

CITY OF NEWTON

IN BOARD OF ALDERMEN

FINANCE COMMITTEE AGENDA

WEDNESDAY, NOVEMBER 13, 2013

7:00 PM
Room 222

NOTE: Please bring the FY2015 – FY2019 Five-Year Financial Forecast Booklet

- #400-13 HIS HONOR THE MAYOR submitting the FY14- FY18 Five-Year Financial Forecast for Board of Aldermen review/acceptance. [10/22/13 @ 8:26 AM]
- #401-13 ALD. LENNON & LAPPIN pursuant to Sec. 2-7 of the City Charter, recommending re-appointment of David C. Wilkinson as Comptroller of Accounts; said term will be two years or until a successor is duly qualified. [10/28/13 @ 3:10 PM]

REFERRED TO FINANCE AND PROGRAMS & SERVICES COMMITTEE

- #402-13 ALD. FULLER AND GENTILE requesting a Home Rule Petition to amend Article 9 of the Charter to clarify that Neighborhood Area Councils shall maintain and control their own financial accounts and records, independent of City finances; and to further clarify that such independent financial accounts and records shall remain subject to City audit. [10/28/13 @ 10:18 AM]
- #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]
- #15-13 FINANCIAL AUDIT ADVISORY COMMITTEE requesting review and acceptance of the revised City of Newton Investment Policy. [12/18/12 @ 9:31 AM]

It is the Chairman's intention to entertain motions to refer the following items to the 2014-2015 Board:

REFERRED TO FINANCE AND APPROPRIATE COMMITTEES

- #403-13 HIS HONOR THE MAYOR submitting the FY15-FY19 Capital Improvement Plan and Long Range Projection pursuant to section 5-3 of the Newton City Charter. [10/21/13 @ 9:59 AM]

The location of this meeting is handicap accessible and reasonable accommodations will be provided to persons requiring assistance. If you need a special accommodation, please contact the Newton ADA Coordinator, Joel Reider, at least two days in advance of the meeting: jreider@newtonma.gov . or 617-796-1145. For Telecommunications Relay Service dial 711.

#41-11(2) ALD. CICCONE requesting implementation of the fees associated with the Winter Overnight Parking Pilot Program. [09/19/13 @ 3:49 PM]

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#288-13 PUBLIC FACILITIES & FINANCE COMMITTEES requesting that the Administration update the Board of Aldermen when a funding source is determined for the Zervas Elementary School Feasibility Study. [07-11-13 @ 10:10 AM]

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]

#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.

ITEMS NOT TO BE DISCUSSED:

REFERRED TO PUBLIC SAFETY/TRANSPORTATION & FINANCE COMMITTEES

#314-13 NEWTON POLICE DEPARTMENT, proposing that **Sec. 19-336(a). License plates or medallions; fee for same; transfer to new vehicle.** be increased from \$50 to \$100, effective 2014. [09/12/13 @ 11:21 AM]

#132-13 ALD. HESS-MAHAN & YATES proposing a Resolution to request that the Mayor adopt the provisions of Massachusetts General Laws Chapter 59 Section 5C, which provides for a local property tax exemption of up to 20% of the average assessed value of residential properties, which are the principal residences of taxpayers. [03/13/13 2:29 PM]

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#41-13 ALD. CROSSLEY, FULLER AND SALVUCCI requesting a discussion with the administration to review how the city inventories, plans for, budgets and accounts for needed smaller capital expenditures (currently set at under \$75,000), which are excluded from the Capital Improvement Plan (CIP); how to make these non-CIP capital maintenance items visible, and how to integrate them with the overall planning, CIP, and budgeting processes. [01/14/13 @ 5:02 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

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

- #256-12 ALD. HESS-MAHAN, SANGIOLO & SWISTON proposing an 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]

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]

