

CITY OF NEWTON

IN BOARD OF ALDERMEN

FINANCE COMMITTEE REPORT

MONDAY, JANUARY 28, 2013

Present: Ald. Gentile (Chairman), Ciccone, Linsky, Salvucci, Rice, Blazar, Fuller, and Lappin

Also present: David Turocy (Commissioner of Public Works), Captain Marc Gromada (Police Department) Sergeant Jay Babcock (Police Department), Marie Lawlor (Assistant City Solicitor), Bob DeRubeis (Parks and Recreation Commissioner), Jim Reardon (Treasurer/Collector), and David Wilkinson (Comptroller)

#42-13 HIS HONOR THE MAYOR requesting authorization to expend the sum of twelve thousand eight hundred sixty dollars (\$12,860) from the Legal Claims/Settlements Account as full and final settlement of a claim for damage from a city tree to the roof and gutters of a residence on Gralynn Road. [01/14/13 @ 5:33 PM]

ACTION: **APPROVED 8-0**

NOTE: Assistant City Solicitor Marie Lawlor presented the request for authorization to expend \$12,680 from the Legal Claims/Settlements Account. The funds would be used to settle a claim related to damage caused by a city-owned tree, which fell on a home and damaged a portion of the slate roof and custom gutters.

The Law Department feels that the City is liable for the damage, as the Tree Warden had documented that the tree was diseased. Furthermore, over a year ago the tree lost an enormous branch, which took down power lines but did not cause any damage to the home. At that time, and on two other occasions, the property owner requested that the tree be removed. The City did not respond to the homeowner's request; therefore, there is little doubt that the City is liable for the damages. Since that time, the City has hired a three-person tree crew, which is addressing the removal of diseased trees.

The homeowner did not file a claim with their insurance company but looked to directly settle the claim with the City. The Commissioner of Inspectional Services was consulted and he confirmed that the cost of repairs was reasonable. The Law Department would like to make full and final settlement of the claim. Ald. Linsky moved approval, which carried unanimously.

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]

ACTION: PUBLIC FACILITIES APPROVED AS AMENDED 8-0 on 01/09/13
APPROVED AS AMENDED 8-0

NOTE: Commissioner of Public Works David Turocy presented the request to increase the curbing and sidewalk betterment assessment minimums of \$500 to \$2,000. During the Public Facilities Committee's discussion on the creation of a revolving fund specifically for individual requests for sidewalk and/or curb betterments, Commissioner Turocy explained that it would be beneficial if the assessment minimum were increased, as there would then be additional funds available in the individual betterment account to address the City's initial expenses for betterments.

When a property owner requests a curb betterment, the City is responsible for 50% of the total cost of a betterment and the property owner is responsible for the other 50% of the cost. Currently, if the property owners cost exceeds the threshold of \$500, they can put all of the costs on a betterment plan, which is then paid over 20 years. If a betterment is placed on a 20-year payment plan, the City is then responsible for covering the initial expense of the betterment. There are currently 147 requests for curbing betterments, which will cost approximately \$663,230 to complete. The City is currently not charging a betterment for sidewalks as the Administration is attempting to make Newton a more walkable community by adding sidewalks around villages and schools at no cost to the property owner in areas. The Commissioner does not feel it is appropriate to charge a betterment for a sidewalk when the City is providing some sidewalks at no cost to the property owner.

There was some concern that there was an advantage to homeowners with larger frontages, as they would be eligible for a betterment, where property owners with smaller frontages may have to pay the entire cost of the betterment up front. The Commissioner explained that the average individual betterment cost per property owner is \$2,256. He added that currently most property owners pay \$2,000 up front; therefore, he feels that a \$2,000 minimum is appropriate. There was discussion regarding whether there should be relief for people with a financial hardship. The Chair felt that people with hardship could look to the City for help through the Cousen's Fund or another program.

The Commissioner will contact property owners that have requested a curb betterment in groups of twenty to see if they wish to proceed with the betterment. If they wish to go forward, the Department of Public Works will install the betterment. It was requested that the Commissioner update the Public Facilities Committee at the end of the construction season to let them know how many requested curbing betterments were done.

