personally came DANIEL D. DALY and GEORGE P. WARDLEY to me known, who acknowledged execution of the preceding instrument and, being by me duly sworn, do depose and say, that they are Vice President and Secretary respectively of **UTICA MUTUAL INSURANCE COMPANY**; and that the seal affixed to said instrument is the corporate seal of **UTICA MUTUAL INSURANCE COMPANY**; and that the said corporate seal is affixed and their signatures subscribed to said instrument by authority and order of the Board of Directors of said Corporation.

In Testimony Whereof, I have hereunto set my hand at New Hartford, New York, the day and year first above written.



Jackson B. Nelson

Notary Public

STATE OF NEW YORK
COUNTY OF ONEIDA }

ss:

I, George P. Wardley, Secretary of the **Utica Mutual Insurance Company** do hereby certify that the foregoing Power of Attorney executed by said **Utica Mutual Insurance Company** and the above-quoted Resolutions of the Board of Directors adopted November 27, 1961 are still in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the Seal of the said Corporation at New Hartford, New York, this 2nd day of April, 2012.

George P. Wardley

Secretary

UTICA MUTUAL INSURANCE COMPANY

FINANCIAL STATEMENT AS OF DECEMBER 31, 2010

ASSETS		LIABILITIES AND SURPLUS	
U.S. Governmental Direct Guaranteed Bonds	\$ 31,598,100	Reserve for all Losses	\$ 826,570,224
All Other Bonds	1,507,624,413	Unearned Premiums	268,415,143
Stocks	332,821,427	Reserve for Claim Expenses	296,494,720
Mortgages	0	Dividends	7,446,872
Cash and Short-Term Investments	68,756,693	Taxes Accrued	5,585,318
Equities & Deposits in Pools and Associations	5,473,407	Federal Income Tax	0
Premiums in Course of Collection	147,155,390	Amounts Withheld on Account of Others	11,314,602
Interest Due and Accrued	16,806,150	Provision for Reinsurance	21,947,071
Other Admitted Assets	174,265,400	Miscellaneous Accounts Payable	79,673,469
Total Admitted Assets	\$ 2,284,500,980	Total Liabilities	\$1,517,447,419

Surplus Funds

Dividend Reserve	\$ 2,038,179
General Voluntary Reserve	1,500,000
Special Contingent Surplus	1,700,000
Divisible Surplus	761,815,382
Surplus as Regards Policyholders	767,053,561
Total	\$ 2,284,500,980

STATE OF NEW YORK
COUNTY OF ONEIDA

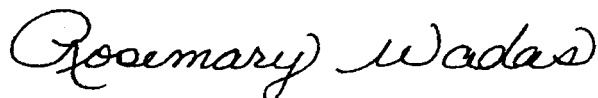
ss:

Brian P. Lytwynec, President & COO of the UTICA MUTUAL INSURANCE COMPANY, New Hartford, New York, being duly sworn, says that he is the above described officer of said Corporation, and that on the 31st day of December, 2010, all of the assets shown above were the absolute property of the said Corporation, free and clear from all liens or claims thereon except as above stated, and that the foregoing statement is a full and true exhibit of all assets and liabilities of the said Corporation at the close of business December 31, 2010, according to the best of his knowledge, information and belief.

Subscribed and sworn to before me the 12th day of May, 2011.

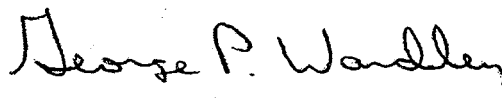


President & COO



Notary Public in the State of New York
Appointed in Oneida County
My Commission Expires April 30, 2014

Attest



Secretary

Maria Bianchi Rosen
41 Aspen Avenue
Auburndale, MA 02466

Work Experience

Constable for the City of Newton Newton, MA

Process server 1995-Present

Provide the service of legal documents; conduct evictions mainly for the Newton Housing Authority.

Watertown Police Department Watertown, MA

Administrative Assistant to the Chief of Police/Records Clerk 2001-2004

Assisted the Chief with various assignments; generated correspondence; answered and screened telephone calls. Assisted the Lieutenant with all aspects of the accreditation process; maintained Uniform Crime Report; briefed cases for training bulletins; updated and filed police reports; generated investigative criminal background checks.

Bar/Bri Bar Review Boston, MA

Administrative Assistant 1999-2001

Prepared review packets for students; performed customer service duties; updated files.

Boston College Purchasing Department Chestnut Hill, MA

Department Secretary 1994-1998

Invoice monitoring; account reconciliation; acted as liaison between the vendor and the end-user; to reconcile outstanding statements; assisted buyers with creating purchase orders and agreement accounts for other departments throughout the University. Temporarily acted as an Assistant Buyer.

Computer Skills

Extensive knowledge of IBM and Macintosh systems.

Proficient use of Word; Excel; FileMaker Pro, Westlaw, and Lexis.

Education

New England School of Law, Boston, MA

Juris Doctor, May 2001

Boston College, Chestnut Hill, MA

Bachelor of Arts in Communications, May 1997

Mount Ida College, Newton Centre, MA

Associate of Science in Paralegal Studies, May 1993

Certification

Massachusetts Bar passed November 2, 2001; certification January 22, 2002

Licensed Real Estate Broker, Century 21 certified.

Licensed Provider for Large Family Daycare.

Notary Public for the Commonwealth of Massachusetts.

Activities

Barbri Representative, 1998-2001

ABA Law Student Division, 1998-2001

Business Law Center, 1998-1999

Other

Manager of real property; Class Manager for the Newton Jazzercise Center.



SETTI D. WARREN
MAYOR

City of Newton, Massachusetts
Office of the Mayor

#16-13

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E-mail
swarren@newtonma.gov

December 31, 2012

Honorable Board of Aldermen
Newton City Hall
1000 Commonwealth Avenue
Newton Centre, MA 02459

RECEIVED
Newton City Clerk
2012 DEC 31 PM 12:50
David A. Olson, CMC
Newton, MA 02459

Ladies and Gentlemen:

I write to request that your Honorable Board docket for consideration a resolution to concur with the December 10, 2012 vote of the Newton Public School Committee to transfer the sum of \$350,000 from the unspent reserve in the FY13 school operating budget (which resulted from an additional state circuit breaker reimbursement received at the end of FY12) to a Capital Account established for the purpose of funding the design and engineering work for the installation of several modular classrooms at various elementary schools.

In order to install the modular classrooms by the end of August for the 2013-14 school year, the project must first pass through the design process and the city approval process so that the contract can be awarded by mid-March. To that end, it is recommended that design work start immediately and that the project move through combined meetings of the Board of Aldermen in early calendar year 2013.

The full cost of the modular classrooms is still being refined and all costs plus associated sprinkler installation contingencies are included in the City's Capital Improvement Plan.

Thank you for your consideration of this matter.

Sincerely,

Setti D. Warren
Mayor

1000 Commonwealth Avenue Newton, Massachusetts 02459

www.newtonma.gov



DEDICATED TO COMMUNITY EXCELLENCE



SETTI D. WARREN
MAYOR

City of Newton, Massachusetts
Office of the Mayor

#19-13

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E-mail
swarren@newtonma.gov

December 31, 2012

Honorable Board of Aldermen
Newton City Hall
1000 Commonwealth Avenue
Newton Centre, MA 02459

Ladies and Gentlemen:

I write to request that your Honorable Board docket for consideration a request to transfer the sum of \$17,480 from FY13 Budget Reserve to Acct # 0111502-52409 – Public Buildings Repairs & Maintenance to fund the demolition costs for the DPW salt shed that was damaged beyond repair during Hurricane Sandy.

Pictures of the building are attached.

Thank you for your consideration of this matter.

Sincerely,

Setti D. Warren
Mayor

RECEIVED
Newton City Clerk
2013 JAN -4 PM 4:20
David A. Olson, CMC
Newton, MA 02459

