

**APPROVED**

STATE OF CONNECTICUT  
MUNICIPAL ACCOUNTABILITY REVIEW BOARD  
**REGULAR MEETING MINUTES**

**Meeting Date and Time:** Thursday, September 10, 2020 10:00 AM –12:00 PM

**Meeting Location:** This was a telephonic meeting. Meeting materials can be found at <https://portal.ct.gov/OPM/Marb/Full-Board-Meetings-and-Materials>

**Telephonic Meeting:** Telephone 1 860-840-2075  
Meeting ID: 261 092 208

**Members in Attendance:** Secretary McCaw, Christine Shaw (State Treasurer designee), Matthew Brokman, Stephen Falcigno (joined at 10:28), Thomas Hamilton (joined at 10:20), Sal Luciano, David Biller, Mark Waxenberg, Robert White

**Municipal Officials in Attendance:** Mayor Bronin, Jolita Lazauskas, Robert Dakers, Leigh Ann Ralls, Liany Elba Arroyo, First Selectman Blanchard, Melissa Sevigny, Michele Demicco, Mayor Rossi, Frank Cieplinski

**OPM Staff:** Kimberly Kennison, Bill Plummer, Julian Freund

I. Call to Order & Opening Remarks

The meeting was called to order at 10:04.

II. Public Comment Period

There was no public comment.

III. Approval of Minutes:

a. August 13, 2020 Special Meeting

A motion was made by Mr. Luciano, with a second by Mr. Waxenberg, to approve the minutes. The motion passed unanimously.

IV. City of Hartford Issues and Items

a. Subcommittee update

Mr. Freund provided an update referring to the written report provided in the meeting materials. In addition to continued review of the City's efficiency and mitigation measures related to the 5-Year Plan, the Subcommittee was updated on the Board of Education's assessment of Special Education services. The Subcommittee was also updated on the City's and Board of Education's corrective action plans for issues raised in the FY 2019 audit.

b. Review, Discussion and Possible Action: 5-Year Plan FY 2021-2025

Secretary McCaw noted that the MARB's approval of the FY 2021 budget was conditioned upon the City Council and the MARB approving an updated 5-Year Plan. The Hartford Subcommittee reviewed and validated a range of efficiency and mitigation measures the City has proposed for closing projected budget gaps in the out-years of the plan. After considerable review, the Subcommittee voted to recommend approval of the plan by the full MARB.

Mayor Bronin noted that the Plan still projects deficits in the out years and does not include potential salary impacts of collective bargaining negotiations. The City will continue to focus on budget mitigation and revenue diversification.

Mr. White made a motion to approve the City's updated 5-Year Plan, with a second by Mr. Hamilton. The motion passed unanimously.

c. Review and discussion: Monthly Financial Reports: June 2020, July 2020

The City is projecting a surplus of \$16 million for FY 2020 largely as a result of lower than projected health expenses as well as attrition. The City's current plan is to utilize a portion of the surplus to begin to pre-fund a civilian crisis response team, to assign \$5 million as an extra contingency, and to allow the remainder to go to Unassigned Fund Balance.

Secretary McCaw asked if the Board of Education expects to close FY 2020 without needing to use \$2.9 million of Committed Fund Balance. Mr. Dakers responded that the City is still working with the Board of Education to finalize projections, and that the use of Committed Fund Balance may not be necessary. Secretary McCaw indicated that this item should be revisited at the next MARB meeting when figures from FY 2020 are closer to being finalized. She recommended that, if the Board of Education ends the year without a deficit, a recommendation should be made by the administration for the City Council to take action committing the funds to FY 2021 instead of FY 2020.

Secretary McCaw also noted that some districts have expressed concern that one-time COVID expenses may impact future Minimum Budget Requirements (MBR) for education spending. OPM and the Governor's Office are working with the legislature to ensure that COVID expenses do not result in higher MBRs for school districts.

Ms. Kennison asked about the impact of COVID on the City's finances. The City indicated that COVID expenses have been recorded in a special revenue fund, and not in the General Fund. Ms. Ralls explained that a total of approximately \$2.3 million has been expended that is expected to be reimbursable by FEMA. Additional expenses are expected to be reimbursed through the Department of Health and a Firefighters Assistance Grant. The City will be seeking CARES Act funding to cover any remaining expenses and would use Contingency funds to cover any residual amounts.

Mr. Dakers reported that property taxes for July (FY 2021) are ahead of collections for the same period last year.

Mayor Bronin alerted the board of a ransomware attack experienced by the City earlier in the week. The City's systems were not encrypted due to recent IT security measures implemented by the City, but it is not known how long it will take to restore systems fully.

d. Non-Labor Contracts:

i. Dial-A-Ride

Ms. Arroyo, Director of Health and Human Services, provided an overview of the Daatco contract for the Dial-a-Ride program, which provides a range of transportation services to senior residents.

