



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT
OFFICE OF THE SECRETARY

**Transportation Committee
December 4, 2019**

Statement of OPM Secretary McCaw regarding the Connecticut Port Authority:

As part of Governor Lamont's decisive action this past summer to address issues at the Connecticut Port Authority (CPA), the Governor directed the Office of Policy and Management (OPM) to take a direct and active role in the financial decisions and direction of the CPA.

In response, OPM entered into a Memorandum of Understanding (MOU) with the CPA in which OPM would hire such staff and consultants as needed to oversee the CPA's financial operations and decisions, determine the effectiveness of its policies, management, organization and operating procedures and assist in the implementation of needed improvements. This included Governor Lamont's directive to bring in an independent audit and management firm to evaluate the CPA's financial and management operations and practices and make such recommendations needed to make the CPA a model of good governance, accountability and transparency.

OPM's efforts and activities have been aimed at addressing both immediate issues at the CPA while also pursuing longer term structural improvements.

In regard to the immediate and interim actions and activities, OPM, working in conjunction with Acting Chairman David Kooris, has done the following:

1. **Fiscal Monitoring.** Reviewed all payments and CPA's key contracts. Review includes ensuring expenses were properly documented and that expenditure decisions and contracts were meeting critical needs and were cost-effective. Improvements to internal controls have been implemented. A number of contracts have been either reduced or terminated.
2. **Interim Policies and Actions.** Interim policies in the areas of procurement, travel, entertainment and mileage, and use of legal services were issued to address issues raised in the State Auditors of Public Accounts (CPA) audits and internal reviews. In regard to legal costs, OPM drafted an RFP for issuance for a new and more cost-effective approach to outside legal services.
3. **Address Accounting Deficiencies.** OPM contracted with a former municipal Director of Finance and Certified Public Accountant to work with the CPA implement a new chart of accounts and to address accounting deficiencies, including in regard to the CPA's use of its accounting software,

QuickBooks. Significant progress is being made, with corrections to be substantially completed by the end of December of this year.

4. **Audit Corrective Action Plans.** With respect to the recently completed APA audit, took the lead in developing corrective action plan related to the audit's many findings. In addition, working with Chairman Kooris, took steps to commence the CPA's independent audit by Blum-Shapiro, including identifying areas of risk for enhanced review.
5. **Transparency.** Identified and notified the State Comptroller's Office in September 2019 about problems and issues with CPA's FY18 submittal to OSC's Open Checkpoint website. Worked with OSC and CPA staff to ensure a more complete and accurate submittal by CPA.

With respect to identifying and implementing structural changes needed in CPA's organizational, structural and policies and practices, OPM has undertaken and is continuing work in the following areas:

1. **Independent Evaluation of CPA Operations.** As directed by Governor Lamont, OPM has contracted with an independent audit and management firm, Whittlesey Advisors, to evaluate the CPA's financial and management structure, operations and practices and make recommendations to ensure best practices, accountability and transparency at the CPA. Whittlesey will complete its work in early December and its recommendations will include those related to governance, organization, policies and procedures, technology, procurement and grants management.
2. **Benchmarking.** OPM has done benchmarking of certain procurement, personnel, statutory and governance provisions of a number of other State quasi-public agencies and the CPA. This information was shared with Whittlesey Advisors and will provide guidance in regard to revising CPA's structure, policies and procedures.
3. **New and Revised Policies and Procedures.** In conjunction with Acting Chair Kooris, Whittlesey Advisor's work and CPA staff, OPM has been drafting and assisting in the development of new policies and procedures in regard to: accounting and financial management; procurement; business travel, mileage and entertainment; surplus funds; personnel; use of outside legal services; and other areas as needed. These policies will be presented to the CPA Board for review and action in December and January, with a targeted completion date of March 31, 2020
4. **Statutory Change Proposals.** OPM will also be preparing, for inclusion with the Governor's mid-term budget proposals, statutory changes to enhance accountability and transparency by the CPA. These proposals will reflect and address the findings of the APA and other audit findings, Whittlesey's report, and the other work done to make the changes needed at the CPA.

The actions taken to date have begun to establish a framework for governance and accountability. The Authority must assess its organizational capacity in terms of the skills and knowledge base required for the Authority's mission in both the near and long term. The Authority must determine the most efficient and

responsible approach for operations going forward and implement a strategy consistent with that approach. It is imperative that the Authority restores public confidence in its ability to carry out its mission.

Working at the Governor's direction, OPM have stepped in, with Acting Chair Kooris, to immediately address the problems at the Connecticut Port Authority, while also laying the groundwork for the structural and operational changes so critically needed. We believe we are well underway towards the goal of having a Port Authority that is able to meet its critical mission on behalf of the citizens of Connecticut in a professional, effective and accountable manner.

RESOLUTION GRANTING SIGNATURE AND CONTRACT AUTHORITY

WHEREAS, Section 3.2 of the By-Laws provides that the Chairperson shall perform the duties imposed by the Act, these Bylaws, and by resolution of the Board;

WHEREAS, Section 3.7 of the By-Laws provides that the Officers and other employees of the Authority shall have such signature authority as may from time to time be provided by resolution of the Board; and

WHEREAS, the Board deems it appropriate and in the best interest of the Authority to authorize the Chairperson to conduct business on behalf of the Authority.

NOW, THEREFORE, BE IT:

RESOLVED, that the Board hereby authorizes the Chairperson to approve, and in the name and on behalf of the Authority enter into and execute contracts and instruments, provided that whenever possible, the Chairperson shall award contracts on the basis of a competitive process which shall include the solicitation of proposals from at least three qualified parties, as follows:

- Checks in an amount less than \$5,000;
- Purchase Agreements, contracting agreements and other operating contracts representing a commitment by the Authority of less than \$5,000;
- Agreements in connection with banking relationships, including such instruments, certificates, resolutions and agreements as may be required to establish and maintain bank accounts and other relationships with banking institutions; and
- Memoranda of Understanding with state agencies

RESOLVED FURTHER, that the Officers of the Authority be, and hereby are, authorized to certify to third parties as to the authority of the officer named above to execute such contracts on behalf of the Authority.