1000 Commonwealth Avenue Newton, Massachusetts 02459

www.newtonma.gov

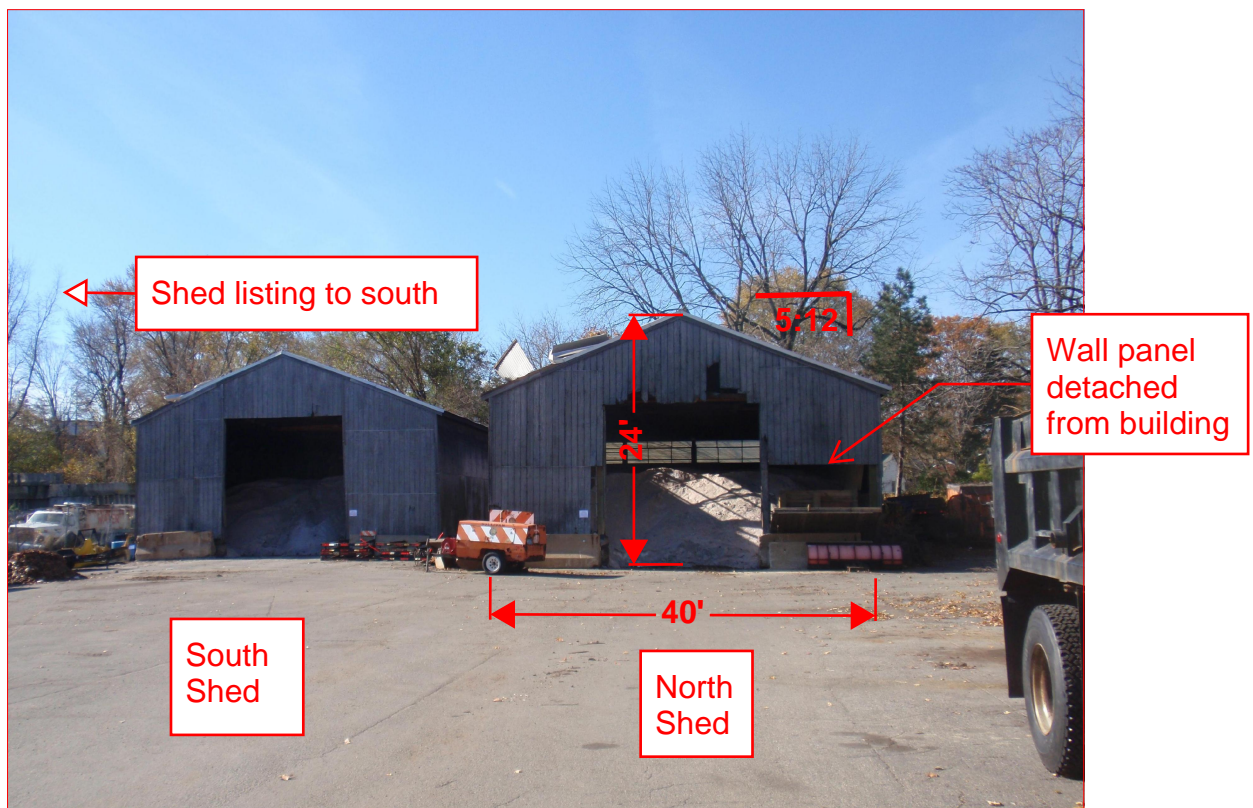


DEDICATED TO COMMUNITY EXCELLENCE

Newton DPW Crafts St. Salt Barns - Observations Report 11-6-12



Aerial view of salt sheds at Newton DPW Crafts Street location. Both sheds appear to be constructed around same time and are same size at 40'x84' and house approximately 1,000 cubic yards of road salt. Both buildings have been labeled as Unsafe Structures by the Inspectional Services Department on 10-31-12



Both structures appear to be experiencing long term deterioration, possibly accelerated from corrosive atmosphere from chloride ions. South shed is listing to the south and several north shed wall panels have fallen away from building (front and sides).

Newton DPW Crafts St. Salt Barns - Observations Report 11-6-12



Broken bottom chord members of roof trusses

View of bottom of roof trusses in North Shed. Both sheds exhibit similar conditions. Bottom chords are fractured and their capacity is now compromised. Likely causes of damage are strong winds, heavy snow, and long term deterioration of fasteners.



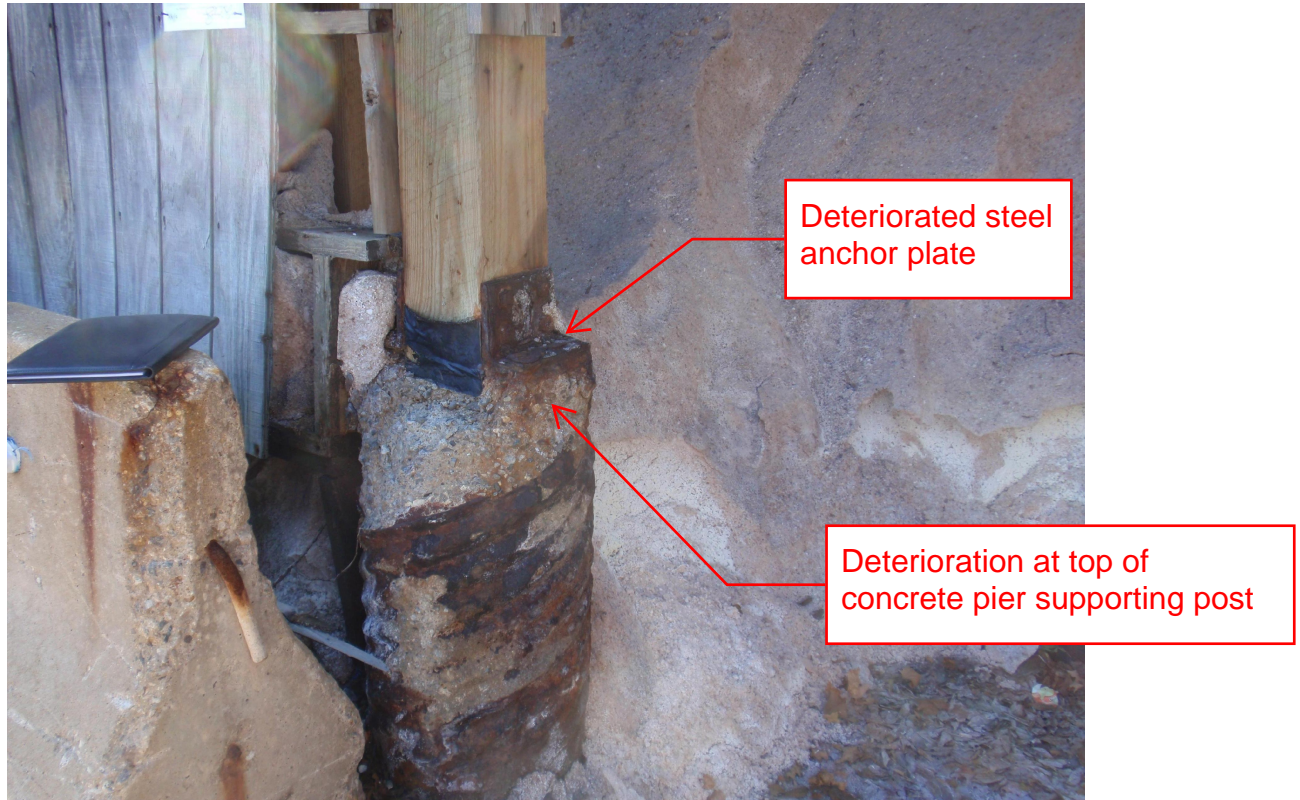
Prior truss repair now fractured

Prior repairs to damaged roof trusses

Broken bottom chord members of roof trusses

Additional view of bottom of roof trusses. Both buildings exhibited evidence of prior damage to trusses that were repaired with some repairs now failing. Likely causes of damage are strong winds, heavy snow, and long term deterioration of fasteners.

Newton DPW Crafts St. Salt Barns - Observations Report 11-6-12



Significant corrosion to concrete piers supporting front entrance. Current condition of piers and anchor plates are significantly compromised from continued deterioration of buildings.



Roof damage at North Shed appears more extensive than South Shed. Sections of metal roof panels are missing or damaged and wood purlins supporting these panels are damaged in several locations. Likely causes are strong winds, heavy snow, and long term deterioration of fasteners.

Newton DPW Crafts St. Salt Barns - Observations Report 11-6-12

SECTION 506 STRUCTURAL

506.1 General. Structural repairs shall be in compliance with this section and Section 501.2. Regardless of the extent of structural or nonstructural damage, *dangerous* conditions shall be eliminated. Regardless of the scope of *repair*, new structural members and connections used for *repair* or rehabilitation shall comply with the detailing provisions of the *International Building Code* for new buildings of similar structure, purpose and location.

506.2 Repairs to damaged buildings. Repairs to damaged buildings shall comply with this section.

506.2.1 Repairs for less than substantial structural damage. For damage less than *substantial structural damage*, the damaged elements shall be permitted to be restored to their predamage condition.

506.2.2 Repairs for substantial structural damage to vertical elements of the lateral-force-resisting system. A building that has sustained *substantial structural damage* to the vertical elements of its lateral-force-resisting system shall be evaluated in accordance with Section 506.2.2.1, and either repaired in accordance with Section 506.2.2.2 or repaired and rehabilitated in accordance with Section 506.2.2.3 depending on the results of the evaluation.

506.2.2.1 Evaluation. The building shall be evaluated by a registered design professional, and the evaluation findings shall be submitted to the *code official*. The evaluation shall establish whether the damaged building, if repaired to its predamaged state, would comply with the provisions of the *International Building Code*, except that the seismic design criteria shall be the reduced level seismic forces specified in Section 101.5.4.2.

506.2.2.2 Extent of repair for compliant buildings. If the evaluation establishes that the building in its predamage condition complies with the provisions of Section 506.2.2.1, then the damaged elements shall be permitted to be restored to their predamage condition.

506.2.2.3 Extent of repair for noncompliant buildings. If the evaluation does not establish that the building in its predamage condition complies with the provisions of Section 506.2.2.1, then the building shall be rehabilitated to comply with the provisions of this section. The wind load for the *repair* and rehabilitation shall be those required by the building code in effect at the time of original construction, unless the damage was caused by wind, in which case the wind loads shall be in accordance

with the *International Building Code*. The seismic loads for this rehabilitation design shall be those required by the building code in effect at the time of original construction, but not less than the reduced-level seismic forces specified in Section 101.5.4.2.

506.2.3 Substantial structural damage to gravity load-carrying components. Gravity load-carrying components that have sustained *substantial structural damage* shall be rehabilitated to comply with the applicable provisions for dead and live loads in the *International Building Code*. Snow loads shall be considered if the *substantial structural damage* was caused by or related to snow load effects. Undamaged gravity load-carrying components that receive dead, live or snow loads from rehabilitated components shall also be rehabilitated if required to comply with the design loads of the rehabilitation design.

506.2.3.1 Lateral-force-resisting elements. Regardless of the level of damage to gravity elements of the lateral-force-resisting system, if substantial structural damage gravity load-carrying components was caused primarily by wind or seismic effects, then the building shall be evaluated in accordance with Section 506.2.2.1 and, if noncompliant, rehabilitated in accordance with Section 506.2.2.3.

506.2.4 Flood hazard areas. In flood hazard areas, buildings that have sustained *substantial damage* shall be brought into compliance with Section 1612 of the *International Building Code*.