Chapter 26 Section 71 (b)(3) and Chapter 26 Section 73 (c)(1) were inadvertently left out of the docket request but should also be included in the request to increase the assessment minimum from \$500 to \$2000. With that, a motion to approve the item as amended to include language regarding performing the work in the same construction season and include Chapter 26, Section 71(b)(3) as part of the ordinance amendment. Ald. Lappin made a motion for approval as amended, which carried by a vote of eight in favor and none opposed. The draft ordinance is attached.

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]

PUBLIC FACILITIES APPROVED 8-0 on 01/09/13

ACTION: **APPROVED AS AMENDED 8-0**

NOTE: The Public Facilities Committee unanimously approved a graduated fine for illegally dumping snow and ice upon streets, sidewalks and bridges. The City’s current fine is \$25 per offense and does little to dissuade plowing contractors from illegally dumping snow. Sergeant Babcock and Captain Gromada were present and both support the increase in the fine. The Police Department is working on obtaining software to deal with graduated fines.

The Committee felt that it was appropriate to raise the fine by creating a graduated fine of \$100 for the first offense, \$200 for the second offense, and \$300 per offense for the third offense and any other subsequent offense, which occurs in one calendar year. A motion to approve the item as amended to include language for subsequent offenses was made and carried by a vote of eight in favor and none opposed. The draft ordinance is attached.

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#44-13 HIS HONOR THE MAYOR requesting authorization to transfer the sum of five hundred thousand dollars from the Reserve for Removal of Snow & Ice to two accounts within the Department of Public Works as follows:

Regular Overtime.....\$125,000
(0140110-513001)
Rental Vehicles\$375,000
(0140110-5273) [01/14/13 @ 5:34 PM]

PUBLIC FACILITIES APPROVED 6-0 on 01/23/13

ACTION: **APPROVED 8-0**

NOTE: Commissioner of Public Works presented the request to transfer funds to provide additional funding for snow and ice operations. The Department of Public Works began the Fiscal Year with \$1,000,000 for snow and ice operations with the understanding that there was a reserve account with \$1.5 million for snow and ice. The Department of Public Works (DPW) has expended over \$912,000 of the available \$1,000,000 on one significant snowstorm, a number of smaller snowstorms and sanding events. Therefore, the Commissioner is requesting the transfer of \$500,000 to replenish the snow and ice accounts. With that, Ald. Lappin moved approval, which carried by a vote of eight in favor and none opposed.

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

#43-13 HIS HONOR THE MAYOR requesting authorization to transfer the sum of sixty two thousand dollars (\$62,000) from Free Cash to Parks & Recreation Forestry/Tree Services for the purpose of removing defective trees. [01/14/13 @ 5:34 PM]

PROG & SERV APPROVED 5-0 on 01/23/13

ACTION: **APPROVED 8-0**

NOTE: Parks and Recreation Commissioner Bob DeRubeis presented the request for \$62,000 to replenish the department's forestry/tree services account. The department used \$62,000 to hire a contractor to help remove the most defective city-owned trees as categorized through the USDA Forest Services Tree Assessment Guidelines. After Hurricane Sandy, the City made an effort to remove at least 120 of the most defective trees. Between October and January, the contractor and the City's 3-person tree crew removed 400 defective trees. It was pointed out that the City needs to replace the trees that were removed. It is important that the defective trees be removed, as they present a safety hazard. The Commissioner stated that the money for the contractor was well spent.

The Commissioner is asking that the account be replenished in anticipation of upcoming storms. The department needs the ability to pay contractors for storm cleanup. There was some concern among Committee members that the tree services account had been depleted without any notice to the Board. It was requested that in the future, that the Commissioner inform the Chair of Finance if there was a plan to deplete a particular account with the intention of later requesting funds to replenish the account. Ald. Salvucci moved approval of the item, which carried unanimously.

#17-13 COMPTROLLER transmitting the Budgetary Basis Annual Financial Report for fiscal year ending June 30, 2012 for Board of Aldermen review/acceptance.

ACTION: **NO ACTION NECESSARY 8-0**

NOTE: The Comptroller previously provided the Board of Aldermen with the Budgetary Basis Annual Financial Report for review. As there were no questions regarding the report, a motion for No Action Necessary was made and approved unanimously.

#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]

ACTION: **NO ACTION NECESSARY 8-0**

NOTE: The Financial Audit Advisory Committee provided the Finance Committee with their annual report on January 11, 2013. Ald. Fuller, Chair of the Financial Audit Advisory Committee gave a synopsis of the report at the January 14, 2013 meeting. There were no questions regarding the report, therefore a motion for No Action Necessary was made and approved unanimously.

