

DRAFT
State of Connecticut
Municipal Accountability Review Board (MARB)
Regular Meeting
State Board of Regents Boardroom, Ground Level,
61 Woodland Street, Hartford, CT

Meeting Minutes – Thursday, October 4, 2018
10:00am – 12:30pm

The following link is to the MARB website. All meeting handouts can be located on this website, along with future meetings dates, agendas and minutes:

<http://www.ct.gov/opm/cwp/view.asp?a=2998&q=599332>

Members in attendance: Co-chairs: OPM Secretary Benjamin Barnes and Deputy Treasurer Lawrence Wilson (designee of State Treasurer Denise Nappier), Sal Luciano, Thomas Hamilton, Scott Jackson, Mark Waxenberg, Patrick Egan, Matthew Brokman, David Walker, and Robert White

Members by phone: Bart Shuldman

Staff: Robert Dakers (OPM), Julian Freund (OPM), Amy Tibor (OPM),

I. Call to Order and Opening Remarks by Secretary Ben Barnes and Treasurer Denise Nappier
Secretary Barnes called the meeting to order at 10:03 a.m.

II. Introduction and Swearing-in of New Members; Discussion and Possible Action on Membership of MARB Hartford and West Haven Committee
Secretary Barnes welcomed Speaker of the House appointee, Matthew Brokman, as a new member.

Chairman Barnes initiated a discussion regarding bylaws and membership for the two existing subcommittees. Since there have been recent appointments to the board he encouraged participation. A discussion around whether committee members should have voting rights took place. Mr. Walker recommended that voting on committees be limited to committee members only, but that all MARB members be invited to attend meetings. He volunteered to serve on the West Haven committee.

Hartford Committee Membership	West Hartford Committee Membership
Ben Barnes	Ben Barnes
Bill Cochran (State Treasurer designee)	State Treasurer or designee (Lawrence Wilson)
Bart Shuldman	Patrick Egan
Mark Waxenberg	Scott Jackson
Bob White	Thomas Hamilton
	David Walker

Chairman Barnes requested a motion to finalize membership to the Hartford and West Haven committees as outlined above. Motion made (Mr. Jackson) and seconded (Mr. Walker). Motion passed unanimously.

III. Public Comment Period

Mark Degennaro of West Haven expressed his opinion that the City's financial problems have developed over many years.

IV. Action Item: Approval of Minutes: September 14, 2018

Secretary Barnes requested a motion to approve the September 14th minutes. Motion made (Mr. Jackson) and seconded (Mr. Walker). Members requested a number of technical revisions to the minutes. Additionally, it was noted that Mr. Luciano was inadvertently marked as absent. Minutes passed as amended with one abstention (Mr. Brokman).

V. City of West Haven Issues and Items

a. MARB West Haven Committee: Report re: Meeting, September 27, 2018; Upcoming Meetings

Chairman Barnes provided a brief update on the activities of the West Haven Committee. A separate meeting will be noticed for the full MARB on November 1 to include the expanded membership to review the matter of placing West Haven into a Tier 4 category. At the regular November meeting, the Board may consider approving or not approving West Haven's five-year plan.

b. Review, Discussion and Possible Action re: City's Revised Five Year Recovery Plan

Mayor Rossi introduced UHY consultants to provide a brief summary of the key changes made to the city's five-year recovery plan. The revised plan dated Sept. 28, 2018 can be found [on OPM's website](#). Supporting documentation was provided to the Board detailing the changes which can be found [on OPM's website](#).

Mr. Luciano asked if Segal has completed its report regarding the healthcare plan. Chairman Barnes stated that is anticipated that the report will be done by the end of the calendar year; the results may inform the FY20 budget. Mr. Luciano recommended that the report be concluded as soon as possible. Chairman Barnes stated that staff will reach out to Segal and request that they provide their most aggressive schedule.

Mr. White inquired as to whether the revised plan assumes that the two fire districts will consolidate under the city's jurisdiction. Mayor Rossi responded that nothing has been figured into the plan with regard to the fire districts. Mr. White asked if the districts are aware that there will be no bailout should they decline to consolidate. The two districts have not explicitly been informed of this. Mr. Walker commented that he does not think that *anyone* should assume that the City is obligated to assume those unfunded dollars.

In response to an inquiry made by Mr. White regarding process, Chairman Barnes announced that a letter was sent to Mayor Rossi a few days earlier and the Board was copied. The letter included a set of proposed conditions which included a timetable for making payments and conditions for each of the municipal restructuring fund payments. Mr. Egan asked if this would be discussed at a subcommittee

meeting. Chairman Barnes replied that it will be raised in Committee in October, and at the time the Board takes action on a plan for the city, there will be a parallel discussion about conditions.