Building Code section on repairs to structures damaged by heavy snow or wind loads requires that the structures be upgraded for current Code loading requirements. New Code loads have higher snow loadings and higher wind design requirements. The existing buildings likely predate Code requirements for seismic design however the current Code will require that a reduced seismic system be incorporated into the buildings. Typical roof trusses and purlins appear inadequate to support required snow loads and all metal fasteners may be weakened due to long term corrosion which may further compromise structure.

Therefore both structures does not appear feasible to repair given existing conditions and new Code requirements.

New England School Services, Inc.98 Hicks Avenue
Medford, MA 02155**INVOICE** #19-13

Invoice Number: W6108

Invoice Date: Nov 19, 2012

Page: 1

Duplicate

Voice: 617-776-4700

Fax: 781-396-8088

Bill To:City of Newton Public Building Dept
52 Elliot Street
Newton, MA 02461**Ship to:**City of Newton Public Building Dept
52 Elliot Street
Newton, MA 02461

Customer ID	Customer PO	Payment Terms	
NEWTON	Contract	Net 30 Days	
Sales Rep ID	Shipping Method	Ship Date	Due Date
SALVJOHN	Grant	11/16/12	12/19/12

Quantity	Item	Description	Unit Price	Amount
1.00		Demolished and removed two wooden salt storage sheds	15,200.00	15,200.00
1.00	MISC	15% overhead and profit	2,280.00	2,280.00
49397				

Subtotal	17,480.00
Sales Tax	
Total Invoice Amount	17,480.00
Payment/Credit Applied	
TOTAL	17,430.00

Check/Credit Memo No:

*James G. Grant Co., Inc.*R28 Wolcott Street • P.O. Box 54 • Readville, MA 02137
Tel. (617) 361-2716 • Fax (617) 364-1760

I N V O I C E

BILL TO: 02169
NEW ENGLAND SCHOOL SERVICES
ATTN: WAYNE HINGSTON
NEWTON MA 02461*Invoice
Newton*WORK DONE AT: 110 CRAFT STREET
NEWTON, MA

JOB NO.	CUST ORDER#	INVOICE NUMBER	DATE
		93195	11/16/12
QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
	DEMOLISH & REMOVE 2 WOODEN SALT SHEDS @ ABOVE ADDRESS CONTRACT PRICE		15,200.00
	INVOICE TOTAL		<u>\$15,200.00</u>

*OL
36108***invoice**



SETTI D. WARREN
MAYOR

City of Newton, Massachusetts
Office of the Mayor

#400-12

Telephone
(617) 796-1100

Facsimile
(617) 796-1113

TDD/TTY
(617) 796-1089

E-mail
swarren@newtonma.gov

November 13, 2012

Honorable Board of Aldermen
Newton City Hall
1000 Commonwealth Avenue
Newton Centre, MA 02459

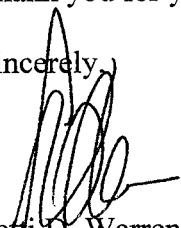
Ladies and Gentlemen:

I write to request that your Honorable Board docket for consideration a request to appropriate the sum of \$150,000 and authorize a general obligation borrowing of an equal amount for the purpose of funding plumbing and bathroom renovations at the Gath Pool facility.

This project will correct deficiencies in plumbing, falling ceilings, walls and floors which have resulted from continued exposure to the elements by replacement with appropriate materials that will be able to handle the moist environment.

Thank you for your consideration of this matter.

Sincerely,


Setti D. Warren
Mayor

RECEIVED
Newton City Clerk
2012 NOV 13 PM 5:13
David A. Olson, CMC
Newton, MA 02459

1000 Commonwealth Avenue Newton, Massachusetts 02459

www.newtonma.gov



DEDICATED TO COMMUNITY EXCELLENCE

City of Newton



PUBLIC BUILDINGS DEPARTMENT

Stephanie Kane Gilman, Commissioner
Telephone (617) 796-1600
FAX (617) 796-1601
TTY: (617) 796-1089
52 ELLIOT STREET
NEWTON HIGHLANDS, MA 02461-1605

Setti D. Warren
Mayor

October 24th, 2012

Mayor Setti D. Warren
Newton City Hall
1000 Commonwealth Avenue
Newton Centre, MA 02459

RE: Request for Construction Funds to Complete Plumbing and Bathroom Renovations at the Gath Pool Facility

Dear Mayor Warren:

The Public Buildings Department requests the sum of \$ 150,000 from bonded indebtedness for the purpose of funding plumbing and bathroom renovations at the Gath Pool Facility.

This project will correct deficiencies in the plumbing that results in frequent frozen and burst pipes. This project will also address the failing ceilings, walls, and floors. These systems will be replaced with appropriate materials that will handle the moist environment. This will also address the failing bathroom fixtures and partitions.

This building is open to the elements and there have been on-going issues with pipe bursts due to freezing. Additionally, between winter conditions, and the humidity in the summer, the interior surfaces are falling. Drywall is falling down and the flooring is lifted and cracked. This project needs to be completed to continue to provide a clean safe environment for the residents of Newton.

Public Buildings Department Lead Project Manager: Josh Morse

Project Estimate:

Construction Cost:	\$ 142,500
5% Project Contingency:	\$7,500
Total Project Cost:	\$150,000

Anticipated Project Schedule:

Construction:	December 1, 2012 – April 30, 2013
Total Project Duration:	5 months

Should you have any questions regarding the above, please feel free to contact my office.

Sincerely,

Stephanie Kane Gilman
Commissioner of Public Buildings

Gath Pool Finishes

	Quantity	Cost
Epoxy Floors	3200ft2	\$ 40,000.00
Partitions	16	\$ 25,000.00
Plumbing Fixtures	24	\$ 12,000.00
Demolition		\$ 20,000.00
Ceilings/Walls		\$ 20,000.00
Plumbing		\$ 15,500.00
Design		\$ 10,000.00
Contingency		\$ 7,500.00
Total		\$ 150,000.00

25.04

COMMONWEALTH OF MASSACHUSETTS
HOUSING APPEALS COMMITTEE

AVALON AT CHESTNUT HILL, LLC
Appellant

v.

NEWTON BOARD OF APPEALS,
Appellee

No. 04-03

2004 SEP -9 PM 1:03
CITY CLERK
NEWTON, MA 02159

DECISION ON STIPULATION

In a decision filed with the Town Clerk on December 29, 2003, the Appellee, Newton Zoning Board of Appeals, denied the request of the Appellant, Avalon at Chestnut Hill, LLC, for a Comprehensive Permit for construction of an affordable housing development to be known as Avalon at Chestnut Hill. The housing would be built under the 80/20 Program of the Massachusetts Housing Finance Agency on a 4.68-acre parcel at 160 Boylston Street (Route 9) in Newton. The developer appealed to the Housing Appeals Committee.

During proceedings before the Committee, it appeared that the differences between the parties were negotiable, and the parties considered settlement. With the assistance of a mediator employed under the auspices of the Massachusetts Office of Dispute Resolution's Affordable Housing Mediation Program, negotiations proved fruitful, and the parties have presented to the Committee a Settlement Agreement, dated April 30, 2004 (with Exhibits A, B, and C), and an unexecuted "Comprehensive Permit Decision" for the construction of 204 rental housing units. Forty-one of these units will be affordable pursuant to G.L. c. 40B, §§

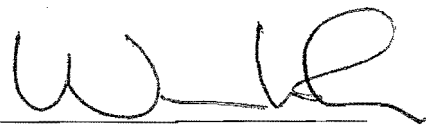
20-23 to low-income households (50% or less of median income) and two units will be affordable to moderate-income households (80% or less of median income).

The Committee has examined the Settlement Agreement, finds it satisfactory, and incorporates by reference the Settlement Agreement; Exhibits A, B, and C; and the Comprehensive Permit Decision (now designated Exhibit D), making them part of this decision.

The Board is directed to issue a comprehensive permit in accordance with the Settlement Agreement, and to take any further steps necessary to formalize the comprehensive permit for recording or other purposes. If the Board fails to act within thirty days of this decision, this decision shall be deemed, pursuant to G.L. c. 40B, § 23, to be a Comprehensive Permit issued by the Board.

No construction shall commence until detailed construction plans and specifications have received final approval pursuant to the procedures of the MassHousing 80/20 Program.

Housing Appeals Committee

A handwritten signature in black ink, appearing to read 'W. Lohe', written over a horizontal line.

Werner Lohe
Presiding Officer

Dated: May 14, 2004

SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") is made as of this 30th day of April, 2004 by and among Avalon at Chestnut Hill, Inc. ("Avalon"), Catherine Clement, Robert Corbett, Joseph Cosgrove, Anthony Summers and Selma Urman, as they are members of the Zoning Board of Appeals of Newton (the "ZBA"); and Michael Ferber, Mona Freeman, Ruth Glickson, Louise Berenson, Leo Tujak, Joseph Wolfson and Greg Whitney, as Trustees of the Hammond Park Condominium Trust and in their individual capacity as owners of units in the Hammond Park Condominium and as representatives of the class of all one hundred forty-four (144) unit owners (the "Condominium Trustees");

WHEREAS, on December 29, 2003, the ZBA issued a Decision (the "Decision") denying Avalon's application (the "Application") for a comprehensive permit under M.G.L. c. 40B, §21 to construct a multi-family residential apartment complex and related infrastructure (the "Project") on a 4.68 acre parcel of land situated at 160 Boylston Street (Route 9) in Chestnut Hill, Massachusetts (the "Property");

WHEREAS, on January 16, 2004, Avalon filed an appeal of the Decision before the Housing Appeals Committee (the "HAC") of the Massachusetts Department of Housing and Community Development, which appeal is now pending as Avalon at Chestnut Hill, Inc. v. Harold Meizler, et al., HAC No. 04-03 (the "Appeal");

WHEREAS, on March 10, 2004, the Condominium Trustees filed a motion seeking to intervene in the Appeal, which intervention is assented to by Avalon and the ZBA and shall be allowed by the HAC;

WHEREAS, the parties do wish to settle and compromise the Appeal and to arrange for other matters among them.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Comprehensive Permit to Issue. Notwithstanding anything in the Application to the contrary, the parties agree that the HAC shall issue a "Decision on Stipulation" vacating the Decision and ordering the ZBA to issue a comprehensive permit to Avalon (the "Comprehensive Permit") to construct up to two hundred and four (204) residential apartment units as part of the Project, twenty percent (20%) of which shall be dedicated to persons whose income is 50% or less of the median income of the Boston Metropolitan Area (adjusted for household size), and two of which shall be dedicated to persons whose income is 80% or less of the median income of the Boston Metropolitan area (adjusted for household size). In accordance with 760 CMR §31.08 and §31.09, said Decision on Stipulation shall become final without any further act on the part of the ZBA and shall be deemed to be the action of the ZBA on the date which is thirty (30) days from the date it is issued by the HAC. The parties jointly agree to execute any and

all such documents as may be required by the HAC in order to facilitate the issuance such Comprehensive Permit.

