

**APPROVED**  
**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, November 1, 2018**  
**10:00am – 11:30pm**

*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), Bart Shuldman, Sal Luciano, Thomas Hamilton, Scott Jackson, Mark Waxenberg, Patrick Egan, Matthew Brokman, David Walker, Robert White

**Staff:** Robert Dakers (OPM), Julian Freund (OPM), Alison Fisher (OPM), Amy Tibor (OPM), William Cochran (OTT), Riju Das (OTT)

**I. Call to Order and Opening Remarks by Secretary Ben Barnes and Treasurer Denise Nappier**

Chairman Barnes called the meeting to order at 10:04 a.m.

**II. Public Comment Period**

No public comments.

**III. Approval of Minutes: October 4, 2018**

Chairman Barnes requested a motion to approve the minutes of the October 4, 2018 meeting. Motion made (Walker) and seconded (White). Members requested several technical changes. The minutes were approved unanimously, as amended.

Bart Shuldman asked if a conflict of interest has been presented in light of Sal Luciano becoming head of the unions. Chairman Barnes indicated that the statute requires that members possess certain skills and backgrounds; he does not see any issues that would create a conflict in this case, however OPM will look into whether situations might arise that create a conflict.

**IV. City of Hartford Issues and Items**

**a. Update: MARB Hartford Committee**

Robert Dakers provided a brief update on the activities of the Hartford Committee. Mr. Dakers announced that a meeting is scheduled for Nov. 14<sup>th</sup> and that it will be focused on pension and OPEB liabilities; the city's Treasurer will attend, as well as an Actuary from Hooker and Holcombe. The Committee will also receive an update on the motions that were taken at the last MARB meeting.

**b. Update: Status of FY18 Audit**

Melissa McCaw provided a brief update on the status of Hartford's FY18 Audit. A planning meeting was held with Blum Shapiro on Aug 2<sup>nd</sup> and year-end close was completed August 17. Currently, field work is being completed by the consultant which will last through approximately mid-November. It is anticipated that the first draft audit report will be available around mid-December. The City anticipates filing the report on time, in order to meet the statutory deadline. David Walker asked if Blum Shapiro will prepare a management letter and if this will be made available to the MARB. Ms. McCaw replied that the Hartford management letter and report will be sent to OPM and should then reach the MARB through OPM.

**c. Review and Discussion of Monthly Financial Report: September 2018 (FY19)**

Ms. McCaw provided a brief review of the City's Sept. 2018 (FY19) monthly financial report and took questions by members. She reported that the City is anticipating a year-end favorable balance of \$1m. The monthly financial report can be found [here](#).

**d. Review and Potential Action re: Non-Labor Contracts**

No non-labor contracts were brought before the Board.

**e. Review and Update re: Labor Contracts**

No new updates on labor contracts.

**V. City of West Haven Issues and Items**

**a. MARB West Haven Committee: Report re: Meeting, October 23, 2018**

Julian Freund provided a brief update on activities of the West Haven committee. During the October 23<sup>rd</sup> meeting, members received a number of updates including:

- An update on the work being performed by Segal regarding the City's health insurance benefits. A draft report is anticipated to be done at the end of November. Chairman Barnes announced that he has asked Segal to prepare a non-confidential summary memo for the Board's review.
- An overview of the Fire Study RFP by the Ron Cicutelli, the city's Finance Director. Proposals were due last week.
- An update on the status of several administrative efficiency efforts underway, including a report on financial management issues being developed by Blum Shapiro.

Mr. Freund announced that Michael Milone, who has recently been hired by OPM to assist the City, also attended the October committee meeting.

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

Chairman Barnes announced that the West Haven committee passed a motion 3-1-1, to recommend approval of the plan to the full MARB, subject to the terms and conditions outlined within a letter sent by Barnes to Mayor Rossi. The letter included the terms of payment of the requested Municipal Restructuring Funds (MFR) and the inclusion of two additional conditions recommended by the committee.

**c. Review, Discussion and Possible Action re: Recommendations for Municipal Restructuring Funds (MRF)**

Chairman Barnes provided a brief overview of the terms and conditions, and the proposed schedule of MRF payments. A summary of this information can be found [here](#).

Mr. Walker made the following suggestions to the language as outlined below:

- Section 4. The city will be required to provide a “revised” plan.
- Item 2e. In addition, the City should be required to provide a management letter.
- Item 3e. In addition, include the concept of “shared-services” to the requirements.