#15-13 FINANCIAL AUDIT ADVISORY COMMITTEE requesting review and acceptance of the revised City of Newton Investment Policy. [12/18/12 @ 9:31 AM]

ACTION: **HELD 8-0**

NOTE: The Financial Audit Advisory Committee provided the attached updated draft Investment Policy. The investment policy was updated by the Investment Policy Ad Hoc Subcommittee of the Financial Audit Advisory Committee with input from the Chief Financial Officer Maureen Lemieux, Treasurer/Collector Jim Reardon, and Comptroller David Wilkinson. Howard Merkowitz who chaired the sub-committee and Treasurer/Collector Jim Reardon were present at the meeting to answer any questions related to the draft policy.

The 1991 policy was solid and strong policy. The new draft policy is still solid and strong but it is more expansive and conclusive. There are eight sections of the draft policy, which the Finance Committee reviewed. State law invests much of the responsibility of managing the City's funds with the City's Treasurer/Collector. The Investment Policy cannot override the State law. The policy clearly states that safety, liquidity, and yield are the City's top priorities. The sub-committee spent a lot of time on what the objectives should be after safety liquidity and yield and felt that it would be reasonable to consider quality of service, cost, and the betterment of Newton's economy as the next priorities.

The draft policy also formalizes the reporting requirements of the Treasurer/Collector. The policy requires the Treasurer to provide a cash analysis report to the Chief Financial Officer on a monthly basis and to the Board of Aldermen on a quarterly basis. The attached balance sheet provides a summary of all of the City's accounts and the money contained in the accounts as of December 31, 2012. In addition, the policy requires the Treasurer to provide an investment report on a quarterly basis and an annual report in February of each year to the Mayor, the Finance Committee, and the Comptroller.

The Committee Chair would like to strengthen the language regarding investing in banks that contribute to the Newton community. He provided the attached list of one bank's contributions to the community in the past months. He feels that if a bank reinvests in the community and all things are equal in terms of safety, liquidity, and yield, further consideration should be given to those banks that reinvest in the community. He would like the policy to state "shall" instead of "may" in Section IIID.

The Chair would like the Committee to hold the item for further discussion. He asked the Committee to further review the policy and give thought to whether the language related to investing in banks that contribute to the Newton community should be strengthened. A motion to hold was made and approved unanimously.

#14-13 FINANCIAL AUDIT ADVISORY COMMITTEE requesting review and acceptance of a City of Newton Whistleblower Policy. [12/18/12 @ 9:31 AM]

ACTION: **APPROVED 8-0**

NOTE: The Financial Audit Advisory Committee provided the attached draft Whistleblower Policy for acceptance by the Board of Aldermen. The Risk Assessment, Monitoring and Compliance Sub-committee of the Financial Audit Advisory Committee developed the draft policy using a number of examples from other municipalities and input from Dolores Hamilton, Director of Human Resources and City Solicitor Donnalyn Kahn.

It is standard for municipalities to have an internal Whistleblower Policy in place. The City does not have an existing Whistleblower Policy. The purpose of the policy is to provide a process for employees to report activities that are illegal, unethical or in violation of a City policy without fear of retaliation.

The draft policy provides a definition of a whistleblower, the process to report a concern, a statement that all complaints will be investigated, how and to whom complaints are reported, a statement regarding the protections provided to a whistleblower, and a statement regarding the resolution of an investigation. There was a question of whether the sub-committee discussed the possibility of encouraging people to report wrongdoings. It was explained that the City Solicitor and Director of Human Resources were against the idea of encouraging reporting.

Once the Whistleblower Policy is approved, it will be provided to all current employees and all new hires. Ald. Lappin moved approval of the policy, which carried unanimously.

#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]

ACTION: **HELD 8-0**

NOTE: Chief Financial Officer Maureen Lemieux was not present at the meeting; therefore, the item was held without discussion.

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]

PROG & SERV VOTED NO ACTION NECESSARY 3-1-0 (Linsky opposed) on 01/09/13

ACTION: **NO ACTION NECESSARY 7-1 (Linsky opposed)**

NOTE: The Programs & Services Committee voted the item no action necessary on January 9, 2013, as Ald. Sangiolo had spoken to the Chairman of the School Committee, who stated that the School Committee would not be addressing the naming rights issue in the near future. The issue may be revisited in the future and at that point, the above item would be re-docketed. Therefore, Ald. Blazar made a motion for no action necessary, which carried by a vote of seven in favor and one opposed. Ald. Linsky voted in opposition of no action necessary because he felt that the docket item warranted further discussion.

