

APPROVED
STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD
REGULAR MEETING MINUTES

Meeting Date and Time: Thursday, December 1, 2022 10:00 AM –12:00 PM

Meeting Location: Legislative Office Building
Hearing Room 1D
300 Capitol Ave
Hartford, CT

Call-In Instructions: Telephone: 1 860-840-2075
Meeting ID: 763 305 015

Members in Attendance: Secretary Beckham, Matt Brokman, Patrick Egan, David Biller, Thomas Hamilton, Stephen Falcigno, Robert White, Sal Luciano, Christine Shaw (State Treasurer designee),

Tier IV Members in Attendance: Nancy Rossi, Christine O'Connor

Municipal Officials in Attendance: Leigh Ann Ralls, Phillip Penn, Scott Jackson, David Taylor, Matthew Cavallaro, Chief Terenzio, Lee Tiernan

Staff in Attendance: Kimberly Kennison, Julian Freund, James Caley, Chris Collibee, Simon Jiang, Bill Plummer, Michael Reis

I. Call to Order & Opening Remarks by Secretary Jeff Beckham and Treasurer Shawn Wooden

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

II. Public Comment Period

There was no public comment

III. Approval of Minutes:

a. November 3, 2022 Regular Meeting

Mr. Hamilton made a motion to approve the minutes, with a second by Mr. Egan. The motion passed 8-0-1 with Mr. Falcigno abstaining.

IV. City of Hartford

a. Subcommittee Update

A written update was included in the meeting materials. Mr. Freund provided additional details regarding the Subcommittee's work.

b. Review, Discussion and Possible Action: Labor Contracts:

i. BOE Buildings and Grounds Supervisors, Local 818

An agreement has been reached for a successor contract with the term of July 1, 2022 through June 30th, 2026. The Hartford Subcommittee reviewed the agreement at its November 17th meeting and recommends its approval by the full board. Mr. Brokman made a motion to approve the contract, seconded by Mr. Egan. All in favor. Motion carries, contract approved.

c. Review and Discussion: Monthly Financial Report: October 2022

Ms. Ralls provided an overview of the City's projected October 2022 financials. She reported that the City is projecting a surplus of \$2.8 million. Causes for this surplus include an additional \$3.7 million payment from the State on the MRSA distribution and an increase in interest income.

Ms. Hamilton asked the City to elaborate on the projected unfavourability in utility costs the City and BOE foresee. Ms. Ralls attributed the projected overage in part to the increased cost of heating City Hall and the Library's main branch.

Mr. Penn spoke regarding their favorable Eversource contract which is locked in until December 2023. He noted that there is some exposure on natural gas and diesel costs but that is expected.

Mr. Brokman requested an update on police headcount. Ms. Ralls responded that overtime has remained steady. Attrition has been increasing. There is a training academy which is beginning in early 2023 and will have approximately 30 new officers.

d. Review, Discussion: Non-Labor Contracts:

i. No Freeze Shelter Contract FY2023

Mr. Egan made the motion to add to the agenda review of the No Freeze Shelter Contract between the City and South Park Inn. The motion was seconded by Mr. Biller and all voted in favor of adding the discussion item to the agenda. The board had no questions regarding the contract.

V. City of West Haven

a. Introduction: Whittlesey Consultant Team

Whittlesey has been engaged to perform an organizational assessment of the City's financial operations. Individuals in attendance from the firm included Edward Engberg, Edward Sullivan

and Stacey Curran. They first provided background on their Firm and then engagement for which they have been contracted to perform.

They noted that the focus will be on bringing in staff with expertise to address financial infrastructure deficiencies. These include auditors (specifically by performing walkthroughs and documenting policies & procedures), IT professionals and Tax professionals.

Mr. Hamilton requested further information surrounding work done on policies & procedures and specifically if process maps would be provided to the City. Mr. Engberg responded stating that policy recommendations will be made based on evaluations and unwritten policies will be address with walkthroughs as well. Additionally, Mr. Engberg stated that per the work order with the State, there will be some process flow charts provided after the evaluation.

Secretary Beckham stated that his understanding is the City/MARB has the responsibility in reviewing Whittlesey's evaluation and ultimately the implementation of any recommendations.

Mr. Brokman noted that he believes the IT portion of the assessment may fall outside of the scope of the MARB. Additionally, the first few parts of the assessment may be time intensive on the MARB's time. Secretary Beckham noted that he believes this type of work would still fall under the purview of the MARB. Ms. Kennison noted that it is important for IT work to be done as a new stress-test by Whittlesey could help ensure that the overall IT infrastructure is sound.

Ms. Shaw requested further information regarding any testing of breaches in protocol. Mr. Engberg noted that there will be regular discussions with MARB on significant issues which arise. Additionally, findings will be presented to MARB.

Mr. Falcigno noted that significant information is available to Whittlesey which MARB has already accumulated. He recommended that Whittlesey's assessment should be focused primarily on fraud. Lastly, a strict timeline for West Haven to provide information is key to ensure timely deliverables. Secretary Beckham noted that there is a scope of work which Whittlesey will follow. Mr. White requested if there is a spokesperson identified by the City to work as the primary contact with Whittlesey. Mr. Scott Jackson noted that he and Mr. Taylor will be filling that role. Mr. Egan requested that Whittlesey ensure they obtain supporting documentation for walkthroughs to corroborate discussions with City officials/employees.