2. Emergency Access. As a condition to the issuance of final certificate of occupancy, Avalon shall construct the Project with a gate as shown on the submitted plans in a manner sufficient to restrict access to the Property over Belmont Road to emergency vehicles only.

3. Access Easement. Prior to the issuance of a certificate of occupancy, Avalon shall: (a) install a card activated gate on the eastern border of the Property across the easement (the "Easement") depicted on that certain Plan of Land dated October 19, 1965 (Plan No. 1330) recorded in the Middlesex County South Registry of Deeds at Book 10959, Page 288 in order to restrict access to the Project to and from Hammond Pond Parkway to passenger cars of individual owners of condominium units, residents of the Project and Avalon employees; (b) either install a similar card-activated gate at the southern end of the second carport or construct the Project in a manner sufficient to prevent passenger cars from accessing the condominium property at that location; and (c) construct the entrance to the Project from Boylston Street in a manner sufficient to restrict passenger cars from accessing the condominium property at the northern end of the first carport. Avalon shall provide the Condominium Trustees with copies of the final plans for the work required under this paragraph prior to the commencement of said work and shall work in good faith with the Condominium Trustees to ensure that work specified in said plans is generally consistent with the terms of this Agreement. In the event that any individual unit owner of Hammond Park Condominium takes an appeal from the Comprehensive Permit issued by the HAC pursuant to this Agreement, Avalon shall have no obligation to restrict access to the condominium property under this paragraph.

4. Construction Management. Prior to commencing construction, Avalon shall meet with representatives of the Condominium Trustees to review the Construction Management Plan for the Project attached to the Application as Exhibit M and to work together in good faith to minimize noise during the construction phase and to ensure that the operation of the Project complies with the Newton Noise Ordinance, Revised Ordinances Section 20-13, that the blasting work performed by Avalon complies with applicable law, that reasonable access to the carports is maintained during construction and that Avalon will be responsible for any damage to the condominium property caused by construction.

5. Project Redesign. Avalon shall redesign the plans for the Project in such a manner so as to reduce the total number of units to 204 and to eliminate that portion of the building closest to Boylston Street that extends toward the entrance of the Project (and is within the crosshatched area depicted on the conceptual plan attached hereto as Exhibit A). A copy of the conceptual plans for the redesign of the Project in accordance with this Agreement is attached hereto as Exhibit B. Avalon shall not be required to secure the approval of the Planning Department or any other approval from any other department of the City of Newton for said re-design of the Project (with the exception of

(a) a building permit from the Commissioner of Inspectional Services, who shall approve the final plans for the Project provided they comply with the state building code and are generally consistent with the plans attached as Exhibit B on all matters relative to zoning; (b) the Engineering Department, which shall approve the final plans with respect to the re-design of the entrance only; (c) the Department of Public Works/Utilities Division, which shall approve the final plans but only with respect to any changes in the final plans that are materially different from the originally submitted plans with respect to the infrastructure for utilities; and (d) the Fire Department, who shall also review and approve the final plans of the redesign provided they comply with the state building code and the state fire code with respect to matters within the Fire Department's jurisdiction).

6. Traffic Mitigation. As a condition to the issuance of a final certificate of occupancy for the Project, Avalon shall use all commercially reasonable efforts to obtain all permits and approvals necessary to install a fully activated traffic signal at the intersection of Hammond Pond Parkway and the Boylston Street eastbound exit ramp, which installation shall be completed at the petitioner's expense prior to the issuance of a final certificate of occupancy to Avalon. In the event that notwithstanding the exercise of such efforts by Avalon to obtain all such permits and approvals, any agency having jurisdiction with respect to the same does not issue any permit or approval that is necessary to install the traffic light, then in lieu of such mitigation, Avalon shall, prior to the issuance of a final certificate of occupancy, deposit the sum of Two Hundred and Fifty Thousand Dollars (\$250,000.00) into an escrow account with the City of Newton or its designee for the sole purpose of funding traffic and roadway improvements in the area of the Project.

7. Other Conditions. In addition to the conditions expressly set forth in this Agreement, the Comprehensive Permit issued by the HAC shall be subject to the conditions set forth on Exhibit C hereto.

8. No Substantial Change. The parties all acknowledge and agree that the changes to the Project set forth herein, together with such other and further changes as may be necessary to implement the provisions of this Agreement, do not and shall not constitute a substantial change to the Project within the meaning of 760 C.M.R. 31.03 and, accordingly, that no further public hearing shall be required with respect to the Comprehensive Permit or said changes.

9. Due Authority. The parties each represent and warrant that they have full authority to enter into and execute this Agreement and that no other or further approvals from non-parties shall be required to enter into this Agreement.

10. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts and shall be binding on the parties and their respective heirs, devisees, legal representatives, successors, including successors in title, and assigns.

18. As a condition to the issuance of a final certificate of occupancy for the Project, Avalon shall use all commercially reasonable efforts to obtain all permits and approvals necessary to install a fully activated traffic signal at the intersection of Hammond Pond Parkway and the Boylston Street eastbound exit ramp, which installation shall be completed at the petitioner's expense prior to the issuance of a final certificate of occupancy to Avalon. In the event that notwithstanding the exercise of such efforts by Avalon to obtain all such permits and approvals, any agency having jurisdiction with respect to the same does not issue any permit or approval that is necessary to install the traffic light, then in lieu of such mitigation, Avalon shall, prior to the issuance of a final certificate of occupancy, deposit the sum of Two Hundred and Fifty Thousand Dollars (\$250,000.00) into an escrow account with the City of Newton or its designee for the sole purpose of funding traffic and roadway improvements in the area of the Project.
19. The HVAC units shall be installed in manner that is consistent with the Cavanaugh and Tocci Report dated November 17, 2003:

1

City of Newton, Massachusetts

Fiscal Year 2012 Audit Exit Conference December 6, 2012

Presented by: Chris Rogers, CPA, Shareholder

Agenda

- ❑ Engagement summary
- ❑ CAFR/Financial Statement summary
 - ❑ CAFR Structure
 - ❑ Opinion
 - ❑ Financial highlights
 - ❑ Significant footnotes
 - ❑ Required Supplementary Information
- ❑ Reports on Internal Control and Federal Awards
- ❑ Management Letter

Report on IC over FR, Compliance and Federal Award Programs

□ Document structure

- Report on internal control (IC) over financial reporting (FR), compliance and other matters (p 1-2)
 - Required by Government Auditing Standards
 - No opinion provided
 - Must report the following:
 - Any significant deficiencies or material weaknesses in internal control over financial reporting
 - Material noncompliance related to laws, regulations, contracts and grant agreements

Report on IC over FR, Compliance and Federal Award Programs

- Document structure (continued)
 - ▣ Report on Compliance with Major Federal Award Programs (p 3-5)
 - Provides an opinion on compliance related to major federal award programs
 - Reports on any significant deficiencies or material weaknesses in internal control over major federal award program compliance
 - ▣ Schedule of Expenditures of Federal Awards (p 6-8)
 - ▣ Notes to Schedule (p 9)
 - ▣ Schedule of Findings and Questioned Costs (p 10-21)

Report on IC over FR, Compliance and Federal Award Programs

□ Results

- ▣ No findings cited in Report on IC over FR, Compliance and Other Matters
- ▣ Material weaknesses in internal control over compliance is reported in several federal award programs
- ▣ Unqualified opinion (best available) on all major federal award programs, which were:
 - Child Nutrition/School Lunch; CDBG; HOME; Public Safety Partnership and Community Policing; Energy Efficiency (ARRA); Special Education; Safe Schools; Education Jobs (ARRA); and Public Assistance
 - Total federal expenditures - \$11.9M
- ▣ 14 findings reported (7 related to internal control; 7 related to program noncompliance)

Report on IC over FR, Compliance and Federal Award Programs

Findings

- ▣ Child Nutrition Cluster (p 12-13)
 - Material weakness in IC (finding 12-1)
 - Eligibility and Special Tests and Provisions - Procedures are not in place to ensure that lunch applications and income documentation obtained are maintained on file
 - Noncompliance (finding 12-2)
 - The October 2011 claim for reimbursement to DESE did not agree to the detailed breakdown of school nutrition activity
 - Questioned costs - \$21
 - Noncompliance (finding 12-3)
 - 4 of the 60 student files tested were either missing the original applications filed or did not contain sufficient documentation to support eligibility
 - Questioned costs - \$2,658