The Committee adjourned at 8:40 PM and all other items before the Committee were held without discussion. Draft Board Orders for the above items that are recommended for Board of Aldermen action are attached.

Respectfully submitted,

Leonard J. Gentile, Chairman

CITY OF NEWTON
IN BOARD OF ALDERMEN

2013

ORDERED:

That in accordance with the recommendation of the Finance Committee through its Chairman, Leonard J. Gentile, the City Solicitor is hereby authorized to expend the sum of the sum of twelve thousand dollars eight hundred sixty dollars the Law Department's Judgments and Settlements Account for the purpose of settling a claim that arose as a result of a city tree falling and causing damage to the roof and gutters of a residence on Gralynn Road.

Under Suspension of Rules
Readings Waived and Approved

(SGD) DAVID A. OLSON
City Clerk

(SGD) SETTI D. WARREN
Mayor

Date _____

CITY OF NEWTON

IN BOARD OF ALDERMEN

ORDINANCE NO.

2013

BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF NEWTON AS FOLLOWS:

That the Revised Ordinances of Newton, Massachusetts, 2012, as amended, be and are hereby further amended with respect to Section 26-71, **Sidewalk construction requested by owner**, and Section 26-73, **New curbing installation**, as follows:

1. In Section 26-71(b)(1), by deleting “five hundred dollars (\$500.00)” and inserting in place thereof “two thousand dollars (\$2,000.00)”.
2. In Section 26-71(b)(2), by deleting “five hundred dollars (\$500.00)” and inserting in place thereof “two thousand dollars (\$2,000.00)”.
3. In Section 26-71(b)(3), by deleting “five hundred dollars (\$500.00)” and inserting in place thereof “two thousand dollars (\$2,000.00)”.
4. In Section 26-73(c)(1), by deleting “five hundred dollars (\$500.00)” and inserting in place thereof “two thousand dollars (\$2,000.00)”.
5. In Section 26-73(c)(2), by deleting “five hundred dollars (\$500.00)” and inserting in place thereof “two thousand dollars (\$2,000.00)”.

Approved as to legal form and character:

DONNALYN B. LYNCH KAHN
City Solicitor

Under Suspension of Rules

Readings Waived and Adopted

(SGD) DAVID A. OLSON
City Clerk

(SGD) SETTI D. WARREN
Mayor

Date: _____

CITY OF NEWTON
IN BOARD OF ALDERMEN

ORDINANCE NO.
2013

BE IT ORDAINED BY THE BOARD OF ALDERMEN
OF THE CITY OF NEWTON AS FOLLOWS:

That the Revised Ordinances of Newton, Massachusetts, 2012, as amended, be and are hereby further amended with respect to Section 20-21 **Enforcing persons and revised ordinances subject to civil fine**, subsection 20-21 (d) **POLICE DEPARTMENT** by:

1. Deleting the following language:

“Section 26-9. Putting snow and ice upon streets, sidewalks and bridges”

- () Placing snow or ice on a public way (street, sidewalk or bridge)..... \$25.00
- () Placing snow or ice on a public way (street, sidewalk or bridge)..... \$25.00

and by:

2. Inserting in place thereof the following language:

“Section 26-9. Putting snow and ice upon streets, sidewalks and bridges”

- () Placing snow or ice on a public way (street, sidewalk or bridge)
 - First offense\$100.00
in calendar year
 - Second offense\$200.00
in calendar year
 - Third and subsequent offenses\$300.00
in calendar year”

- () Causing or permitting snow or ice to be placed on a public way (street, sidewalk or bridge)

First offense\$100.00
in calendar year

Second offense\$200.00
in calendar year

Third and subsequent offenses.....\$300.00
in calendar year

CITY OF NEWTON

IN BOARD OF ALDERMEN

February 22, 2011

ORDERED:

That, in accordance with the recommendation of the Public Facilities and the Finance Committees through their respective Chairmen Anthony J. Salvucci and Leonard J. Gentile, a transfer of funds in the amount of five hundred thousand dollars (\$500,000) from the Reserve for Removal of Snow & Ice to supplement the snow and ice budget for the Department of Public Works be and is hereby approved as follows:

	<u>Account Number</u>	<u>Department</u>	<u>Amount</u>
From:	0110498-5794	Reserve for Removal of Snow & Ice	\$500,000
To:	0140110-513001	Regular Overtime	\$125,000
	0140110-5273	Rental Vehicles	\$375,000

Under Suspension of Rules
Readings Waived and Approved

(SGD) DAVID A. OLSON
City Clerk

(SGD) SETTI D. WARREN
Mayor

DATE: _____

CITY OF NEWTON
IN BOARD OF ALDERMEN

2013

ORDERED:

That, in accordance with the recommendation of the Programs and Services Committee through its Chairman Amy Mah Sangiolo and Finance Committee through its Chairman Leonard J. Gentile, the sum of sixty-two thousand dollars (\$62,000), be and is hereby appropriated from Free Cash to be expended under the direction of the Commissioner of Parks and Recreation for the purpose of contracting for tree removal services is hereby approved as follows:

FROM:	Free Cash (01-3497).....	\$62,000
TO:	Forestry Services – Forestry/Tree Services (01602011-5243).....	\$62,000

Under Suspension of Rules
Readings Waived and Approved

(SGD) DAVID A. OLSON
City Clerk

(SGD) SETTI D. WARREN
Mayor

Date: _____

CITY OF NEWTON

IN BOARD OF ALDERMEN

, 2013

ORDERED:

That, in accordance with the recommendation of the Finance Committee through its Chairman Leonard J. Gentile, the following item be and is hereby voted NO ACTION NECESSARY:

#17-13 COMPTROLLER transmitting the Budgetary Basis Annual Financial Report for fiscal year ending June 30, 2012 for Board of Aldermen review/acceptance.

Under Suspension of Rules
Readings Waived and Item Voted NO ACTION NECESSARY

(SGD) DAVID A. OLSON, City Clerk

CITY OF NEWTON

IN BOARD OF ALDERMEN

, 2013

ORDERED:

That, in accordance with the recommendation of the Finance Committee through its Chairman Leonard J. Gentile, the following item be and is hereby voted NO ACTION NECESSARY:

#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.

Under Suspension of Rules
Readings Waived and Item Voted NO ACTION NECESSARY

(SGD) DAVID A. OLSON, City Clerk

City of Newton Investment Policy

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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

City of Newton Treasurer/Collector's Office
Balance Sheet
 As of December 31, 2012

	Dec 31, 12
ASSETS	
Current Assets	
Checking/Savings	
Bank of America	
BoA General A/C 001-3005	12,111,440.64
BoA NPS Cafeteria 53672083	1,460,146.90
BOA NPS Transport #4609772900	252,100.24
Total Bank of America	13,823,687.78
Cambridge Savings Bk 350517821	15,368,238.45
Century Bank	
Century Lockbox 42846	237,483.64
Century MMA 66269636	18,321,964.95
Total Century Bank	18,559,448.59
Citizen's Bank	
Citizens Cmnty Dev 1139741206	-141,152.35
Citizens DDA 1134643273	13,286,754.87
Citizens Invest MMA 1103039161	5,003,883.70
Citizens NRS Dsburse 1305065767	11.82
Total Citizen's Bank	18,149,498.04
Eastern Bank	
Eastern C&D 10107043	7,684,135.69
Eastern DDA 9369392	26,011.52
Eastern Payroll 10087518	-730,837.85
Eastern Vendor 10087484	3,914.78
Total Eastern Bank	6,983,224.14
First Trade UnionMMA 0119007898	10,242.10
MMDT	
MMDT Bond A/C 44273670	5,534,881.53
MMDT General Fund 44000255	4,710,560.97
MWRA FY01 Drink Wtr 44259588	3,917,759.58
MWRA I/I Lcl Fin Asst 44227031	1,080,587.97
Total MMDT	15,243,790.05
Rockland Trust	
Rockland Tr MMA 0002482975	14,278,045.04
Total Rockland Trust	14,278,045.04
Sovereign Bank 95570005942	1,484.71
TD Bank	
TD Bank MMA 8241809893	6,237,837.33
Total TD Bank	6,237,837.33
Unibank	
Unibank City Clerk 880232855	1,998.63
Unibank DPW 880236237	19,603.85
Unibank MMA 791020217	7,204,731.27
Unibank Online 880213301	229,926.33
Unibank Police 880231766	8,504.85
Unibank School Rcpts 880223680	93,575.72
Unibank Unassigned 880223672	5.11
Total Unibank	7,558,345.76
Village Bank	
Village Bank MMA 7188011568	8,011,049.78
Village Bank Parking 3588002478	27,049.22
Total Village Bank	8,038,099.00
Total Checking/Savings	124,251,940.99

