

APPROVED

STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD
(MARB)

REGULAR MEETING MINUTES
West Haven Subcommittee of the MARB

Meeting Date and Time: Thursday, June 30, 2022, 10:00 AM – 12:00 PM

Meeting Location: This was a virtual meeting. Meeting materials may be accessed at the following website:
[Municipal Accountability Review Board \(ct.gov\)](https://www.ct.gov/marb)

Call-In Instructions:

Telephone Number: (860) 840-2075

Meeting ID: 426 152 115

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

Local Officials in Attendance: Mayor Rossi, David Taylor (consultant), Lee Tiernan, Jumaine Samuels, Pamela Alvino, Rick Spreyer, Colleen O'Connor (City Council)

OPM Staff in Attendance: Michael Milone (OPM Liaison), Julian Freund

I. Call to Order & Opening Remarks

The meeting was called to order at 10:05 AM.

II. Approval of minutes:

a. June 9, 2022 Regular Meeting

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

III. Update: FY 2021 Audit

Mr. Taylor and Mayor Rossi provided an update. The audit team has been on site conducting field work since June 8. The FY 2021 audit is expected to be completed in the fall, at which point the firm will begin the FY 2022 audit.

Mr. Taylor added that all but two of the requested invoices related to the CohnReznick report have been report.

Members discussed receiving regular updates on findings or obstacles encountered during the audit process. Mr. Hamilton suggested that the Financial Manager, once hired, be included in the City's regular audit meetings. In the meantime, he suggested that OPM staff be included in the audit meetings. Mr. Falcigno further requested a timeline for the audits.

IV. Review, discussion, and possible action: 5-Year Plan

Mr. Taylor summarized the changes made to the prior version of the Plan, the revenue and expenditure assumptions used in the projections, and the Plan's outcomes. The City has incorporated debt service that aligns with its capital improvement program into the Plan. A plan for repayment of restructuring funds has also been added to the Plan. A total of \$2.4 million of the potential \$3.9 million in restructuring funds is included through FY 2027. Fund Balance reaches approximately 6.2% by the final year of the Plan.

Mr. White asked about certain components of Fund Balance. Mr. Taylor explained that several assignments within Fund Balance are depicted in the Plan, including an assignment for repayment of a portion of CRF. If a portion of those funds are required to be paid back by the City, the total Fund Balances projected in the Plan would be reduced.

Mr. Falcigno raised questions about assumptions regarding grand list increases attributable to the Havens project. Mayor Rossi and Mr. Tiernan explained the status of the project. Mr. Egan and Mr. Hamilton shared Mr. Falcigno's concerns about the projections related to the project. Members suggested that it may be too speculative to include in the plan and recommended removing it.

Mr. White suggested evening out the restructuring fund repayment amounts included in the Plan. As currently drafted, the Plan would result in a final payment in FY 2028 of \$1.5 million. He also raised the issue of what the Fund Balance target for the City should be. He would prefer to see expense reductions than mill rate increases when adjusting the repayment plan and Fund Balance targets. He suggested a budgetary savings plan similar to what the City of Hartford created as part of its 5-Year Plan.

Mr. Egan asked about the restructuring funds repayment plan. Mr. Taylor indicated that the first payment could be made in the current fiscal year. The planned payments increase from \$100,000 per year in FY 2022 and FY 2023 to \$900,000 in the last year of the Plan, for a total of \$2.4 million over the 5-Year Plan. Mr. Egan asked about the planned mill rate increases in the Plan and asked whether they could have been spread out more evenly in the Plan.

Mr. White asked where the costs of the Carmody and UHY contracts appear in the City budget. He asked for clarity on the scope of each contract. Mr. Tiernan replied that both the Carmody and UHY contracts are intended to provide advisory services on ARPA funding. Ms. Kennison added that the scope of the UHY contract that was presented overlapped with work that the MARB and OPM intended to hire independent consultants to undertake. She suggested the scope of work with UHY be modified. Mayor Rossi explained that the City's auditor will be auditing ARPA expenditures as part of their audit of federal programs. She added that the City Council approved a contract for an investigation. Mr. White questioned whether it is appropriate for the City to conduct such an investigation or whether the MARB should be conducting that investigation. Mr. Egan indicated that if the City has the authority to conduct investigations, it is their prerogative. He has questions regarding how certain expenditures were authorized, such as bonuses to individuals, payouts for compensatory time. Ms. Shaw suggested that the MARB should be a direct recipient of any resulting report.

Mr. Egan asked about the status of ethics forms required from the City Council. Ms. Alvino said that updated ethics forms and disclosure forms were distributed to all City employees in May. Approximately 90% or more have been completed and returned. Ms. Shaw said the 10% noncompliance rate among employees is not reassuring, and that the names of those out of compliance should be provided to the MARB. Mr. White added that the MARB ought to have the completed disclosures for at least the high-ranking employees of the City.

Ms. Kennison referred to data that was provided regarding municipal reserves and credit ratings. She suggested that the City should aim for greater fund balance growth in the Plan. Mr. Hamilton suggested that the Plan should target something between ½% to 1% increase per year in the Plan.

Mr. Waxenberg asked about the current fund balances for each of the fire districts and whether the districts are receiving ARPA funding from the City. He also asked who the financial advisors are for the City and fire district pension funds, whether the districts each had pension advisory boards and who their respective members are, and what the status is of unifying pension fund advisory services. Lastly, he suggested that the board seek an opinion from the U.S. Treasury regarding the use of ARPA funds as the City has planned for Police salaries.

V. Update: MOA Action Plans

Ms. Kennison noted that the updates were provided in the written meeting materials. She advised that future updates need to be more thorough in ensuring that all tasks and fields reflect the most current information.

VI. Other Business

Mr. Freund noted that Mr. Milone is concluding his work with OPM today. He has been instrumental in supporting a number of the City's initiatives, including coordinating its transition to the State Partnership Health Plan. Mr. Taylor and Mayor Rossi both expressed appreciation for Mr. Milone's support and work.

Mr. Egan asked when the Subcommittee meetings will return to being held in West Haven. Ms. Kennison replied that she does not have a date selected.

VII. Adjourn

Mr. Egan made a motion to adjourn, with a second by Mr. Hamilton. The meeting adjourned at 12:03 PM.