Report on IC over FR, Compliance and Federal Award Programs

Findings

- ▣ HOME Program (p 13-14)
 - Noncompliance (finding 12-4)
 - Program management did not enter program income enter federal IDIS system timely. As a result, there were instances where program income was not applied against grant expenses prior to federal grant drawdowns
 - Questioned costs – None
- ▣ Public Safety Partnership and Community Policing (p 14-15)
 - Material weakness in IC (finding 12-5)
 - Internal controls are not in place to verify contracts entered into > \$25k are not suspended, debarred or otherwise excluded from doing business

Report on IC over FR, Compliance and Federal Award Programs

- ▣ Public Safety Partnership and Community Policing (cont)
 - Noncompliance (finding 1 2-6)
 - Salaries charged to the grant for several employees were not supported by timesheets
 - Questioned costs - \$1,920
- ▣ Public Assistance Grants (p 15)
 - Material weakness in IC (finding 1 2-7)
 - Internal controls are not in place to verify contracts entered into > \$25k are not suspended, debarred or otherwise excluded from doing business

Report on IC over FR, Compliance and Federal Award Programs

- ▣ ARRA Energy Efficiency (p 16–19)
 - Material weakness in IC (finding 12-8)
 - Internal controls are not in place to maintain payment requests and the accounting records supporting them
 - Material weakness in IC (finding 12-9)
 - Internal controls are not in place to prepare financial reports submitted to the Department of Energy based on activity recorded in the general ledger
 - Material weakness in IC (finding 12-10)
 - Internal controls are not in place to label equipment as federally funded and perform an annual physical inventory
 - Material weakness in IC (finding 12-11)
 - Internal controls are not in place to verify contracts entered into > \$25k are not suspended, debarred or otherwise excluded from doing business

Report on IC over FR, Compliance and Federal Award Programs

- ▣ ARRA Energy Efficiency (cont)
 - Noncompliance (finding 12-12)
 - Program management did not maintain copies of the payment requests and supporting documentation
 - Questioned costs – none
 - Noncompliance (finding 12-13)
 - Financial reports submitted to the Department of Energy were not completed based upon expenditures recorded in the general ledger, which does not reflect an accurate and complete disclosure of results
 - Questioned costs – none
 - Noncompliance (finding 12-14)
 - Equipment purchased with federal funds was not labeled as such. In addition, the City did not perform a physical inventory.
 - Questioned costs - none

Management Letter

- ❑ Does not identify the strengths of the financial systems
- ❑ 3 comments removed from prior year
 - ❑ NCDA, Bank Reconciliations and Test Database
- ❑ Summary
 - ❑ 12 comments
 - 3 new
 - 8 repeat
 - 1 informational

Management Letter

- ❑ Water and Sewer Billings (Page 1)
 - ❑ Consistent with prior years, some water and sewer bills are based on estimates and false reads from a faltering reading system
 - Approximately 5% have multiple estimated reads (up to 12)
 - Abatements totaling approximately \$4M were issued during the year
 - \$800k less than the prior year
 - Our subsequent audit work identified abatements totaling \$130k for July & August 2012, a \$343k decrease from same period in prior year
 - ❑ Approximately 99% of the new meters were installed at June 30, 2012; however, the reading system was not entirely functional
 - ❑ We recommend the new metering system be fully implemented as soon as possible

Management Letter

- ❑ City-Wide Grants Administrator (Page 2)
 - ❑ Current structure places responsibility of administering grants at the Department level
 - Grant administration positions only exist in the School and Planning and Development Departments
 - ❑ We believe the City is at risk in the administration and adherence to state and federal grant compliance requirements
 - Failure to comply with grant requirements potentially results in repayments to the granting agency or reduction in future awards
- ❑ We recommend consideration of a City-Wide Grants Administrator

Management Letter

□ Parks and Recreation (Page 3)

▣ Cash receipt activities

■ Swimming facilities daily bracelets

- No log is maintained that identifies the starting and ending number of daily bracelets sold. As a result, a reconciliation of bracelets sold to cash receipts cannot be performed.
- Schedule of Payments to City Treasurer does not include signoffs of the preparer or reviewer. As a result, control activities are not being documented.
- No documentation (signature or initials) supporting the reconciliation of bank deposit to receipts entered to SportsMan

- ▣ We recommend (1) a daily log be maintained and reconciled to daily cash collections; and (2) that all Schedules and reconciliations performed be documented by the preparer and/or reviewer's signature or initials

Management Letter

- ❑ Service Organization Controls (Page 4)
 - ❑ City engages third-party service providers to process certain financial transactions (i.e., deputy tax collector)
 - The use of service organization's is an extension of the City's internal control over financial reporting, compliance, privacy, etc.
 - When third-party service providers are utilized, the City can monitor the third party's controls through the requirement of them obtaining a SOC 1 or SOC 2 report
 - ❑ We recommend:
 - The City identify each service organization utilized and request the applicable SOC report (annually)
 - The City include a requirement for each service organization to obtain an annual SOC report

Management Letter

- Risk Assessment and Monitoring (Page 5)
 - ▣ The City, like many municipalities, has not implemented a formal risk assessment and monitoring program
 - Important element of internal control
 - Purpose is to identify, anticipate, analyze and manage risk of asset misappropriation (i.e., cash, movable inventory, etc.)
 - ▣ Should be led by employees who have extensive knowledge of the City's operations
 - However, all departments must be involved
 - ▣ We recommend the City implement a formal risk assessment and monitoring programs

Management Letter

□ Police Details (Page 6)

- ▣ For financial reporting purposes, the City considers police detail accounts receivable uncollectible if greater than 1 year old (approximately \$33k)
 - However, a formal policy does not exist for the actual “write-off” of uncollectible amounts
- ▣ In addition, the Police Department utilizes an internally developed database for billings and collections that doesn’t facilitate a clear audit trail and effective reporting
- ▣ We recommend the development of a formal uncollectible policy and the consideration of purchasing software specifically designed for billing and collection

Management Letter

- Student Activity Funds (Page 7)
 - ▣ MGL Chapter 71, Section 47 requires annual audit of student activity funds
 - MASBO recommends that every 3 years an independent audit firm perform agreed-upon procedures or an audit
 - ▣ Consistent with prior years, an annual audit or agreed upon procedures were not performed
 - Subsequent to year-end the City performed agreed-upon procedures related to the NNHS and NSHS student activity funds
 - ▣ We recommend the City have an annual audit or agreed-upon procedures of its student activity funds annually

Management Letter

- Unclaimed Checks (Page 8)
 - A current list of check numbers, check dates, payees, address and related amounts was not provided to support the \$500,000 liability reported on the general ledger
 - This information is critical when following up and resolving unclaimed check amounts
- We recommend:
 - T/C investigate and identify the pertinent unclaimed check information and reconcile to the general ledger
 - T/C implement procedures to investigate and resolve the unclaimed check amounts in accordance with MGL

Management Letter

- ❑ Old Outstanding Checks (Page 9)
 - ❑ Vendor and payroll outstanding checklists identify approximately \$214k in checks > 3 months old
 - Typically means checks are lost, void or misplaced
- ❑ We recommend procedures be implemented to investigate and resolve checks > 3 months old monthly

Management Letter

- Financial Policies and Procedures (Page 10)
 - ▣ A formal financial policies and procedures manual does not exist
 - A formal manual would improve and standardize the City's financial policies and procedures, which enhances supervisory personnel effectiveness and transition effectiveness and efficiencies upon employee turnover
 - Should address major financial processes, such as cash receipts and disbursements, purchase orders, personnel, etc.
- ▣ We recommend the development of a formal manual

Management Letter

- ❑ Disaster Recovery Plan (Page 11)
 - ❑ In the prior year, we identified that although the City's financial data and software could be recovered, the City may not have the ability to physically run the software and access the data
 - During FY 12, the City addressed the hardware required to access the data and location to operate the g/l software; however, the hardware required to access the detailed accounts receivable data (MUNIS) has not been addressed
 - ❑ We recommend the detailed accounts receivable data be addressed in the City's disaster recovery plan

Management Letter

- ❑ Pension Accounting and Financial Reporting (Pg 12)
 - ❑ GASBS 68 revises/establishes new financial reporting requirements related to pension benefits
 - Required to recognize long-term obligation for pension benefits in government-wide financial statements
 - Also requires:
 - More comprehensive measure of annual pension costs
 - Conditions on the use of discount rate
 - Requirement to use entry age method and each service period's cost is determined by level % of pay (attribution method)
 - Expanded note disclosures
- ❑ We recommend management familiarize itself with GASBS 68 and prepare for its implementation

Financial Audit Advisory Committee

2012 Annual Report

January 10, 2013

In December 2010, the Board of Aldermen established a Financial Audit Advisory Committee. The purpose of the Committee is to assist the Comptroller and the Board's Finance Committee in the review of audit and fiscal accountability matters. One of its duties is to report annually confirming that its responsibilities have been carried out.

The Committee consists of nine members. The Finance Committee chair is a member (Lenny Gentile) as well as three other Aldermen appointed by the President of the Board of Aldermen (Ruthanne Fuller, Vicki Danberg, Scott Lennon). The President of the Board of Aldermen, with input from the Board appoints four citizens of the City with financial expertise (Gail Deegan, Bob Fox, Howard Merkowitz, and Tony Logalbo). The President of the Board of Aldermen, upon the recommendation of the Chair of the School Committee, also appoints one School Committee member (Matt Hills). The President of the Board, in consultation with the Finance Committee Chair, appoints the Chair of this Financial Audit Advisory Committee from among the members of the Board of Aldermen on the Committee (Ruthanne Fuller).