Mr. Shuldman expressed concern that the revised plan continues to require funding from the State, beyond FY2019, which has not yet been approved by the legislature. Mr. Shuldman requested that stronger language be included should the money either not become available or is less than what is outlined, the City taxpayers will not have to make up for it. Chairman Barnes commented that the City Council supports the plan and that it is an advisory document. Mr. Shuldman stated that it is a weakness of the plan to include revenues that may not be available in the future.

Mr. Luciano made the motion to accept the subcommittee’s recommendation to adopt the City’s five year plan. The motion was seconded (Mr. Hamilton). Members provided a variety of comments.

Mr. Waxenberg commented that the Board will have additional opportunities to review this plan each year. Mr. Hamilton commented that the plan is based on a good faith effort. The assumption with regard to ongoing state aid will have to be looked at with respect to the continuation of MARB funding. Mr. Walker commented that the plan does not, and cannot, bind the state with regard to funding beyond FY2019. Mr. Walker stated that he will not vote for the plan because: 1) the City is asking for \$28m and has only identified \$5m in savings, 2) none of the many things the Board has asked for have been included in the plan, and 3) he does not believe a federal bankruptcy judge would approve the plan. Mr. Shuldman pointed out that the City’s expenses go up, according to the plan, with each fiscal year. He noted that he would have expected to see 10% cost reductions instead. Mr. White noted that he shares the concerns of Mr. Walker but will vote for the plan, stating that at the time the City’s FY2020 budget approval, he is going to be looking for two things: 1) a realistic plan, and 2) a sense of urgency by leadership that things have to be fixed. If those things are not true at that time, he will have no hesitation in recommending that the Secretary not provide additional funding to the City.

Mr. Egan stated that the City needs to seriously look at their revenues and expenditures, commenting that there is not enough reality built into the plan and finds it to be out of balance, however, he also noted that he has strong faith in the people that have been provided to the City to make this work.

Chairman Barnes commented that he believes the plan to be a reasonable framework and is encouraged that there are a lot of opportunities for savings. Chairman Barnes stated that he strongly recommends that West Haven be very careful in how they run the City. If the City fails to make the changes that are necessary, or in the event that the plan becomes seriously broken due to any number of reasons, this Board needs to explore what their alternatives are, noting that hiring a firm to replace the officials should only be done if absolutely necessary. Mr. Shuldman expressed disagreement with Chairman’s Barnes sentiments with regard to hiring a firm.

Mr. Waxenberg pointed out that if the City is unable to improve the culture and make changes, he will revisit Tier 4 in the future.

Mr. Egan, Mr. Shuldman, and Mr. Walker opposed the motion to approve the plan. All other members voted to approve it. Motion passed 8-3.

Mr. Walker made a motion that the Board support the proposed conditions with the revisions made. The motion was seconded (Mr. Luciano). Mr. Jackson emphasized the importance of the management letter and stated that it could serve as a foundational document that helps foster cultural change. All members voted in favor with one abstention (Mr. Shuldman). Motion passed 10-0-1.

**d. Update: State of FY2018 Audit**

Mayor Rossi provided a brief update on the state of the FY2018 audit report. Mayor Rossi announced that the City suffered an IT ransomware attack which is why the reports were provided late. Chairman Barnes asked when the City expected to close FY2018. Ron Cicutelli stated that, at best, the City is projecting two weeks beyond the ransomware attack. Chairman Barnes asked if they have received any commitments from the auditor on a completed Comprehensive Annual Financial Report (CAFR). The answer was no. Chairman Barnes asked that a detailed work plan be provided for getting to the completion of the audit ahead of the next subcommittee meeting. Mr. Hamilton recommended that the City keep a written checklist of what they need to do in order to close their books.

Chairman Barnes announced that staff at OPM will work on a Memorandum of Agreement with the City describing the payment schedule and related conditions for FY2019 Municipal Restructuring Funds. The FY 2019 payment of restructuring funds is conditioned on completion of the audit. The FY 2018 payment is not.

**VI. Other Business**

No other business.

**VII. Future Meetings**

**a. Distribution of proposed meeting calendar for CY2019**

Mr. Freund will distribute a draft meeting calendar for CY2019. Mr. Shuldman asked if it would make sense to have a meeting the third week of the month, stating that if the Board cannot get information three or four days ahead of time, they should not have a meeting. Chairman Barnes expressed that steps will be taken to enforce more rigorous deadlines for materials. The meeting schedule will be adopted at the December meeting.

**VIII. Adjourn**

Chairman Barnes requested a motion to adjourn. Motion made (Mr. Shuldman) and seconded (Mr. Wilson). Motion passed unanimously and meeting was adjourned.