- ii. Community Agency Contract Renewals: Hispanic Health Council, Community Renewal Team, Blue Hills Civic Association, Catholic Charities, Salvation Army

Ms. Arroyo provided an overview of each of the contracts.

V. Town of Sprague Issues and Items

a. Subcommittee update

A written update was included in the meeting materials. The Town has been working to refine its 5-Year Plan and preparing for a recent bond issue.

b. Update: 5-Year Plan status

Ms. Blanchard, First Selectman, described the Town's work on the 5-Year Plan. Her office and the Superintendent of Schools have been developing a plan to present to the Board of Finance and Board of Education. Ms. Blanchard indicated that updated debt service figures based on bond issue can now be incorporated into the plan. They will be bringing the plan to the local boards prior to submitting it to the Sprague subcommittee. Their hope is to have a plan for MARB review in October.

c. Update: G.O. Bond issue

The bond issue is financing Bond Anticipation Notes that have been rolled forward for several years. Secretary McCaw noted that the Town retained its bond rating with a stable outlook. The bonds were issued at a premium and \$230,000 in interest was capitalized for future interest payments which will help the Town budgetarily. In response to a question about school projects, Ms. Blanchard explained that the only current school project is a roof project that is partially funded by a state grant. The local share is funded in the new bonds.

d. Review and discussion: Monthly Financial Reports: June 2020, July 2020

The Town is projecting a surplus of about \$770,000 in FY 2020, which is inclusive of the Restructuring Funds received. The surplus will eliminate a large portion of the General Fund deficit which was approximately (\$820,000) as of June 30, 2019. For FY 2021, the Town's July tax collections are behind collections for the same period in prior years. However, preliminary August results are ahead of prior year collections for August. The Town selected the tax deferral program which allows taxpayers until the end of September to make their payments.

VI. City of West Haven Issues and Items

a. Subcommittee update

The board received a written report in the meeting materials. The subcommittee meeting covered several recurring items, including the City's corrective action plan and the human resources action plan. The Subcommittee also received a briefing on the proposed bond issue Subcommittee members reviewed a proposed list of conditions for FY 2021 Restructuring Funds and provided feedback. An overview of the proposed Charter revisions which will be on the November referendum was also provided to the Subcommittee. Mr. Freund also noted that OPM was recently notified of a tentative agreement between the City and AFSCME Local 681 which will be coming before the Subcommittee and the full MARB in upcoming meetings.

b. Review and Discussion: G.O. Bond Issue

Secretary McCaw noted that the MARB does not take action on bond issuance for Tier III municipalities, but does provide comment and feedback. Mr. Cieplinski explained that the closing on the bonds will be October 2 and the meeting with the rating agencies went favorably. The majority of the bond is for the high school project. The remaining amount funds public works equipment, police vehicles and IT infrastructure. Current projections suggest that the debt service impact on FY 2021 will be about \$390,000 less than originally budgeted. The project cost for the high school is \$39 million for the local share, and \$133 million total. The reimbursement rate for school construction is about 67%. Secretary McCaw asked whether the City makes allowances for non-reimbursable expenses in its projections. Mr. Cieplinski explained that the City does take into consideration potential non-reimbursable expenses.

c. Review and discussion: Monthly Financial Reports: June 2020, July 2020

The City is projecting a \$1.6 million surplus for FY 2020 inclusive of the Restructuring Funds. The budget favorability is primarily attributed to reduced health expenses as a result of the transition to the State Partnership Health Plan. Mr. Cieplinski indicated that the City has not yet received IBNR data from Anthem or PMA, so the FY 2020 projections currently include an estimate for IBNR. The projections reflect an estimated end of year balance of about \$320,000 in the Board of Education budget.

The Sewer Fund is projecting a surplus of about \$1.6 million. The Allingtown Fire Fund is projecting a surplus of about \$694,000.

For FY 2021, the City has experienced a tax collection shortfall in July. However, preliminary collection totals for August appear higher than the amounts for August in last fiscal year.

Mr. Cieplinski notified the board that the City's IT Director will be leaving the City to work for another municipality.

Mr. Waxenberg asked about further analysis of Board of Education health insurance costs. Mr. Cieplinski will follow up with the Board of Education regarding the analysis.

Ms. Kennison suggested the City obtain an IT audit from the City's auditor. Secretary McCaw asked if the City carries cybersecurity insurance. Mr. Cieplinski indicated that the City does carry insurance and agreed with the suggestion to obtain an IT audit. Mayor Rossi also said that she concurred with the Finance Director's comments. Ms. Shaw expressed her support for an audit of the City's IT infrastructure.

VII. Other Business

There was no other business.

VIII. Adjourn

A motion was made by Mr. Luciano, with a second by Ms. Shaw, to adjourn. The motion passed unanimously.