



FINANCE & AUDIT COMMITTEE MEETING MINUTES

Friday, September 24, 2021

9-10:30 a.m.

Committee Members in Attendance via Electronic Device: Adrienne Cochrane, Daryle Dudzinski, Paul Potamianos, Mike Soltis

Committee Members Absent: Alexander Marcellino, John Scott

CTPL Staff in Attendance via Electronic Device: Andrea Barton Reeves, Amber Forrest, Walter Hay, David Marcone, Loc Pho, Amy Stuart

1. Call to Order & Roll Call

Committee Chair, Paul Potamianos called the meeting to order at 9:02 AM. Amber Forrest took attendance and verified the existence of a quorum.

2. Review and approve [July 23, 2021 meeting minutes](#)

Committee Chair asked for a review of the July 23, 2021 meeting minutes and asked for a motion to adopt. Mike Soltis motioned the adoption, Daryle Dudzinski seconded that motion. All were in favor, no abstentions, the motion carried.

3. Budget Review of Spending to Date

Dave Marcone provided the review of the financial spending to date reports through August 31, 2021, Operating and Bond Budget vs. Actual, Cumulative Operating and Bond Budget vs Actual, Bond Fund Use, Contributions Budget vs. Actual, and Cumulative Contribution Budget vs. Actual, noting the contribution reports are new reports. Dave highlighted that the Authority has received \$205.7M in contributions to date.

In response to a question from the committee, contributions are being remitted by some employers on a basis less frequently than quarterly, as some small businesses prefer to pay their obligation in sync with their payroll cycles.

4. Audit Update

Dave Marcone provided an update on the Marcum Audit noting the original completion date was extended through the end of October. Marcum has reported that they are on schedule for this extension. Dave noted that most field work has been done, the IT portion has been provided via documentation at the Auditor's request, and the current focus is on financial statements set up including footnotes, and the management discussion and analysis (MD&A). They have requested the expected documentation and the Authority is confident that they are asking for the right things.

5. Hiring Update



Dave Marcone reported that the Finance Team will be expanding their contribution staff. The Authority had an open position for a Contribution Compliance Manager and decided to promote from within. Walter Hay has been promoted to this role as he has shown outstanding efforts in his prior role as a Contribution Accountant. The team is now searching for a Contribution Accountant to fill Walter's previous role and will be reviewing resumes next week. The Authority has hired a Contribution Examiner, scheduled to start October 12, 2021. This role is to focus on compliance and collections, which will include follow up with those businesses who have not paid or under paid into the Trust.

6. Imprest Account Discussion & Change to Contribution Budget

Dave Marcone reported that the Authority is opening an imprest account with Aflac, the reason being is to provide Aflac funds to make begin making benefits payments in a timely manner. Aflac will make benefit payments in the beginning of the week and by the end of week, the Authority will need to reimburse them. The Authority needs to open a reserve account for Aflac to make those payments with minimal financial risk to them. The payment is \$20M, which is estimated based on a worst-case scenario, which would cover approximately two weeks of benefit payments. This is not a fixed number over the lifetime of the program and will be reviewed in the future, once the Authority has a benefit payment history that can be reviewed and analyzed. The imprest account will be earning an Earnings Credit Rate (ECR), comparable to what it would have earned if the funds had stayed in the corpus with the Office of the Treasurer. In the current low interest environment, the interest is expected to offset and reduce the Authority's bank fees.

This also requires a change to the fiscal budget. It does not change how the Authority pays benefits. The Authority is asking for a change to the budget to account for the \$20M so the requested monies can be included in the contribution budget. The \$20M is expected to be paid on or around December 15, 2021. The Authority is asking the Finance and Audit Committee for a recommendation to make a change to the contribution budget.

The Committee Chair asked the committee for a motion to recommend to the full board a change to the fiscal budget to include the \$20M change. Daryle Dudzinski motioned and Adrienne Cochrane seconded that motion. All were in favor, none opposed, no abstentions. The motion carried.

7. Update on Claims Administration

Andrea Barton Reeves reported the Authority continues to make significant progress with claims administration, highlighting that we are 67 days away from implementation. Hiring and training has occurred at Aflac noting that 95% of their positions have been filled. Training modules are complete and will be implemented in the coming weeks. All workflows that allow for the take in of benefits is complete and there was an email sent to the board introducing the small business page at ctpaidleave.org. There are 30 webinars scheduled which began yesterday and they are directed at HR Professionals, Small Businesses, and CT Workers. The idea is to provide as much education as possible. With respect to the appeals process, a lot of progress has been made with the Department of Labor (DOL) in respect to the appeals process for denials of FMLA, CTPL and late payments. The Authority is also working closely with DOL to select a vendor that can aid with the process. The goal is to be sure to that people have the ability to exercise their rights to file an appeal as applies to the statute.



8. Old Business

In response to a request from the committee, Andrea Barton Reeves provided an updated on the revised actuarial report noting there were a few sections the Authority has asked them to refine. The report will be reviewed over the weekend and then returned to the actuary. She also shared that in respect to the data they have, it has not shown that there will need to be a change made to the benefit rate. Once complete the Authority will present the report to the Committee and then the Board.

The statute does not require a vote be made to adopt the actuarial report; however, it is recommended. The Authority plans to review this with the committee next month.

9. New Business - None

10. Adjourn

Committee Chair asked for a motion to adjourn. Mike Soltis motioned, Daryle Dudzinski seconded that motion, all were in favor, no abstentions. The motion carried and the meeting adjourned at 9:36 AM.

This recorded meeting can be found at: <https://youtu.be/pmDEsTGgvc4>

As of January 1, 2022 CT Paid Leave Board and Committee meeting agendas and minutes will no longer be available on <https://portal.ct.gov/DAS/>.

These documents are and will continue to be, available on the [Connecticut State Agency Public Meeting Calendar](#) as well as [calendar of Events](#) (ctpaidleave.org).

