

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

REGULAR MEETING MINUTES
West Haven Subcommittee of the MARB

Meeting Date and Time: Tuesday, October 19, 2021 10:00 AM – 12:00 PM

Meeting Location: This will be a virtual meeting. Meeting materials may be accessed at the following website:
<https://portal.ct.gov/OPM/Marb/West-Haven-Committee-Meetings-and-Materials>

Call-In Instructions: Meeting participants may use the following telephone number and access code

Telephone Number: (860) 840-2075

Meeting ID: 699 333 425

Members in Attendance: Kimberly Kennison (OPM Secretary designee), Christine Shaw (State Treasurer designee), Stephen Falcigno, Thomas Hamilton

City Officials in Attendance: Mayor Rossi, Frank Cieplinski, Chief Terenzio (Allingtown Fire Dept.), Chief O'Brien (Center Fire District), Chief Scafariello (West Shore Fire District)

OPM Staff in Attendance: Gareth Bye, Michael Milone (OPM Liaison), William Plummer, Julian Freund

I. Call to Order & Opening Remarks

The meeting was called to order at 10:05 AM. Ms. Kennison updated the Subcommittee on the status of an independent audit of the City's Covid Relief Funds expenditures. CohnReznick has been contracted to carry out the audit.

II. Approval of minutes:

a. September 23, 2021 Regular Meeting

A motion to approve the minutes was made by Ms. Shaw with a second by Mr. Falcigno. The motion passed unanimously.

III. Review and Discussion: Fire Districts Update

An overview of the status of implementation of recommendations from the ESCI fire study was provided. Mr. Milone explained information responding to follow-up requests from the July Subcommittee meeting regarding each of the districts' pension plans. The current strategies for improving the funded ratio for each district's pension plan was described. The districts' plans for purchasing fire apparatus over the next several years was also described. The impact of pension funding strategies and the apparatus purchases has been incorporated into each district's multi-year financial plan. PILOT grant funding from the State, which was not anticipated when the fire district budgets were adopted, has also been incorporated into the financial plans, providing capacity to take on increased pension contributions and capital purchases. Members discussed the districts' individual pension investment plans and investment returns. The fire districts, and the City, have

explored consolidating pension investment services. Subcommittee members questioned the slow progress in advancing the consolidation of services. Ms. Shaw offered assistance from the Office of the State Treasurer in planning for this effort. Mr. Hamilton added that the City and the districts should adopt best practices in pension investment services. Best practices would include consolidating funds for investment purposes into one investment pool, while still tracking the pension funds separately within that investment pool. Best practices also suggest hiring one independent investment advisor who is not paid on the basis of funds managed or on the basis of which assets are selected. The independent advisor would provide advice on appropriate asset allocation, possibly assist in an asset liability study, and assist in deciding on the number, structure and selection of investment managers. Ms. Shaw noted that there are numerous opportunities for efficiencies and improved investment returns. She also asked for projections of funded ratios for each of the plans. Mr. Milone highlighted next steps with regard to fire district initiatives. Coordinating and implementing best practices pension investment services is a top priority. The creation of OPEB trust funds and the development of fund balance policies are also among the top priorities. Mr. Falcigno asked whether the apparatus purchases will be replacing existing apparatus or will be additions. The chiefs responded that these are replacement vehicles. Some of the apparatus that is replaced will be sold and will help to offset acquisition costs. Some will be held as reserve or backup apparatus.

IV. Review and Discussion: FY 2021 MOA and Open Issues

Mr. Cieplinski updated the Subcommittee on plans for providing training on the Munis financial system. An online meeting with the system vendor is scheduled to discuss purchasing and other processes which will form the basis of the training. A Purchasing manual is also being developed. Mr. Cieplinski also reported that the only remaining open item from the FY 2019 audit is the consolidation of pension investment services. Only one response to the investment services RFP was received. Coordination with the Allingtown Fire District will be necessary since a separate commission oversees the district. A recent hire has been working on addressing the open audit finding regarding bid documentation. The FY 2020 audit findings included purchasing issues around the processing of receipts and vendors will be addressed through the purchasing processes to be implemented in the Munis system. The finding related to a pension payment to a retiree has been corrected. The actuary has found no other instances of incorrect pension payment amounts.

Ms. Kennison suggested that the City's independent auditor provide an updated assessment and report on IT Security. When asked when an updated plan and timelines for the open items in the MOA would be submitted to the Secretary, Mayor Rossi indicated that a response would be provided within the next several days.

V. Update: Staffing Issues

Mayor Rossi reported that the new Personnel Director has started. An Administrative Assistant has been hired for the Finance Department. A floating position for administrative support has also been filled. Three employees are out on administrative leave, including the City Council's Administrative Assistant and the Purchasing Manager. A consultant has been helping to support the purchasing function. A CDA position is the remaining position on administrative leave. The Accounts Payable Analyst has not yet been posted. A manager in the tax office has announced she is leaving by the end of the calendar year. That position has not yet been posted.

VI. Update: FY 2021 Preliminary Budget Results

Mr. Cieplinski provided an update on projected FY 2021 results for the General, Sewer and Allingtown Fire funds. Mr. Cieplinski will inquire with the BOE regarding the roughly \$700,000 of remaining Education expenditures projected. Since the BOE level funded health insurance expenses in FY 2022 to absorb IBNR

costs after transitioning to the State Partnership health plan, the \$700,000 remaining expenses likely does not represent IBNR. The City's projection for the Contingency account assumes that \$616,000 will be allocated to Fund Balance as planned in the budget. Additionally, \$500,000 is reflected in Contingency to cover any unanticipated final expenses. Based on final adjustments, the City is projecting an ending deficit of about -\$1.8 million before taking any Municipal Restructuring Funds into consideration. The Allingtown Fire Fund is projecting a \$916,000 surplus and the Sewer Fund is projecting a surplus of \$1.3 million.

VII. Other Business

When asked about the status of the City's special district, Mayor Rossi replied that a draft interlocal agreement and bylaws for the district are under review.

The City has created a survey for citizens regarding planned uses of ARPA funds. Two public hearing are scheduled for public input. The City Council will review a plan to be compiled by the administration.

VIII. Adjourn

Mr. Falcigno made a motion to adjourn with a second by Mr. Hamilton. The meeting adjourned at 11:36 AM.