

## FINANCE COMMITTEE MINUTES

The Standing Committee on Finance met on *Monday July 15<sup>th</sup>, at 7:00 PM* in the *Council Chambers, Brockton City Hall, 45 School Street*, to consider the following with President Sullivan presiding and Nine members present.

### PUBLIC HEARING:

1. Ordered: That the common necessity and convenience of the inhabitants of the City of Brockton require the laying out and acceptance of **West Meadow Drive**, extending from Burroughs Road, northerly, to Julie Avenue, a distance of about 647 feet, more or less, and for that purpose it is necessary to take an easement for Highway Purposes and lay out as a public street or way of said City of Brockton.

Invited: Lawrence Rowley, Commissioner, DPW

Comments by Lawrence Rowley:

(We have no objections to make this a public way.)

Having considered the same, Motion by Councilor Eaniri to report FAVORABLE, 2<sup>nd</sup> by Councilor Asack. Motion carried by a hand vote.

(Councilor Derenoncourt requested to make a motion to take items 3 & 4 out of order as the Police Officers are on duty; motion was 2<sup>nd</sup> by Councilor Lally. Motion carried by a hand vote.)

2. Ordered: That the common necessity and convenience of the inhabitants of the City of Brockton require the laying out and acceptance of **Julie Avenue**, extending from Ash Street, westerly, a distance of about 533 feet, more or less, and for that purpose it is necessary to take an easement for Highway Purposes and lay out as a public street or way of said City of Brockton.

Invited: Lawrence Rowley, Commissioner, DPW

Comments by Lawrence Rowley:

(We have no objections to make this a public way.)

Having considered the same, Motion by Councilor Eaniri to report FAVORABLE, 2<sup>nd</sup> by Councilor Monahan. Motion carried by a hand vote.

3. Promotion of Michael Livingston to the rank of Sergeant in the Brockton Police Department.

Invited: Michael Livingston

John Crowley, Chief of Police

Having considered the same, Motion by Councilor Cruise to report FAVORABLE, 2<sup>nd</sup> by Councilor Monahan. Motion carried by a hand vote.

4. Promotion of David Farrell to rank of Lieutenant in the Brockton Police Department.

Invited: David Farrell

John Crowley, Chief of Police

Having considered the same, Motion by Councilor Monahan to report FAVORABLE, 2<sup>nd</sup> by Councilor Cruise. Motion carried by a hand vote.

5. Ordered: Accordance with the M.G.L., Ch. 44, that the City Council authorize the approval of M.G.L, Ch.32B, Section 20 as amended by Ch.218, Section 15 of the acts of 2016 and further authorize the participation in the Plymouth County OPEEB Trust Program (PCOT)

Invited: Troy Clarkson, CFO

Comments by President Sullivan:

(If no objections, we are joined by Plymouth County Treasurer Thomas O'Brien and Plymouth County Commissioner Greg Hanley here tonight; they could add some information.)

Comments by Troy Clarkson

(Support to join the Plymouth County OPEB Trust Program.)

Comments by Councilor Farwell

(What are the benefits and why choose this option?)

Comments by Troy Clarkson

(No minimum contribution, test run with no penalties.)

Comments by Councilor Farwell

(Could we hear from how this has benefitted other communities here in Plymouth County?)

Comments by Thomas O'Brien

(Deepest Sympathies to the City of Brockton.) (OPEP- Other Post Employee Benefits involves and entails the health insurance benefits for municipal employees. Multi employer trust set up for governmental entities to begin to fund their OPEB liability in a manner that saves them money has low fees and is going to produce over a period of time a greater rate of return than most of the other options. As of today we have 28 member units, we have more than 20 Million Dollars in assets under management and over the last three years we have had an annualized return of over 11%. No minimum contributions, no minimum timelines for requirement and no penalties.)

Comments by Councilor Cruise

(Currently what is our unfunded liability?)

