

DRAFT
State of Connecticut
Municipal Accountability Review Board (MARB)
Special Meeting
Board of Regents (BOR) 61 Woodland Street, Hartford

Meeting Minutes – February 8, 2018

Members in attendance: Secretary Benjamin Barnes, Deputy State Treasurer Lawrence Wilson (designee for Treasurer Nappier), Commissioner Scott Jackson, Thomas Hamilton, Mark Waxenberg, Patrick Egan, Mary Glassman, Sal Luciano, Peter Gioia

Members not in attendance: Thomas Barnes (Previous Commitment)

Staff: Robert Dakers

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

Meeting was called to order by Secretary Ben Barnes 10:02 am. Noted for record Deputy Treasurer Lawrence Wilson was serving as designee for Treasurer Nappier.

II. Public Comment:

Dr. Larry Deutsch, Hartford City Council addressed the MARB. Discussed the potential action item on the agenda on Contract 1716 that was just passed by a large majority by the Hartford City Council. He noted the potential issues associated with High Deductible Health Plans for the health of employees and plan costs if such plans result in employees and their family members not obtaining preventive care.

III. ACTION ITEM: Approval of Minutes: December 8, 2017 and January 11, 2018:

Motion by Patrick Egan and Seconded by Lawrence Wilson to approve and accept the minutes. All members in favor, motion carried – December 8, 2017 and January 11, 2018 minutes accepted and approved as final minutes.

IV. Introduction of Newly Appointed Member(s) by Secretary Barnes and Opening Remarks by New Member(s), Update on Board membership by Secretary Barnes, and Swearing-in of Newly Appointed Member(s) by Treasurer Nappier:

Secretary Barnes introduced new MARB member Peter Gioia, appointed by Senator Fasano. Secretary Barnes noted that new MARB member Thomas Barnes was also recently appointed by State Representative Themis Klarides, but due to a pre-existing conflict with his calendar was unable to attend the meeting.

V. Freedom of Information (FOI) Training for Members:

Item was deferred to next MARB meeting and no action was taken.

VII. Presentation by the City of Hartford Regarding City Finances:

Mayor Luke Bronin thanked the MARB members for their time and introduced his staff in attendance. Copies of City of Hartford Financial Overview PowerPoint given to the MARB members. PowerPoint presentation by the Mayor (presentation on MARB website). The following involves discussion points associated with the presentation.

- a. FY2018 Revenues by Category discussed on slide #3 with a breakdown and discussion. Components of the Revenue Budget total \$563.3 million.
- b. Slide #5 Net Taxable and Non-Taxable Property 2016 Grand List. Slide presented total taxable grand list as well as non-taxable. Mayor noted for the MARB that this is split almost 50/50.
- c. Slide #10 History of Mill Rate Increases the Mayor noted that prior to the 1999 revaluation the Mill Rate was below 30; it is now 74.
- d. Slide #11 Municipal State Aid. Mayor noted this chart included the FY 2018 budget that was adopted by the City and what was included in the State's adopted budget in FY2018 Bipartisan Budget.
- e. Slide #23 Historical Health Expenditures discussed by the Mayor. Noting the spike in gross expenses during FY2016 (\$46.2 million) and FY2017 (\$45.2 million) Mayor Bronin stated the City has spent a significant amount of time trying to understand the spikes during these years and stated it was due to a number of very high cost claims at that time.
- f. Slide #24 OPEB Liability slide discussed by Adam Cloud, City of Hartford. Unfunded Actuarial Accrued Liability is \$279 million which is the City's portion only and does not include the Board of Education (BOE) which would bring total liability to \$327 million.
- g. Slide #25 Pension and Cash-outs explained by Adam Cloud and noted for the MARB that all city employees are in the Municipal Employee Retirement Fund (MERF) except the BOE and Local 171. Adam Cloud discussed the MERF. MERF is overseen by a 3 member Board of Commissioners that are appointed by the Mayor with a 4th member who is non-voting and is a city employee. A Licensed Actuary is required and the City uses a General Consultant APC, with whom the City meets with monthly.
- h. Slide #26 discussion on Vacation and Sick Cash-outs. Mayor Bronin discussed the spike from FY2015 to FY2016 and noted it was driven by a significant number of employees that reached retirement eligibility. Mayor stated it was worth noting that the City had a history of under budgeting these costs. The City will get the number of employees who have 30 days or more. Further stated even though the spikes were high, the City is expecting these costs to go down.
- i. Slide #29 FY2017 Steps Taken to Mitigate Budget Deficit. Mayor Bronin discussed reductions for FY2017: \$18,551,148 in cuts and reductions.
- j. Slide #30 FY2018 Steps Taken to Mitigate budget Deficit discussed by Mayor Bronin. Total reductions \$8,833,161 combination of real dollar cuts and current services cuts as described by Mayor Bronin.
- k. Slide #32 Department Cost Savings and Reductions FY2014 through FY2018 discussed by Mayor Bronin. Breakdown between Board of Education and City side information requested and will be submitted by the City.
- l. Slide 33 Labor Savings: Fire – Mayor Bronin stated this was the first union to come forward and agree with a new contract. Total annualized savings in FY2019 from this new contract is