The Financial Audit Advisory Committee met for the first time in March 2012. The Committee met eight times. In addition, the Committee had four sub-committees:

(1) Accounting and Audit Sub-Committee: This sub-committee met twice. It reviewed responses by City personnel to specific concerns in the Auditor's Management letter (water and sewer billings, Newton Community Development Authority, police details, student activity funds, unclaimed checks, old outstanding checks, bank account reconciliations, technology disaster recovery plan, and technology test database). Significant progress was made in all areas. The full discussion of the Newton Community Development Authority's relationship with the City will continue in the early part of 2013. The sub-Committee also recommended that the Auditor's contract be extended by one year to cover this fiscal year. The contract is put out to bid approximately every five years. Therefore, in 2013, this sub-committee will undertake the process for selecting the City's Auditor (determining what process will be used, working with the Comptroller to develop a Request for Proposal, reviewing submissions, conducting interviews, recommending the Auditor). Committee Chair: Gail Deegan. Committee Members: Howard Merkowitz, Vicky Danberg, Ruthanne Fuller (ex officio).

(2) Internal Controls & Financial Policies and Procedures Sub-Committee: This sub-committee met once in 2012. The focus of the sub-committee for 2012 was on cash management -- receipts and disbursements. The Chair of the sub-committee, Tony Logalbo, met with various department heads. In addition, the Auditor, Sullivan, Rogers & Company, was asked to do a site visit at the Parks and Recreation Department and suggested ways to strengthen cash management in this department. The work will continue in 2013. Committee Chair: Tony Logalbo. Committee Members: Scott Lennon, Ruthanne Fuller (ex officio).

(3) Risk Assessment, Monitoring and Compliance Sub-Committee. This sub-committee met three times in 2012. The focus for the year was on developing internal whistleblower policies and procedures. A draft of this policy has been reviewed and will go to the Finance Committee in January 2013 and then to the full Board of Aldermen for approval. Committee Chair: Bob Fox. Members: Gail Deegan, Scott Lennon, Ruthanne Fuller (ex officio).

(4) Investment Policies Ad Hoc Sub-Committee. This ad hoc sub-committee met four times in 2012 to review the investment policies for short-term and medium-term cash. A draft of this policy has been reviewed and will go to the Finance Committee and then the full Board of Aldermen. Committee Chair: Howard Merkowitz. Members: Lenny Gentile, Matt Hills, Ruthanne Fuller (ex officio).

One of the policies that the Financial Audit Advisory Committee suggests be implemented in the years ahead relates to federal and state grants. Chris Rogers from the City's auditing firm, Sullivan, Rogers & Company, has noted that grants can be difficult to administer and grant requirements must be met to ensure a smooth audit without findings. When the Finance Committee authorizes a grant expenditure, a specific individual should be assigned to be the grant administrator. The municipal side of the City should also receive grant administration training from the School Department's Grant Coordinator who has extensive experience in this area.

In closing, I would like to thank all members of the Committee for their time and insight. The expertise of our citizen members – Gail Deegan, Bob Fox, Tony Logalbo and Howard Merkowitz – has been invaluable. Quite a few staff members have invested considerable time in reviewing and improving the City's internal policies and procedures. Our work went more smoothly and improved substantively from the wise counsel of David Wilkinson and Shawna Sullivan. Thank you.

Respectfully submitted,

Alderman Ruthanne Fuller, Chair
Financial Audit Advisory Committee

Municipal Whistleblower Policy

Purpose:

The City of Newton is committed to providing a safe workplace with high standards of personal ethics and legal conduct. The City of Newton investigates all complaints by employees of violations of City policies, as well as unethical conduct, illegal conduct or conduct that violates high standards of personal ethics. This policy is intended to provide a process to raise concerns about such conduct and reassurance that employees reporting such conduct are protected from retaliation.

Definition:

A whistleblower, as defined by this policy, is an employee of the City of Newton who, in good faith, reports an activity that he/she considers to be a violation of a City of Newton policy or unethical, illegal, or a violation of high standards of personal ethics, such as stealing, incorrect financial reporting or other serious improper conduct. The whistleblower has neither the authority, nor the responsibility, for investigating any questionable activity or for determining fault or corrective measures.

Examples of unlawful activities are violations of federal, state or local laws. Examples include discrimination, harassment, billing for services not performed, requesting pay for hours not worked, stealing City property, reporting injuries that did not occur in the course of employment, falsifying payroll records, other fraudulent financial reporting and any other unlawful conduct.

Process:

If an employee has knowledge of or a concern regarding unlawful, unethical activities or fraudulent financial reporting, the employee should first report it to his/her supervisor or department head. The employee can also report directly to Director of Human Resources, City Solicitor, Chief Financial Officer or Mayor. In addition, the employee can report directly to the Chair of the Financial Audit Advisory Committee, in person, or via the internet by filling out the confidential form on the City of Newton website located at [xxxxxxx](#). When the City receives a complaint, there will be a prompt, complete and thorough investigation into the allegations. The City will take an initial statement to determine the need for an independent investigation. If it is determined that an independent investigation is warranted, the City will arrange for an independent investigator as soon as possible. Any employee (referred to above as a whistleblower) will be expected to cooperate, if necessary, to provide information to the independent investigator.

Reporting:

The City Solicitor and the Director of Human Resources will jointly report to the Mayor and the Financial Audit Advisory Committee, via its Chair, on a quarterly basis or sooner when necessary. The report will include all inquiries, activity on cases and resolution of complaints.

Safeguards:

Whistleblower protections include confidentiality whenever possible. However, identity may be disclosed to conduct a thorough investigation and to comply with the law. The Whistleblower will be advised if it becomes necessary to disclose his/her identity and the reason why disclosure is necessary. The City will not retaliate against any employee who engages in protected whistleblower activity. The right of a whistleblower for protection against retaliation does not include immunity for any personal wrongdoing.

Anonymity - The City investigates all complaints. Concerns expressed anonymously will be investigated appropriately, but consideration will be given to the seriousness of the issue, the credibility of the concern and the likelihood of confirming the allegations. It is difficult to investigate an anonymous claim because, in most cases, it is impossible to ask appropriate follow-up questions or to get accurate information.

Protection Against Retaliation – This policy includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, decreases in job duties, adverse comments in the employment record, negative reviews, poor work assignments or threats of physical harm. Any whistleblower who believes he/she is being retaliated against must contact the Human Resources Director, City Solicitor, Chief Financial Officer or Mayor immediately. The whistleblower can also report to the Chair of the Financial Audit Advisory Committee. The City will take an initial statement to determine the need for an independent investigation. If it is determined that an independent investigation is warranted, the City will arrange for an independent investigator as soon as possible. Any whistleblower will be expected to cooperate, if necessary, to provide information to the independent investigator.

Resolution:

When the investigation is complete, the employee who initiated the complaint will be informed, to the extent appropriate and allowable by law, of the results of the investigation. If it is determined that inappropriate or illegal conduct has occurred, the City will act promptly to correct or eliminate the offending or illegal conduct and, if appropriate, will impose disciplinary action, up to and including termination.

City of Newton Investment Policy

I. Responsibilities and Scope	2
A. Responsibilities	
B. Scope	
II. Standards of Care	3
A. Prudence	
B. Ethics and Conflict of Interest	
III. Objectives	3
A. Safety	
B. Liquidity	
C. Return	
D. Quality of Services, Cost, Community Support	
IV. Suitable and Authorized Investments	4
A. General Operating Funds	
B. City Trust Funds	
C. Retirement Funds	
D. Investment Restrictions	
V. Authorized Financial Institutions, Brokers/Dealers and Depositories	6
VI. Investment Guidelines	6
A. Safety	
B. Liquidity	
C. Diversification	
D. Maturity	
E. State Treasurer's Pooled Fund	
F. Certificates of Deposit and U.S. Treasury and Government Agency Securities	
G. Mutual Funds	
H. Repurchase Agreements	
I. Bank Ratings	
J. FDIC Insurance	
K. Collateralization	
VII. Safekeeping and Custody	11
A. Custody	
B. Delivery vs. Payment	
C. Internal Controls	
IX. Reporting	12
A. Reports	
B. Performance Standards and Evaluation	
C. Marking to Market	
D. Fees	
E. Arbitrage	
F. Exemptions	
G. Performance Monitoring	

I. Responsibilities and Scope

A. Responsibilities

The Mayor, the Treasurer and the Comptroller shall develop the policy for investment of City funds for the approval of the Board of Aldermen. This policy shall be reviewed on a regular basis and, at a minimum, every four years. The Treasurer shall report on the review to the Board of Aldermen Financial Audit Advisory Committee.

The Treasurer has the responsibility and authority to manage the investment of City Funds (see Massachusetts General Laws, Chapter 44, section 55B and Acts of 1985, Chapter 740). The Treasurer shall carry out established written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. If the Treasurer wishes to make a decision to deviate from the terms of this policy, the Treasurer shall obtain prior written approval from the Board of Aldermen. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The selection of financial institutions and broker/dealers authorized to engage in transactions with the City of Newton shall be at the sole discretion of the Treasurer.

The Treasurer, as required by Massachusetts General Laws, Chapter 44, section 55B, must invest all public funds, except those required to be kept uninvested for purposes of immediate distribution. Invested funds are required to be “invested in such a manner as to require the payment of interest on the money at the highest possible rate reasonably available, taking account of safety, liquidity, and yield.” (Ref: Ch 740, Acts of 1985 and Chapter 44, section 55B)

The Treasurer and those responsible to the Treasurer shall be bonded as required by law and insured for their fiduciary responsibilities.

The Treasurer shall be responsible for monitoring changes to the General Laws governing the type and method of investing City funds referred to in this Investment Policy.