Mr. Shuldman requested clarification regarding cost efficiency initiatives and their related costs in the plan. Mr. Egan asked about cost efficiencies and how the city has arrived at their projection of (\$1.6m). Ron Cikatelli, Finance Director, explained that cost savings initiatives are still being developed. He anticipates savings from better internal controls including better time keeping and improvements to the purchase order system.

Mr. Egan expressed concern that the fund balance projections in the 5-Year Plan rely heavily on efficiency savings that have not yet been identified or detailed. He requested that the board be provided some form of hard data to show what efficiencies are going to be achieved. Discussion regarding savings measures and opportunities ensued. Since the city is in the early stages of trying to develop some of the cost savings measures, they will speak to them at a later time, however early estimates show Overtime savings could reach \$500k. Usage of time is some of the hard data the city can provide members, and the city will be able to provide more hard data in the coming weeks. Mayor Rossi mentioned that the city is actively looking at comp time hours, etc.

Mr. Hamilton commented that a 5-Year Plan can show expectations of efficiencies and savings in the out-years. However, the first year of the plan, and the City's annual budget, must be based on realistic assumptions of what may be saved through efficiencies. He also advised that not only the expense side be looked at but the revenue side as well. Mr. Walker commented that benchmarking is critically important on both the revenue and expense side.

Mr. Brokman asked what the deadlines are on reporting by each of the consulting firms the city is contracted with. Mayor Rossi indicated that a timeline is built into each contract. Blum Shapiro is expected to produce a report within a week. The board approved a timeline for Segal to conduct a comparison of the different health plans which is anticipated to be concluded by the end of this year. Mayor Rossi briefly spoke about the consultant examining the city's MUNIS system.

Mr. Shuldman requested clarification regarding the final efficiency cost savings figure of \$8 million asking if the board will be able to see what these costs are or if they are buried in the budget. Chairman Barnes noted that when the city produces its FY20 budget, it is appropriate for the Board to request an analysis of how they arrived at the figures. The Board should ask that the city produce a crosswalk each year.

Mr. Walker commented on internal control problems, requesting that the board be provided a copy of the management letter from the auditors that examines what the weaknesses are.

A discussion of comp time and sick time took place. Mr. Walker requested the board be provided with the previous three years of payouts including comp, vacation, and sick time. It was recommended that this data be included in the budget. Chairman Barnes introduced Mr. Freund to provide a brief summary of the staff's review of the City's revised 5-year plan dated Sept. 28, 2018. Mr. Freund summarized the five-year plan as of the most recent revisions.

c. Review, Discussion and Possible Action re: West Haven's Tier Designation Under Public Act 17-2, June Special Session

Chairman Barnes announced that the West Haven MARB committee has made the recommendation that the Board continue to discuss but not act on placing West Haven into a Tier 4 category. An additional special meeting in conjunction with the regular meeting of the MARB will be scheduled to discuss the matter further.

d. Review and Discussion Monthly Financial Report: August FY2018 (FY19)

Ron Cikatelli, finance director for West Haven, provided the Board with a brief review of the August FY2018 (FY19) monthly financial report. He emphasized that the report is simply a template to build off of and something the city hopes to provide on a monthly basis. The report can be found [on OPM's website](#).

Chairman Barnes announced that OPM entered into an agreement with Michael Milone. The contract will last at least through the end of the calendar year. Mr. Milone will begin work right away. The contract specifications include providing recommendations and reporting to the MARB.

Mr. Walker requested that the city include actual to date vs. budget to date when providing the monthly updates.

e. Review and Potential Action re: Non-Labor Contracts

There were no non-labor contracts for discussion. No action taken.

f. Review, Discussion and Possible Action re: Labor Contract: West Haven Federation of Teachers and West Haven Board of Education Salary Reopener

Mr. Freund provided a brief summary regarding the West Haven BOE salary reopener. The agreement is a wage reopener for FY20 and FY21 only. The underlying contracts runs through August 2021. The agreement provides for 0% increase in 2020 and 1% in 2021. The agreement was approved by the Union, the BOE and City Council earlier this month. It now comes before the board with a recommendation for approval by the West Haven Committee.

Chairman Barnes requested a motion to approve the wage reopener. Motion made (Mr. Egan) and second (Mr. Wilson). Motion passed unanimously.

VI. City of Hartford Issues and Items

a. MARB Hartford Committee Meeting, September 20, 2018;

I. Report

Mr. Dakers provided a brief report on activities of the Hartford Committee. The group last met on Sept. 20, 2018 to address a number of follow-up items from the previous meeting. Mr. Dakers announced that the City Council President came before the committee to discuss the proposed defined contribution plan. At no point has the council said no to the plan [Aa](#) and their due diligence regarding this matter continues.