PROG & SERV APPROVED 6-0 on 07/11/12

- #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 ZONING AND PLANNING AND FINANCE COMMITTEES

- #102-11 ALD. HESS-MAHAN, JOHNSON, COMMISSIONER LOJEK, AND CANDACE HAVENS requesting an amendment to Chapter 17 to establish a fee for filing a notice of condo conversion. [03-29-11 @ 4:55PM]
ZONING & PLANNING APPROVED 6-0 on 6/10/13

REFERRED TO ZONING AND PLANNING AND FINANCE COMMITTEES

- #95-11 ALD. HESS-MAHAN proposing an ordinance requiring that a notice of conversion to condominium ownership be filed with the Inspectional Services Department and that the property be inspected to determine compliance with all applicable provisions of the state and local codes, ordinances and the rules and regulations of all appropriate regulatory agencies. [03-24-11 @ 9:30AM]
ZONING & PLANNING APPROVED 6-0 on 6/10/13

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

Sullivan Shawna

From: "Maura O'Keefe" <mokeefe@newtonma.gov>
To: ssullivan@newtonma.gov
Date sent: Thu, 24 Oct 2013 11:51:06 -0400
Subject: Area Council docketing language
Priority: normal

Shawna,

Here is some suggested docketing language for the Area Council Home Rule Petition:

Aldermen Fuller and Gentile seeking a Home Rule Petition to amend Article 9 of the Charter to clarify that Neighborhood Area Councils shall maintain and control their own financial accounts and records, independent of City finances; and to further clarify that such independent financial accounts and records shall remain subject to City audit.

Let me know if you have any questions or concerns.

Thanks,

Maura

RECEIVED
Newton City Clerk
2013 OCT 28 AM 10:18
David A. Olson, CMC
Newton, MA 02459

such office, the candidates whose petitions have thus been filed shall be deemed to have been nominated to said office, and their names shall be voted on for such office at the succeeding regular or special election, as the case may be, and the Election Commission shall not print said names upon the ballot to be used at said preliminary election and no other nomination to said office shall be made. If in consequence it shall appear that no names are to be printed upon the official ballot to be used at any preliminary election in any ward or wards of the city, no preliminary election shall be held in any such ward or wards.

Sec. 8-4. Special Elections.

Special elections to fill the office of alderman, Mayor or school committeeman, as provided in Sections 2-5, 3-10 and 4-5, shall be held within one hundred and twenty days following the date on which the election is called. Persons elected at such elections shall immediately be sworn and assume their office.

Sec. 8-5. Wards.

The territory of the City shall be divided into eight wards.

Sec. 8-6. Application of State Laws.

Except as expressly provided in the charter and authorized by state law, all City elections shall be governed by the laws of the Commonwealth relating to the composition, powers, and duties of the Election Commission, the right to vote, the registration of voters, the nomination of candidates, the conduct of preliminary, regular, and special elections, the submission of charter amendments and other propositions, the counting of votes and the declaration of results.

ARTICLE 9. NEIGHBORHOOD AREA COUNCILS

Sec. 9-1. Purpose.

It is the purpose of this article to encourage citizen involvement in government at the neighborhood level by permitting limited self-government through the establishment of neighborhood area councils as legal entities of the City government.

Sec. 9-2. Establishment of Neighborhood Service Areas.

The Board of Aldermen may establish one or more neighborhood service areas to provide services or functions that the neighborhood area council is authorized to undertake.

Sec. 9-3. Creation by Petition.

(a) A petition may be submitted to the board of Aldermen requesting the establishment of a neighborhood service area to provide any service or services which the City is otherwise authorized by law to provide. Such petition must be signed by twenty per cent of the voters residing in such area. The petition shall describe the territorial boundaries of the proposed service area, shall specify the services to be provided, and shall indicate the size of the neighborhood area council.

(b) Upon receipt of the petition, the Board shall submit the petition for verification of signatures thereon, and within thirty days following verification, the Board of Aldermen shall hold a public hearing on the question of whether or not the requested neighborhood service area shall be established. The hearing may be adjourned from time to time but shall be completed within sixty days of its commencement.