Mr. Biller asked the Board, how will the evaluation of Whittlesey's assessment will be incorporated. Secretary Beckham noted that the goal is to hire a financial manager who can be provided with the tools to manage the City. Ms. Kennison emphasized that the MARB has financial resources allotted to create policies/procedures.

b. Subcommittee Update

Mr. Freund provided an update on the subcommittee meeting. Emphasis of the meeting was to discuss the how the Subcommittee will follow up on certain findings in the April 2022 CohnReznick report. The Subcommittee will look to find a third party to help implement

changes related to the findings. Additionally, Mr. Freund noted that he suggested the City take advantage of resources from the State of CT's ethics office.

Mr. White noted that there appears to be a culture of dismissing recommendations made by the MARB. He suggested a third party be contracted to review these types of issues. Secretary Beckham responded that he expects the scope of Whittlesey's work to include review of the CohnReznick report and that it may not be necessary to contract yet another third party. Sal Luciano commented that he shares similar concerns as Mr. White. Mr. Egan commented that he is not for contracting another third party although he thinks that further action is needed. and that there exists a possibility the State can recoup funds should it be determined that State funding was used for unauthorized reasons.

c. Review and Discussion: Monthly Financial Report: October 2022

Secretary Beckham requested that in the future, the City provide explanatory narratives to accompany the Monthly Financial Report. Mr. Jackson agreed that the City can provide this information in the future.

Mr. Jackson proceeded to provide his update on the City's performance. He noted that overall, the year is proceeding well. General Fund revenues are at approximately 41% and Expenditures are approximately 1% greater than the PY. Tax collections are coming in as expected (approximately 52%). Furthermore, the City has positive cash flow which enables them to better handle fluctuations in State funding. Interest income has increased significantly. Utility costs are extremely volatile. Tip fees are an area which are being tracked closely as this is also volatile.

Mr. Hamilton commented that the City of Hartford was able to lock in electric rates far in advance. It appears the City did not do so and requested a forecast of future utility costs. Mr. Jackson noted that he will provide the MARB with this information. Mr. Hamilton added that the City should begin providing year-end projections as part of the financial reports.

Mr. Hamilton requested a status on the FY21 and FY22 audit reports. Their auditor has requested additional time to review the CohnReznick report prior to issuing the FY21 audit report. Ms. Kennison noted that the engagement with PKF had a deadline of 11/30/2022 for issuance of the FY21 audit report. Mr. Jackson noted that there has not been an extension of the deadline. Ms. Kennison, Mr. Egan and Mr. White noted that the CohnReznick report doesn't appear to be a requirement for issuance of the report. Concern was expressed that the FY22 audit report might be delayed due to the late issuance of the FY21 audit report. Mr. Falcigno expressed concern that the timeline of reporting by the City needs to get better as the MARB cannot make evaluations and decisions without this type of information.

Mr. Brokman requested further information regarding the parking contract. Mr. Jackson noted that there is a market for this type of contracting work and the intent is to have it completed by the summer season.

Ms. Kennison reminded the board and the City that a bond issuance is planned for early 2023 which will need to come before the MARB.

Matt Cavallaro provided an update on the Board of Education year to date budget. He noted that the submitted reports included all ESSER/ARPA grant funds.

d. Review, Discussion and Possible Action: Approval of Budget Transfers

Mr. Cavallaro provided a brief explanation of the need for the transfers. Mr. Egan made the motion to approve the transfers with a second by Mr. Falcigno. The transfer was approved by the board unanimously.

e. Review, Discussion and Possible Action: Labor Contracts

i. West Haven Professional Firefighters, IAFF Local 1198

Mr. White commented that he agrees with the updated contract language but wants to ensure that MARB can take action on a separate MOU. Secretary Beckham clarified that the MOU for the hazard pay stipend is a separate agreement.

Mr. Egan made motion to approve the Firefighter contract with a second by Mr. Biller. The motion carried unanimously.

f. Review, Discussion and Possible Action: Non-Labor Contracts

i. Sales Agreement – Blake Building

Mr. Egan requested clarification on the purchase price of the building as it does not appear they have the actual purchase agreement. Secretary Beckham asked if the other members were comfortable voting on the sale. Mr. Tiernan (corporate council) stated that he believed the quitclaim deed was sufficient for voting purposes. Mr. Hamilton noted that it doesn't appear a valuation/appraisal was done and that the purchase price of \$105,000 appears to be extraordinarily low. The board took no action on this agreement.

ii. Grant Agreement – FEMA Hazard Mitigation Grant Program/Hazard Mitigation Assistance

Mr. Brokman made a motion to approve, with a second by Mr. Hamilton. Motion passed unanimously.

g. Tier IV Action Plan:

i. Update: Financial Organizational Assessment

The update was provided by the Whittlesey team earlier in the meeting.

ii. Update: Financial Manager Selection/RFP

Ms. Kennison updated the board on the status of the RFP for the Tier IV Financial Manager. A Draft RFP was reviewed by subcommittee and sent to OPM business office for their review.

VI. Town of Sprague

a. Review and Discussion: Monthly Financial Report: October 2022

The Town's monthly financials were distributed with the meeting materials. Secretary Beckham advised members that any questions could be directed to OPM staff.

VII. Other Business

a. Review, Discussion and Possible Action: MARB 2023 Meeting Calendar

Ms. Kennison corrected dates of Subcommittee meetings in June 2023. The corrected dates are June 27 for the West Haven Subcommittee and June 29 for the Hartford Subcommittee. Mr. Hamilton made the motion to approve the Calendar, with the referenced corrections. The motion was seconded by Mr. Egan. The motion passed unanimously.

b. Subcommittees Membership

Ms. Kennison requested for members to express their interest in subcommittee membership. Ms. Shaw stated that she would like to leave open the option for the Treasurer-elect to decide what committees he would like to be represented on.

VIII. Adjourn

Mr. Brokman made a motion to adjourn, with a second by Ms. Shaw. The meeting adjourned at 12.18 PM.