II. Review, Discussion and Possible Action on Motions re: Study of Special Education issues; Health Insurance Analysis; and Charter School MOU

Chairman Barnes pointed members to a memo identifying (3) proposed motions developed by the Hartford Committee in which full consideration is being requested by the Board.

Chairman Barnes requested a motion to accept the recommendation regarding a Study of Hartford's Special Education Services and Costs. Motion made (Mr. Waxenberg) with an amendment to the language. Motion seconded (Mr. Luciano) as amended. With the amendments suggested by Mr. Waxenberg, the motion passed unanimously.

*Recommend that the MARB, with the assistance of the State Office of Policy and Management (OPM), work with the Hartford Board of Education and State Department of Education to analyze and make recommendations, with the assistance of outside experts as needed, to do a programmatic and fiscal examination of the services and costs associated with education of the special education students in the Hartford school district. Such examination shall include but shall not be limited to outplacements of student identification, **and related agreements for services**, program recommendations, IEP structure, etc.*

Recommend further that the MARB Committee and the Staff report back to the full MARB by December 31, 2018 as to the scoped, status and potential cost of such study.

Chairman Barnes requested a motion to approve the recommendation regarding Hartford Board of Education Health Insurance Analysis. Motion made (Mr. Waxenberg). Motion seconded (Mr. Luciano). Mr. Walker asked for clarification regarding what the consultant will be doing, and more specifically will Segal we be performing benchmarking analysis and will they be using major private sector employers for benchmarking. Mr. Walker emphasized the importance of the benchmarking to include such entities. Chairman Barnes stated he has no objection to having this be part of Segal's tasks. All members were in favor of the motion as stated below. Motion passed unanimously.

Recommend to the MARB that the Superintendent of the Hartford Public Schools be requested to provide to it any analysis done by Segal Consulting (Segal) with respect to a cost analysis of the existing Board of Education health insurance benefit program(s) including any comparison of the benefits and cost with other options (partnership program, new carrier, etc.) and further that OPM, on behalf of the MARB and its Hartford Committee, retain Segal for any additional analysis needed for Segal to submit a report to the MARB in this regard. Such report will be given to MARB by its February meeting.

Chairman Barnes requested a motion regarding the recommendation for the Review of Contractual Matters Associated with the Hartford Board of Education's (BOE) Memorandum of Understanding (MOU) with Achievement First (AF). Mr. Waxenberg made the motion including additional language. Mr. Luciano seconded the motion as amended. Conversation ensued.

*Recommend that the MARB seek legal guidance, perhaps in conjunction with legal counsel of the City and/or BOE, from an attorney having the necessary knowledge and expertise to do an examination of all agreements between the Hartford BOE and the AF charter school to determine whether all the sections and provisions such agreements conform, or not, with existing State statutes or other legal requirements, **to determine if any of the terms and conditions of said agreements are currently valid and applicable**, and to outline the action or*

options that may be needed or available in regard to any legal concerns or issues that may be identified.

After thorough discussion, Chairman Barnes requested a motion to ask the City of Hartford to perform the activities outlined in the motion. Motion made and seconded (Mr. Hamilton). Mr. Shuldman asked if the MARB can be provided more detail with regard to the MOU. Chairman Barnes stated that materials will be complied for when the Board reviews this. Motion passed unanimously.

III. Upcoming Meetings.

Mr. Dakers reported that efforts to schedule the next committee meeting have not been successful due to schedule conflicts. The next meeting of the Hartford committee may be pushed into November.

b. Review and Discussion of Monthly Financial Report: August 2018 (FY19)

Melissa McCaw provided a brief overview of the City's August 2018 (FY19) monthly financial report. The report can be found [on OPM's website](#).

Mr. Walker asked that the city provide actual-to-date and also budget-to-date. The city does not prepare monthly budgets, however they do compare it seasonally. In future reports, the City will include prior year's year to date actuals for the corresponding period to compare to current year to date amounts.

c. Review and Potential Action re: Non-Labor Contracts

No non-labor contracts to review.

d. Review and Update re: Labor Contracts

No labor contracts to review.

VII. Other Business

No other business.

VII. Future Meetings

The next meeting is November 1, 2018 at the Board of Regents boardroom in Hartford.

VIII. Adjourn

Chairman Barnes requested a motion to adjourn. Motion made by Mr. Waxenberg and seconded by Mr. Wilson. The meeting adjourned at 1:03 p.m.