(c) Within thirty days following the public hearing, the Board of Aldermen shall by resolution approve or disapprove the establishment of the requested neighborhood service area.

(d) A resolution approving the creation of the neighborhood service area may contain amendments or modifications of the area's boundaries, functions, or the size of the neighborhood area council as set forth in the petition. (Referendum of 11-4-75)

Sec. 9-4. Boundary Changes of a Neighborhood Service Area.

The board of Aldermen may, pursuant to a request from a neighborhood area council accompanied by a petition signed by at least twenty per cent of the voters residing in the area to be added or deleted, enlarge, diminish, or otherwise alter the boundaries of any existing neighborhood service area following the procedures set forth in Section 9-3 (b), (c), and (d).

Sec. 9-5. Considerations in Setting Boundaries.

In establishing neighborhood service area boundaries and determining those services to be undertaken by a neighborhood area council, the Board of Aldermen shall study and take into consideration, but not be limited to, the following:

- (1) The extent to which the area constitutes a neighborhood with common concerns and a capacity for local neighborhood initiative, leadership, and decision-making with respect to City government.
- (2) City agency authority and resources which may appropriately be either transferred or shared with the neighborhood council.
- (3) Population density, distribution, and growth within a neighborhood service area to assure that its boundaries reflect the most effective territory for local participation and control.
- (4) Citizen access to, control of, and participation in neighborhood service area activities and functions.

Sec. 9-6. Dissolution of a Neighborhood Service Area.

(a) The Board of Aldermen may, after a public hearing, dissolve a neighborhood service area on the initiative of the Board of Aldermen or pursuant to a petition signed by at least twenty per cent of the voters living within the neighborhood service area.

(b) The Board of Aldermen shall give notice, in a newspaper of general circulation in the neighborhood service area, of its intention to hold a public hearing on a proposed dissolution. Such notice shall be given not less than fourteen days before the date of the public hearing.

Sec. 9-7. Election of Council; Vacancies.

(a) A neighborhood area council shall consist of five to nine members. The term of office of each member shall be two years, and until a successor is qualified.

(b) The council members shall be elected at large by and from voters residing in the neighborhood service area at the time of the election. The board of Aldermen shall determine the time and manner of holding such elections. The ward alderman or ward aldermen who represent any portion of the area included in a neighborhood service area shall serve, ex officio with no power to vote, as members of the neighborhood area council.

(c) A vacancy shall be filled by the neighborhood area council, by appointment. Members so appointed shall serve for the remainder of the unexpired term and until their successors are qualified.

Sec. 9-8. Neighborhood Area Council Powers and Functions.

A neighborhood area council may exercise any powers and perform any functions within the neighborhood service area expressly authorized by the Board of Aldermen, which may include but not be limited to:

- (1) Advisory or delegated substantive authority, or both, with respect to such programs as a community action program, urban renewal, relocation, public housing, planning and zoning actions, and other physical development programs, crime prevention and juvenile delinquency programs, health services, code inspection, recreation, education, and manpower training. Nothing contained herein shall be construed to authorize the Board of Aldermen to delegate to any neighborhood area council any substantive authority with regard to zoning.
- (2) Self-help projects, such as supplemental refuse collection, beautification, minor street and sidewalk repair, establishment and maintenance of neighborhood community centers, street fairs and festivals, cultural activities, recreation, and housing rehabilitation and sale.
- (3) Acceptance of funds from public, but not including the City of Newton, and private sources, including public subscriptions; and expenditure of monies to meet overhead cost of council administration and support for neighborhood service area projects.

Sec. 9-9. Compensation; Meetings; By-Laws; Quorum.

(a) Members of a neighborhood area council shall receive no compensation but may receive reimbursement of actual and necessary travel and other expenses incurred in performance of official duties.