Comments by Troy Clarkson

(As of our financial statements for June 30 2018 which is the last financial statements we have, our total accrued liabilities approximately 740Million Dollars.)

Comments by Councilor Cruise

(How much would we be putting in yearly if we were to do this?)

Comments by Troy Clarkson

(First appropriation, something modest maybe a hundred thousand dollars; and then develop a long-term funding strategy for an annual amount that we would put in the trust.)

Comments by Councilor Nicastro

(Annual return of 11%, very good; what is the risk profile?)

Comments by Thomas O'Brien

(Fairly aggressive. Designed a portfolio that we believe that will return between 6 and 8 % over the course of 30-40 years. Designed between 60-65 equities and the rest in fixed incomes and an investment professional at US Bank as well as a team of 1,000 members and an investment committee.)

Having considered the same, Motion by Councilor Cruise to report FAVORABLE, 2<sup>nd</sup> by Councilor Monahan. Motion carried by a hand vote.

6. Ordered: A copy of all legal documents executed between the city and the Brockton 21<sup>st</sup> Century Corporation related to the transfer of control for these properties to the city, and the outstanding promissory note signed by the corporation, be provided to the City Council. (1) A summary of all outstanding contractual agreements, outstanding invoices for services or goods, or any other liability which was the responsibility of the Brockton 21<sup>st</sup> Century Corporation and which now may be incurred by the city be provided to the City Council. (2) If payments from public funds have been made for charges formerly required of the corporation, such information shall be provided to the City Council. (3) Documents and information requested shall be provided within fourteen (14) days of the date of this Order.

Invited: Michael Gallerani, Executive Director, Brockton 21<sup>st</sup> Century Corporation

Dan Evans, President, Brockton 21<sup>st</sup> Century Corporation

Philip Nessralla, City Solicitor

Troy Clarkson, Chief Financial Officer

Mary Lynn Peters-Chu, City Auditor

James Casieri, Building Superintendent

Brent Warren, Attorney, B21

Comments by President Sullivan

(Attorney Warren submitted a letter seeking a postponement; one basis of that was the untimely passing of Mayor Bill Carpenter. At the time then President Rodrigues responded back that the CPA component, the accounting component of this shouldn't be discussed tonight because they're still doing their review and their audits of the books. The request for a continuance was denied in partial context but we will have Mr. Warren and others come back once the audit is finalized.)

Comments by Councilor Farwell

(What date did you come on as Executive Director on B21 and what internal financial controls did B21 have for revenue coming and expenditures going out?)

Comments by Michael Gallerani

(March 2015. Up to a year ago, anything over \$2,000 needed two signatures on a check; by board president and a board member. This was relaxed a year ago.)

Comments by Councilor Farwell

(Were the accounts between the Shaw's Center and the Rox together?)

Comments by Michael Gallerani

(In the initial year they were co-mingled but tracked by our accountants. Then I switched it in the subsequent year we opened separate accounts for the stadium and operations.)

Comments by Councilor Farwell

(Can we agree that B21 was in a general description the landlord for the Shaw's Center and the Rox Stadium.)

Comments by Michael Gallerani

(Yes.)

Comments by Councilor Farwell

(How often did you send someone to go into the stadium or the Shaw's Center for the purpose of making sure that we were protecting the city's asset; that it was clean that we didn't have health code violations, missing property or damage, did that occur regularly?)

Comments by Michael Gallerani

(Regularly. Minimally once a week, typically twice a week, and towards the end almost daily.)

Comments by Councilor Farwell

(Who was going to check?)

Comments by Michael Gallerani

(Many times me, but we had a number of service providers; plumbers, electricians and such and if they saw anything they would report it.)

Comments by Councilor Farwell

(What was the board's requirement for routine inspections?)

Comments by Michael Gallerani

(The board hired a gentleman who did an assessment of both buildings and that report was shared with the council in the past.)

Comments by Councilor Nicastro

(In regards to the Lease- On Page number one it's a representation of a document between B21 and EMC and it's believed to be true to be assigned original and not intended to provide a legal representation of a stadium agreement. What does that mean?)