B. Scope

This investment policy is to be used by the Treasurer as a general guideline for the investment of the City of Newton’s cash assets. The policy applies to the following:

- General Operating Funds (which includes Special Revenue Funds, Stabilization Funds, most Self-Insured Trust Funds, Capital Project Funds, Internal Service Funds and Agency Funds)
- City Trust Funds and one Self-Insured Trust Fund, the Workers Compensation Insurance Fund

II. Standards of Care

A. Prudence

The standard of prudence used by the Treasurer and employees involved in the investment process shall be the "prudent person" standard. Such fiduciaries must act in the manner of a prudent person, with judgment and care, discretion and intelligence. They must act not for speculation but for investment, considering the probable safety of the capital as well as the probable income to be derived, with the understanding that no investment is completely without risk. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

B. Ethics and Conflict of Interest

The Treasurer and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

III. Objectives

City funds are to be invested in a manner which will meet the daily cash flow demands of the City of Newton. The investment activities shall conform to all applicable federal and state statutes and City ordinances governing the investment of public funds. In addition, the City's investment activities will be managed by the Treasurer to achieve the primary objectives, in order of priority, of safety, liquidity and return.

A. Safety

Safety of principal is the foremost goal of the City of Newton's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital. Safety also is the assurance that the investment expectation will be fulfilled in a timely fashion. To attain this objective, diversification of types of investments, duration of investments and financial institutions holding the investments shall be considered. The Treasurer shall invest in quality issues and comply with state statutes regarding investment requirements.

B. Liquidity

After safety, the next most important objective is liquidity. The investment portfolio shall remain sufficiently liquid to enable the City to meet all operating, debt service and cash needs that may be reasonably anticipated without substantial transaction costs. Liquidity is accomplished by structuring the portfolio so that securities mature concurrently with cash needs (static liquidity). In addition, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). The Treasurer shall continue to analyze the cash flow of all funds on a regular basis to ensure maximum cash availability.

C. Return

Return on investment is the third priority after the safety and liquidity objectives described above. The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and liquidity needs.

The Treasurer shall continue to pool cash from several different funds for investment purposes, in order to obtain the best possible return on all cash investments. The Treasurer shall continue to analyze market conditions and investment securities on a regular basis to determine the maximum yield to be obtained. The Treasurer shall continue to invest the maximum amount of idle cash on a continuous basis taking advantage of disbursement float whenever possible.

D. Quality of Services, Cost, Community Support

To repeat, the most important investment goals are, in order of priority, safety, liquidity and return on investment. Once all three of those criteria have been met, the Treasurer, when appropriate, may also give consideration to:

- (1) Quality of services provided by the financial institution;
- (2) The ability of the City to minimize costs, either those charged by the financial institution or the internal costs borne by the City of Newton in managing its relationship(s) with financial institutions; and,
- (3) Investing for the betterment of Newton's local economy.

IV. Suitable and Authorized Investments

Consistent with the Massachusetts General Laws and generally accepted practices, the following investments will be permitted by this policy.

A. General Operating Funds (which includes Special Revenue Funds, Stabilization Funds, most Self-Insured Trust Funds, Capital Project Funds, Internal Service Funds and Agency Funds)

General operating will be invested by the Treasurer in accordance with MGL, Ch. 44, sec. 55, 55A, 55B.

1. U.S. Government obligations, U.S. Government agency obligations, and U.S. Government instrumentality obligations with a maturity of less than one year;
2. Repurchase Agreements secured by U.S. Government or Agency obligation with a maturity of less than 90 days from a trust company, national bank or banking company;
3. Certificates of Deposit with a maturity of less than two years from trust companies, national banks, savings banks, banking companies, or cooperative banks.
4. Money Market Deposit Account from a commercial bank, mutual savings bank, savings and loans, and cooperative banks; or
5. State Investment Pool (MGL Ch. 29, sec 38A), i.e., pooled investment funds operated under the authority of the State Treasurer in the Massachusetts Municipal Depository Trust ("MMDT")

B. City Trust Funds

City trust funds will be invested by the Treasurer in accordance with the Acts of 2007 Ch. 75. This chapter specifies that, notwithstanding any general or special law to the contrary, the Treasurer of the City of Newton may invest the funds of the City in the custody of the Treasurer in accordance with the investor rule, and sections 3, 4, 5, 8 and 9 of Chapter 203C of the General Laws. The Treasurer, in consultation with each trust fund board of trustees, shall develop investment policies which shall include an asset allocation policy for each trust fund and shall select professional investment advisors to manage the funds.

C. Retirement Funds

Pension funds are under the jurisdiction of the City of Newton's Contributory Retirement System. The restrictions imposed by Sections 54 and 55 do not apply to city retirement systems. A breakdown of these investments may be obtained either from the Director of the Newton Contributory Retirement System or by consulting the Retirement page of the City of Newton website. Quarterly information about fund investments is posted on this site.

D. Investment Restrictions

The City at the present time will not invest in the following types of investments:

- Derivatives, hedging, or speculative type of investments;
- Reverse Repos, Leveraging or similar investments;
- Master Trust and Custodial Bank Security Lending Programs;
- Any other investment type not authorized by this policy; and,
- Any entity doing business with Sudan pursuant to Newton City Ordinances Sec. 2-117, except as exempted by the ordinance.

V. Authorized Financial Institutions, Brokers/Dealers and Depositories

The Treasurer shall organize and maintain banking relationships designed to ensure investment of all available funds in disbursement accounts.

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by creditworthiness (minimum capital requirement \$10,000,000 and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified bidders for cash management services and investment transactions must supply the following as appropriate:

- Depositories, custodians, and dealers are selected or qualified through competitive procedures, including requests for proposals for cash management services;
- Provide compliance certification from the Broker/Dealer and an independent auditor for capital adequacy requirements. Broker/Dealers conducting transactions with the City are required to comply with the Federal Reserve Bank of New York's capital adequacy guidelines as a condition of doing business.
- Audited financial statements;
- Proof of National Association of Securities Dealers (NASD) certification;
- Proof of state registration;
- Certification of having read, understood and agreeing to comply with the City's investment policy.

An annual review of the financial condition and registration of qualified bidders will be conducted by the Treasurer.

VI. Investment Guidelines

A. Safety

Investments will be limited to relatively low risk financial instruments in anticipation of earning a fair return relative to the risk being assumed. Similarly, investments are limited to financial instruments that have higher credit risks with all fixed income investments rated A or above by Standard & Poors (S&P) or a similar rating by another nationally recognized rating agency.

B. Liquidity

To ensure liquidity to meet ongoing obligations, the Treasurer will maintain an appropriate portion of the portfolio in readily available cash, money market funds, the State Treasurer's Pooled Fund, or overnight repurchase agreements. At least 25% of the portfolio shall be invested in cash or marketable securities which can be sold to raise cash in one business day's notice. The Treasurer shall maintain a minimum of three months of budgeted operating expenditures in short term investments to provide sufficient liquidity

for expected disbursements. The Treasurer will make longer-term investments only with funds that are not needed for current cash flow purposes.

C. Diversification

The City of Newton will limit risk by diversifying its investments by investment type, by issuer, and by maturity.

- With the exception of U.S. Treasury securities and the State Treasurer's investment pools, no more than 25% of the City's total investment portfolio may be invested in a single investment type, unless that investment category carries full FDIC insurance. Note: Investment types are those required for disclosure in the Comprehensive Annual Financial Report (CAFR) by Generally Accepted Accounting Principles (GAAP). In 2011, these included U.S. agencies debt securities, corporate bonds, money market mutual funds, mutual bond funds, certificates of deposit, equity securities, equity mutual funds, and real estate investments.
- With the exception of the U.S. Treasury securities and the State Treasurer's investment pools, no more than 15% of the City's total investment portfolio may be invested with a single financial institution, unless that single financial institution's investments carries full FDIC insurance or are fully collateralized.
- With the exception of the U.S. Treasury securities and the State Treasurer's investment pools, no single banking institution shall hold in excess of 25% of the Treasurer's cash balance (cash and investments) for more than three consecutive days.
- MGL c. 44, § 55 specifies that a municipality may not at any one time have on deposit in a bank or trust company an amount exceeding 60% of the capital and surplus of that institution and a total of all the municipality's accounts must not exceed 60% of the institution's net equity. The City of Newton has a more stringent policy. The City of Newton will not have on deposit in a bank or trust company an amount exceeding 15% of capital and surplus of that institution and a total of all the municipality's accounts must not exceed 15% of the institution's net equity, unless those deposits carry full FDIC insurance or are fully collateralized.

Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase of a particular issuer or investment type. Securities do not necessarily need to be liquidated to realign the portfolio; however, consideration should be given to liquidation and to this matter when future purchases are made to ensure that appropriate diversification is maintained.

D. Maturity

The City will limit risk by staggering the maturity of securities to avoid concentrations in any one maturity sector. All General Operating Funds maximum final maturity is one year or less unless specific authority requires it to be shorter.

E. State Treasurer's Pooled Fund, a.k.a., Massachusetts Municipal Depository Trust

The Massachusetts Municipal Depository Trust (MMDT) is an investment pool created by the Commonwealth under the supervision of the State Treasurer's Office. The Massachusetts Municipal Depository Trust (MMDT) combines the funds of Massachusetts public units and invests on their behalf in short-term instruments of the U.S. Treasury and Government Agencies and large corporations and financial institutions, thus offering investors, such as the City of Newton, the opportunity to earn higher yields through a professionally managed fund. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities, with maturities of one year or less. Assets are invested only in "tier 1" and "tier 2" credit quality securities. Investments in the MMDT are not a deposit in a bank and are neither insured nor guaranteed by the Commonwealth of Massachusetts, the FDIC, or the U.S. Government or any of its agencies. Although the MMDT Cash Portfolio is managed to seek to maintain a stable \$1.00 unit price, there is no guarantee it will be able to do so and a loss of principal is possible with these pools. The degree of safety of the MMDT has been deemed collateralized by the Government Accounting Standards Board 5(GASB) in its qualification of state investment pools in financial statements.

