

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD (MARB)

REGULAR MEETING MINUTES
West Haven Subcommittee of the MARB

Meeting Date and Time: Tuesday, May 25, 2020 10:00 AM – 12:00 PM

Meeting Location: This was 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:

Telephone Number: (860) 840-2075

Meeting ID: 635 457 936

Members in Attendance: Secretary McCaw (joined meeting at 10:15 AM), Patrick Egan, Stephen Falcigno, Robert White

City Officials in Attendance: Mayor Rossi, Frank Cieplinski, Lee Tiernan

OPM Staff in Attendance: Kimberly Kennison, Michael Milone (OPM liaison), Julian Freund

I. Call to Order & Opening Remarks

Ms. Kennison called the meeting to order at 10:04 AM and chaired the meeting as the Secretary's designee until the Secretary joined the meeting.

II. Approval of minutes:

a. May 5, 2021 Special Meeting

Mr. White made a motion, with a second by Mr. Falcigno, to approve the minutes. The motion passed unanimously.

III. Review, Discussion and Possible Action: 5-Year Plan FY 2022 – FY 2026

The City's 5-Year Plan was presented to the Subcommittee at the April 20 meeting. The Subcommittee suggested several additions to the plan, including an explanation of the assumptions used and an expanded exhibit for fund balance projections. The Subcommittee had also requested additional information regarding steps the City is taking to address the unfunded pension liability in the Fire pension fund and to provide a plan for mitigating the deficits in the internal service funds. An updated valuation for the Fire pension fund is in the process of being developed by the City's actuarial firm and several changes to the valuation assumptions are anticipated. The 5-Year Plan includes additional contributions to the Fire pension fund in each year of the plan above and beyond

the actuarially defined contribution. The City is considering the use of relief funds or other unbudgeted funds to help address the internal service fund deficits.

Mr. Cieplinski provided a description of the major assumptions used in the 5-Year Plan. Secretary McCaw asked about the Plan's assumption for revenue from the Tiered PILOT grant, revenues resulting from the Haven development, and the additional revenue anticipated from the return of prior school properties to the tax base. Mr. Cieplinski explained that tiered PILOT payments in the amount of \$500,000 have been included in the out years of the Plan, which is approximately half of the estimate the City received. The Havens project will initially result in a reduction in revenue during a demolition phase, but will eventually generate between \$139,000 to \$320,000 annually. The development of school properties will add between \$53,000 to \$165,000 per year.

Mr. White asked about efficiency initiatives that had been provided in previous versions of the Plan and the status of the City's bond rating. Mr. Milone outlined several ongoing and anticipated initiatives to save costs and improve operations. City staff also confirmed the City's

Members discussed the status of planning efforts by the independent fire districts and the status of the pension funds for each of the fire districts. Mr. White asked about the mill rates projected in the 5-Year Plan and whether the combined rates of around 50 mills might face resistance. Mayor Rossi and Mr. Cieplinski responded that they are hopeful that economic development efforts will generate revenue that will allow the mill rate to be moderated. They also noted the City seeks alternative revenue sources to help moderate mill rate increases.

Secretary McCaw noted that the City's mill rate assumptions are reasonable with modest increases included in the Plan, and the assumptions around State Aid are reasonably conservative.

Contingency funding is included in the expenditure budget. She said that as the City approaches a point of exiting the MARB's oversight, the MARB's role is to assess areas of risk, such as the City's pension funds, and ensure that there are plans for mitigating those risks. She also asked about the City's projections from a fund balance perspective which were included in an exhibit reviewed by the Subcommittee. The projections show fund balance reaching about 6% of expenditures. Secretary McCaw suggested the City set a future target of closer to 10% for itself.

Mr. Egan asked about the City's liability insurance projections and who the City insures with. Mr. Tiernan responded that the City is self-insured with a policy for \$2 million excess cost, and that the City has had several years of favorable claims experience.

Secretary McCaw summarized the 5-Year Plan as proposed and commended the fiscal integrity and discipline built into the City's decision making. Mr. Falcigno agreed with the Secretary's comments and added that uncertainty around the fire districts' pensions remains a concern. Secretary McCaw suggested that, prior to the actuarial valuation of the Allingtown Fire pension plan, the City could perform some modeling of scenarios to assess the potential impact of assumption changes in the Allingtown pension plan and the plan to improve its funded status.

No action was taken on the 5-Year Plan. A special meeting of the Subcommittee will be scheduled in advance of the next full MARB meeting to review additional information to be provided by the City regarding the Fire pension fund.

IV. Update: Corrective Action Plan

Secretary McCaw left the meeting following the discussion of the 5-Year Plan. Ms. Kennison chaired the remainder of the meeting as her designee. A written update to the corrective action plan was not provided by the City.

V. Other Related Business

Ms. Kennison suggested the City begin putting together a multi-year plan for utilization of ARPA funds anticipated.

VI. Adjourn

A motion to adjourn was made by Mr. Egan, with a second by Mr. Falcigno. The meeting adjourned at 11:35 AM.