(b) A neighborhood area council shall adopt by-laws providing for the conduct of its business and the selection of a presiding officer and other officers. Copies of all by-laws adopted by neighborhood area councils shall be made available to the public upon request.

(c) A majority of the voting members of a neighborhood area council shall constitute a quorum for the transaction of business. Each member entitled to vote shall have one vote.

Sec. 9-10. Annual Report.

Each neighborhood area council shall make an annual report of its activities to the Board of Aldermen which annual report shall be open to the public.

Sec. 9-11. Financial Records.

Each neighborhood area council shall keep complete financial records which shall be subject to city audit.

**ARTICLE 10.
FREE PETITION; INITIATIVE; REFERENDUM**

Sec. 10-1. Individual, Discretionary Petitions.

The board of aldermen and the School Committee shall receive all petitions addressed to either of them and may,



SETTI D. WARREN
MAYOR

City of Newton, Massachusetts
Office of the Mayor

#102-12

Telephone
(617) 796-1100

Facsimile
(617) 796-1113

TDD/TTY
(617) 796-1089

E-mail
swarren@newtonma.gov

November 8, 2013

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 amend Docket #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 @ 3:40PM]* by replacing "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" with "the sum of one million one hundred thousand dollars (\$1,100,000) from cable contract receipts for the purpose of supplying and installing a fully redundant fiber network"

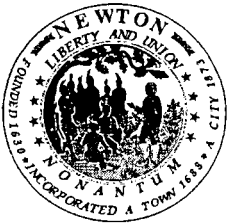
Thank you for your consideration of this matter.

Sincerely,

Setti D. Warren
Mayor

RECEIVED
Newton City Clerk
2013 NOV -8 PM 2:43
DAVID A. OISON, CMC
Newton, MA 02459





CITY OF NEWTON, MASSACHUSETTS
DEPARTMENT OF INFORMATION TECHNOLOGY

Telephone (617) 796-1180
Facsimile (617) 796-1196
TDD/tty # (617) 796-1089

Setti D. Warren, Mayor

Joseph P. Mulvey
Interim Director

April 6, 2012

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

APPROVED
4-9-12
RECEIVED
2012 APR -9 PM 3:59
David A. Olson, Clerk
Newton, MA 02459
Newton City Clerk

Re: Information Technology City-wide Fiber Project (FY13 CIP priority#28)

Dear Mayor Warren,

The Information Technology Department respectfully requests \$500,000 from cable contract receipts to construct Phase I of III to connect all city facilities with high-speed fiber infrastructure for continued reliance on the IT network. These monies will finance the design, fiber purchase, and physical installation of most critical facilities citywide.

A summary of the justification are provided below, while further details are available in the 2012 *Final Report of the IT Advisory Committee*:

- A city-wide, high speed municipal network is deemed crucial to the success of information technology as used by residents, businesses, education, and administrative functions of local government. By opening up the bottleneck, service to all of these entities will no longer be an issue;
- A reliable solution will be the proactive first step as voice, data and video technologies converge to one common data network;
- School department is preparing for "Bring Your Own Device" where demands are expected to increase exponentially;
- Current collaborative education goals are unattainable;
- Opportunities:
 - Public Safety enhancements thru video monitoring
 - Educational distance learning
 - Support of cloud-based solutions to achieve greater efficiencies
 - Support of an IP-based phone system
 - Redundant, self-healing and configurable network to respond to disasters

Should you have any questions or concerns I am available at your convenience.

Sincerely,

Joseph P. Mulvey
Joseph P. Mulvey

Interim Director, Information Technology Department

FROM: CATV RECEIPTS RESERVED
14L114-5901 \$500,000
TO: FIBER NETWORK PH I-III \$500,000

Written Solicitor legal opinion pending

DM
04/27/2012

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

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 Fund Ctr.	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 Imps - Playground	5000.-	
New Art Center	2500.-	
New Philharmonic	2500.-	
New Rep Theatre	500.-	
NEW TV	15000.-	