City of Newton Treasurer/Collector's Office
Balance Sheet
As of December 31, 2012

	Dec 31, 12
Other Current Assets	
Bank of America NA	
Chaffin Trust Fund	4,882,652.17
Total Bank of America NA	4,882,652.17
Bank of New York Trust	
Investment - Newton North HS	580,051.17
Investment - Scovill Trust Fund	1,098,903.95
Investment - Workers' Comp	8,524,798.36
Total Bank of New York Trust	10,203,753.48
Salomon Smith Barney	
Invest - Cousens 3534736016275	1,959,381.19
Total Salomon Smith Barney	1,959,381.19
UBS Paine Webber	
Investment - Commonwealth 15476	283,943.74
Investments - Bldg Ins Tr 15477	445,693.78
Total UBS Paine Webber	729,637.52
Total Other Current Assets	17,775,424.36
Total Current Assets	142,027,365.35
TOTAL ASSETS	<u>142,027,365.35</u>
LIABILITIES & EQUITY	0.00

Newton Baseball - various teams	\$ 2500 -
NCDF	1000 -
Newton Community Farm	1000 -
Newton Pride	
Newton Community Services	10000 -
Newton Cultural Alliance	5000 -
Newton Housing Authority	5000 -
Newton Neighborhood Retreats	2000 -
Newton Police - K9	20,000 -
Newton Schools Foundation	15,000 -
Newton Serves	1000 -
Newton Senior Ctr	1000 -
Paddy's Road Race	3000 -
Newton Willing Hospital	5000 -
Newton Youth Hockey	2500 -
NWHL Committee	2500 -
Rotary Club	
Springwell	2500 -
Festa - Ponantun	2500 -
Suzuki School	1000 -
Waban Improvement Society	1000 -
Williams School	5000 -
Jackson School	5000 -
Celebration - Newton North	1000 -
Newton North - Theater group	1000 -
YMCA	6000 -
Scholarships - Foundation	25000 -

Relay for Life	10000 -	
ACA Love the Cove	500 -	
Qubundale Library	4800 -	
Barry Pitt (Ct)	5000 -	
Birthday Wishes	1000 -	
Can Do	10000 -	
City of Newton		
Cultural Affairs	4000 -	
Veterans - Hoops for Troops	3000 -	
WEI	1500 -	
BUS - SCHOOLS	40,000 -	Innovation Lab
Discovering What's Left	2500 -	
Easter Seals	1500 -	
Foundation - Racial & Ethnic Harmony	6000 -	
Historic Newton	5000 -	
2013 Home Tour	10000 -	
Hospice	1000 -	
John Barry Boys & Girls Club	35000 -	
Boy Scouts	1000 -	
Consumer Credit Counseling Service	2500 -	
Lower Falls Imp - Playground	5000 -	
New Art Center	2500 -	
New Philharmonic	2500 -	
New Rep Theatre	500 -	
NEW TV	15000 -	

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

IN BOARD OF ALDERMEN

2013

ORDERED:

That, in accordance with the recommendation of the Finance Committee through its Chairman, Leonard J. Gentile, the attached City of Newton Whistleblower Policy be and is hereby approved:

Under Suspension of Rules
Readings Waived and Approved

(SGD) DAVID A. OLSON
City Clerk

(SGD) SETTI D. WARREN
Mayor

CITY OF NEWTON

IN BOARD OF ALDERMEN

, 2013

ORDERED:

That, in accordance with the recommendation of the Programs and Services Committee through its Chairman Amy Mah Sangiolo and the Finance Committee through its Chairman Leonard J. Gentile, the following item be and is hereby voted NO ACTION NECESSARY:

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.

Under Suspension of Rules
Readings Waived and Item Voted NO ACTION NECESSARY

(SGD) DAVID A. OLSON, City Clerk