\$3.9 million. Mayor Bronin stated the City will submit more information on value of pension funds including breakdown by union and by normal cost and unfunded liability.

- m. Slide 34 Labor Savings: Police discussed by Mayor Bronin. Total annualized savings in FY19 \$3.5 million. City will submit to the MARB, projections of cost of buyout (officers hired prior to 1999). Total annualized labor savings \$8.6 million in FY19 with contracts discussed by Mayor Bronin. There are three other contacts before the city that are in various stages of negotiations and will come before the MARB in the coming months as reported by Mayor Bronin.

Secretary Barnes noted for all present, that under statute that was passed several months ago, OPM and the Treasurer's office has entered into ongoing discussions with the city related to contract assistance related to its debt. OPM also has restructuring funds in its budget for which the City would have to apply, which application would involve the submittal of a five-year restructuring plan. Matters in this regard will be brought forth to the MARB at future meetings.

The City will submit office leases to the MARB for the City and BOE.

Secretary Barnes stressed the need for the City should work on developing a path addressing their capital needs, but also restoring its fund balance. Bond Rating companies look at reserves and financial flexibility, and the City's plans should address this moving forward. Mayor Bronin and Adam Cloud discussed current fund balance. Stated the current fund balance is \$4.5 million dollars and it will be 3 to 5 years before the city is back in investment grade. Mayor Bronin stated it was important to note that they have received commitment from local insurance companies to provide financial commitment once a recovery plan that provides sustainability is in place. Mr. Waxenberg noted that the provision of needed services is also vital to the city's health and sustainability.

Secretary Barnes indicated that the City should work with Bob Dakers regarding additional details and submittals required in regard to its restructuring plans. The MARB will look into the possible need of sub-committees going forward.

VIII. ACTION ITEM: Tentative Collective Bargaining Agreement: City of Hartford and Local 1716, Council 4, AFSCME, AFL-CIO.

Agreement presented to the MARB. Motion by Scott Jackson to approve the agreement and seconded by Patrick Egan. Discussion ensued on the agreement. Larry Wilson stated he would abstain from the vote and indicated that his comments and decision were in line with Treasurer Nappier's at the last meeting as for a need for standards when voting on these contracts. Mr. Hamilton that one standard could be a consideration of how arbitrators' may view the issues.

MARB members voted unanimously, with Larry Wilson abstaining, to approve the Collective Bargaining Agreement between the City of Hartford and Local 1716, Council 4, AFSCME, AFL-CIO.

IX. City of West Haven & City of Hartford: Discussion re Schedule for Submittal of Three-Year Financial Plans:

Monthly Financial Report. Full year forecast will be submitted to the MARB at the March 1, 2018 meeting by both Hartford and West Haven.

- X. City of West Haven:**
 - a. Monthly Financial Report**
 - b. Discussion re City's FY2018-19 Budget**
 - c. ACTION ITEM: West Haven Bus contract**

Superintendent of West Haven Schools discussed the bus contract. City would like to extend the contract again based on what they view as the favorable cost of the contract and the level of service provided. While no action in terms of commenting on the contract was made, Secretary Barnes indicated that the City should consider bidding the service to ensure the best terms and cost for the service.

XI. Information Posted to MARB Website; Additional Information requests from members:

No discussion due to time restraints and meeting running 1 hour over scheduled time.

- XII. Future Meetings:**
 - a. Next Meeting: Thursday, March 1, 2018**
 - b. ACTION ITEM: Review upcoming meeting dates for conflicts**

No discussion due to time restraints and meeting running 1 hour over scheduled time. Will be discussed at the next MARB meeting.

XIII. Adjourn:

Motion to adjourn and seconded. Meeting adjourned at 1:25 PM.