The City of Newton will continue to use this highly liquid, comparatively safe pool as an integral part of its overall investment strategy when, in the Treasurer's judgment, liquidity is necessary, or it is advantageous to do so, taking advantage of disbursement float whenever possible. There is no limit on the amount of funds that may be invested in the State Treasurer's Pooled Fund.

F. Certificates of Deposit and U.S Treasury and Government Agency Securities

The City of Newton will use bank certificates of deposit and/or U.S. Treasury and Government Agency securities for maturity periods which provide a favorable rate differential compared to the state Treasurer's pooled investment based upon the Treasurer's judgment and taking advantage of disbursement float whenever possible.

- **Certificates of Deposit:** The Treasurer may invest in Certificates of Deposit with a maturity of less than one year or less from trust companies, national banks, savings banks, banking companies, or cooperative banks.
 - No more than 15% of the portfolio shall be invested in Certificates of Deposit in any one financial institution.
 - For any one financial institution, Newton's investment in its Certificates of Deposit will not exceed 15% of the capital and surplus of that institution as of its most recent annual report.
- **U.S Treasury and Government Agency Securities:** The City will use these securities, with a maturity of one year or less, for reasons of diversification and security. Treasury securities will be purchased either at auction or through the

secondary market. Agency securities will only be purchased through registered dealers. There is no limit on the amount of funds that may be invested in U.S Treasury and Government Agency securities.

G. Mutual Funds

The City may from time to time invest trust funds, as allowed, in a mutual fund consistent with the following:

- Portfolio diversification, liquidity, and professional management;
- Maturity of Fund is less than 60 days;
- Regulated by the Securities and Exchange Commission;
- Portfolio consists only of domestic securities;
- Portfolio contains no derivative products;
- Favorable market risk (volatility) rating from nationally recognized rating agency; and
- Maintains a high rating from a nationally recognized rating agency such as Morningstar.

H. Repurchase Agreements

A repurchase agreement (or repo) is economically similar to a secured loan. It is the sale of securities together with an agreement for the seller to buy back the securities at a later date for a higher price. The City of Newton, who would initially sell the security, is effectively a borrower. The buyer of the security -- effectively the lender -- receives securities as collateral.

The City of Newton will use repurchase agreements only on a limited basis when no other more favorable options are possible and then only for a duration of no more than three days and only with a bank with a top bank rating (if using Veribanc, a rating of Green).

Except in the case of overnight repurchase agreements used for the investment of available float in one of the City's operating accounts, any agreement entered into by the City will be on a delivery versus payment basis.

Any Repo purchased by the City Treasurer is subject to the following:

- Special caution used in selecting parties with whom the City will conduct repurchase transactions;
- The ability to identify the parties acting as principals to the transaction;
- The use of a Master Repurchase Agreement, or the use of a Public Securities Association Repurchase agreement with added language addressing delivery, substitution, margin maintenance, margin amounts, seller representations and governing law;
- The use of proper collateralization practices to protect funds invested in repos:

1. Collateral will be in the form of U.S. Treasury or Government Agency securities delivered to the City's third party custodian.
2. Delivery of underlying securities through physical delivery or safekeeping with the City's custodian; and
3. Over collateralization ("haircuts") or marking-to-market practices are mandatory.

I. Bank Ratings

The Treasurer will assess the financial condition of the banks in which the City of Newton invests by reviewing bank rating guides and banks' Reports of Financial Condition and by periodic discussions with the institutions about their financial condition. Primary emphasis will be placed on a bank's capital adequacy, loan quality and profitability before determining suitability for City investments.

The Treasurer will use a reputable bank rating service or services in judging the risk characteristics of the available banks. The Treasurer will invest funds only in institutions with a top rating from a reputable bank rating service. In the case of Veribanc, the bank must have a green rating. If the bank rating falls to yellow, the Treasurer must inform the Chief Financial Officer and the Chair of the Board of Aldermen's Finance Committee. The Treasurer will closely monitor the situation and move the funds if and when appropriate.

M. FDIC Insurance

The size of the City's investment portfolio precludes the use of only FDIC insured products. Efforts will be made to maximize FDIC insurance protection and period modifications to this policy may be made to take advantage of changing FDIC regulations.

All FDIC accounts will be kept within the maximum coverage level as a maximum unless additional collateralization or insurance (i.e. DIF coverage for Massachusetts banks) is provided and the yield is advantageous.

N. Collateralization

Massachusetts has no legal requirement for collateralizing public deposits. Until adoption of collateralization legislation, the Treasurer will provide as much security as possible for the City of Newton's bank investments through the prudent selection process described above. In addition, all cash accounts will be kept within the maximum FDIC coverage level unless additional collateralization or insurance (i.e. DIF coverage for Massachusetts banks) is provided and the yield is advantageous. One type of investment requires collateralization: Repurchase Agreements.

When collateralization is required, the City of Newton will have all pledged collateral held at an independent third-party institution outside the holding company of their bank in the name of the City of Newton, and evidenced by a written agreement. The value of the pledged collateral will be marked to market monthly, or more frequently, depending

on the volatility of the collateral pledged. The margin level of the pledged collateral must be at least 102% of the face value of the security and may be higher depending on the liquidity and volatility of the collateral pledged. Substitutions of collateral must meet the requirements of the collateral agreement, be approved by the entity in writing prior to release, and the collateral should not be released until the replacement collateral has been received. When surety bonds are used in lieu of collateral, they should be limited to those insurers of the highest credit quality as rated by A.M. Best or another nationally recognized rating agency. The City of Newton requires monthly reporting directly from the custodian. The custodian must warrant and be signatory to the agreement.

VII. Safekeeping and Custody

A. Custody

For administrative ease, custody accounts may be established in the name of the City of Newton in order to receive and hold book entry U.S. Treasury and Government Agency securities purchased by the City from commercial banks, collateral for any repurchase agreements to which the City is party, and collateral against any bank investments the City may require.

B. Delivery vs. Payment (DVP)

All trades where applicable will be executed by deliver vs. payment (DVP). This ensures that securities are deposited in the eligible financial institution prior to the release of funds. Securities will be held by a third party custodian as evidenced by safekeeping receipts.

C. Internal Controls

The Comptroller is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal controls' structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation costs and benefits require estimates and judgments by management.

Accordingly, the Comptroller shall establish a process for independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion;
- Separation of transaction authority from accounting and record keeping;
- Custodial Safekeeping;
- Avoidance of physical delivery securities;
- Clear delegation of authority to subordinate staff members;
- Written confirmation of telephone transactions for investments and wire transfers;
- Wire transfer agreements with lead bank or third party custodian.

IX. Reporting

A. Reports

Cash Budget: The Treasurer will prepare, maintain, and keep current a cash budget in sufficient detail to adequately plan the annual investment and debt program.

Cash Analysis: The Treasurer shall prepare a Cash Analysis report monthly for the Chief Financial Officer and the Treasurer will submit it to the Board of Aldermen on a quarterly basis for its review.

Investment Report: The Treasurer shall prepare an investment report at least quarterly, including a management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner that will allow the City to ascertain whether the investment activities during the reporting period have conformed to the investment policy. The report shall be provided to the Mayor, the Finance Committee of the Board of Aldermen, and Comptroller on a quarterly basis. The report will include at a minimum the following:

- The cash balance by bank
- The total assets of each bank
- The cash balance in each bank as a percent of City deposits
- The cash balance vis a vis the limits identified in this policy
- The excess problem loan (EPL) as a percent of each bank's assets

Annual Report: The Treasurer will prepare an annual report of the calendar year in conjunction with an investment policy review. This report shall include comparisons of City's return to the Benchmark Index return, shall suggest policies and improvements that might enhance the investment program, and shall include an investment plan for the coming year. The report shall be provided to the Mayor, the Finance Committee of the Board of Aldermen, and Comptroller in February each year.

B. Performance Standards and Evaluation

The investment portfolio will be managed in accordance with the guidelines specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The portfolio's performance shall be compared on a regular basis, at least annually, to market returns.

C. Marking to Market

A statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that the minimal amount of review has been performed on the investment portfolio in terms of value and subsequent price volatility.

D. Fees

Fees for securities and mutual fund based investments may be charged on a managed or transaction fee basis whichever is more cost effective, as determined by the Treasurer. Fees may therefore be paid/recorded based on a pre-determined payment schedule (e.g. quarterly, annually), netted against income distributions or netted against the investment's purchase price.

E. Arbitrage

Certification that states bond proceeds are not to be used for purposes of arbitrage. Bond issues (and any proceeds thereof) are to be used for the intended purpose; not considered surplus for investment in higher yielding, taxable securities.

F. Exemptions

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

G. Performance Monitoring

The Treasurer along with designated financial staff, auditor, and the Comptroller may review the performance of the entities selected to provide services through the RFP process. The review may occur off the fiscal year calendar due to information reporting and collection limitations. The results of the review will become part of the next quarterly report.

Annual Review:

- Cash accounts marked against competitors. Failure of the bank to provide competitive interest rates on comparable products and services will reflect negatively on the fee or service relationship established by a competitive proposal process. Long-term lagging of interest rates behind competitors may require an interim RFP to be executed by the Treasurer. Yield comparisons will be against competitors' product or services (i.e., checking to checking, savings to savings, money market to money market).
- Investment Yield Comparisons: Investment accounts marked against selected indices and market.
- Services Provided. Meeting contractual agreement and performance standards set by RFP.
- Annual Review of financial condition of each entity

Triennial Review:

- Annual Review Procedures
- Execution and Completion of RFP for Cash Management Services