Comments by Michael Gallerani

(Because I cleaned it up; it didn't present itself well. It is the lease that we use as a reference because it is cleaner and neater.)

Comments by President Sullivan

(To Attny Warren- Does it incorporate all the terms?)

Comments by Attorney Warren

(Yes it has all the terms.)

Comments by Councilor Nicastro

(I would like us to receive a copy of the original contract and the agreement amendment to the Council. On article 9 page 30; states day to day structural components are the responsibility of the team to keep in good working order. I know there has been a problem with the ventilation. Weren't they supposed to keep it in good repair?)

Comments by Michael Gallerani

(It is 17 years old. Our HVAC Company said it was time to replace.)

Comments by Councilor Nicastro

(Was it maintained?)

Comments by Michael Gallerani

(B21 maintained it.)

Comments by Michael Gallerani

(We brought EMC in a number of times under default. In the end we relaxed the default for a number of reasons; the marching order was the stadium has to stay open.)

Comments by Councilor Nicastro

(Does anyone know if they are insured?)

Comments by Troy Clarkson

(Yes they are insured with Eastern Insurance. We do not have the Certificate of Insurance; but have made the request for it. It was a surprise to find B21 took out an insurance policy sometime in November and after the first of the year canceled the policy which resulted in a substantial refund. Looking forward to find out what happened to that money with that refund.)

Comments by Councilor Nicastro

(Is there insurance on the convention center?)

Comments by Troy Clarkson

(Yes. We acted swiftly to make sure the building and stadium were insured.)

Comments by Councilor Eaniri

(Are we renting the Shaw's center? Who came up with the \$1000 rental fee? The place should not be rented until we get out of this mess. Who is the event coordinator?)

Comments by James Casieri

(I agree with you. The decision was made by the Mayor. There were to be a couple of events. There is no air conditioning there. It is not a usable facility. It costs the city more money than we are making. It took 77 man hours to get it ready for the last event.)

Comments by Councilor Eaniri

(We need to stop the usage of the Shaw's center.)

Comments by Councilor Beauregard

(I am in complete agreement with you that we should not rent the function facility until it meets all the standards it is supposed to.)

Comments by Councilor Deroncourt

(We do not have any function center in the city that can hold 300 people. I am not for selling the place.)

Comments by James Casieri

(We are having a survey done by the Ameresco Group to determine repairs necessary and design roof top units and heating systems and give us the plan.)

Comments by Councilor Farwell

(I fully support having a discussion at a later time about staffing that is needed, rules and regulations for using the venue when it is done and what the future uses should be. Tonight was more of financial and contracts.)

Comments by Councilor Asack

(You mentioned 77 man hours; what did that cost the department?)

Comments by James Casieri

(Over \$3,000.)

Comments by Councilor Asack

(Per function?)

Comments by James Casieri

(Just for the last event.)

Comments by Councilor Asack

(Is someone in there keeping an eye them?)

Comments by James Casieri

(Our guys are in there regularly.)

Comments by President Sullivan

(Question for Mr. Gallerani- Trying to get some clarification on your current role, understanding that you come in one day a week? Have you already taken another job somewhere? What is your end date at B21?)

Comments by Michael Gallerani

(I come in one day a week; I am still on the payroll one day a week. Yes, I have taken another job. It is up to the board on the end date.)

Comments by Councilor Eaniri

(The gentleman who was storing items; are they still in there?)

Comments by James Casieri

(There is some stuff still there.)

Comments by Councilor Eaniri

(Let's find a way to evict him; they don't belong there. It's not right to see piles of junk when you drive by.)

Having considered the same, Motion by Councilor Farwell to report to POSTPONE to August 19<sup>th</sup> Finance Committee Meeting, 2<sup>nd</sup> by Councilor Beauregard. Motion carried by a hand vote.

Meeting Adjourned 9:15 PM