**BY-LAWS
OF
THE PAID FAMILY AND MEDICAL LEAVE INSURANCE AUTHORITY**

**ARTICLE I
THE AUTHORITY**

- 1.1 **Name of the Authority.** The name of the Authority shall be “the Paid Family and Medical Leave Insurance Authority.”
- 1.2 **Seal of the Authority.** The Authority may create a seal in any form approved by the Board of Directors. The Chief Executive Officer of the Authority shall be the custodian of any Seal created.
- 1.3 **Logo.** The Authority may adopt a logo to identify the Authority and its property.
- 1.4 **Office of the Authority.** The office of the Authority shall be maintained at such place or places within the State of Connecticut as the Board may designate.

**ARTICLE II
BOARD OF DIRECTORS**

- 2.1 **Powers and Number.** The powers of the Authority shall be vested in and exercised by the Board of Directors. The composition of the Board and the appointment and qualifications of its members shall be as set forth in the Act. Prior to assuming office, each member of the Board shall take and subscribe the oath or affirmation required by Article XI, Section 1 of the State Constitution, a record of which shall be filed in the office of the Secretary of the State.
- 2.2 **Compensation.** The members of the Board shall receive no compensation for the performance of their duties, but each such member shall, within available appropriations, be reimbursed in accordance with Section 5-141c-1 et seq. of the Regulations of State Agencies for all necessary expenses that they may incur through service on the board.
- 2.3 **Attendance.** Any appointed Director who fails to attend, in person or participate as permitted in Section 4.7 hereof, in three consecutive meetings of the Board or who fails to attend, in person or participate as permitted in Section 4.7 hereof, in fifty percent (50%) of all meetings of the Board held during any calendar year shall be deemed to have resigned from the Board. An appointed Director does not include ex officio Board members.

ARTICLE III

OFFICERS AND EMPLOYEES

3.1 **Officers.** The officers of the Authority shall be the Chairperson, the Vice-Chairperson, the Secretary, the Chief Executive Officer and any such other officers as may be appointed by the Board and not in conflict with law.

3.2 **Chairperson.** The Chairperson shall perform the duties enumerated in the Act, these By-laws, and by resolution of the Board. The Chairperson shall preside at all meetings of the Authority at which he or she is present. At each meeting, the Chairperson or the Chairperson's designee shall submit such recommendations and information as the Chairperson may consider appropriate concerning the business, affairs and policies of the Authority. The Chairperson shall have direct supervisory authority over the Chief Executive Officer.

3.3 **Vice-Chairperson.** The Board shall elect from its members a Vice-Chairperson. Except as otherwise prohibited by law, the Vice-Chairperson shall perform all the duties and responsibilities of the Chairperson in the absence or incapacity of the Chairperson, and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

3.4 **Secretary.** The Board shall elect from its members a Secretary. The Secretary shall perform the duties and have such other powers as the Board of Directors may from time to time prescribe.

3.5 **Chief Executive Officer.** The Chief Executive Officer shall be the executive director of the Authority. The Chief Executive Officer shall serve at the pleasure of the Board and receive such compensation as shall be decided by the Board. The Chief Executive Officer shall enter into such employment arrangements with the Authority as approved by the Board as shall be appropriate from time to time. The Chief Executive Officer, who shall not be a member of the Board, shall direct and supervise administrative affairs and the technical activities of the Authority in accordance with the directives of the Board, and shall perform such other duties as are imposed by the Act, these By-laws, or by resolution of the Board. The Board, by a majority vote, may by resolution delegate to some other person or persons all or part of the above enumerated duties of the Chief Executive Officer and may appoint one or more persons to serve as acting Chief Executive Officer in the event of the absence or incapacity of the Chief Executive Officer. The Chief Executive Officer shall attend all meetings of the Board except where the Board expressly indicates otherwise.

3.6 **Additional Personnel.** The Authority may from time to time employ such personnel as it deems necessary to exercise its powers, duties and functions pursuant to the Act, and any and all other laws of the State of Connecticut applicable thereto. The selection and compensation of such personnel shall be determined by the Chief Executive Officer and approved by the Board in accordance with Board-approved policies, applicable procedures and relevant law.

3.7 **Signature Authority.** The Chief Executive Officer and other Officers and employees of the Authority shall have such signature authority as may from time to time be provided by resolution of the Board.

ARTICLE IV

BOARD MEETINGS

4.1 **Regular Meetings.** Regular meetings of the Board or any Committee for the transaction of any lawful business of the Authority shall be held in accordance with a schedule of meetings established by the Board or such Committee.

4.2 **Special Meetings.** The Chairperson may, when the Chairperson deems it expedient, call a special meeting of the Board for the purpose of transacting any business designated in the notice of such meeting. The Committee Chair of any Committee may, when the Committee Chair deems it expedient, call a special meeting of such Committee for the purpose of transacting any business designated in the notice of such meeting.

4.3 **Legal Requirements.** All meetings of the Board or any Committee shall be noticed and conducted in accordance with the applicable requirements of the Act and the Connecticut Freedom of Information Act. Agendas and minutes of such meetings shall be posted in accordance with the Connecticut Freedom of Information Act.

4.4 **Order of Business.** The order of business of any meeting of the Board or any Committee shall be as set forth in the agenda for such meeting, provided that the Board or Committee may vary the order of business in its discretion.

4.5 **Quorum and Voting.** A majority of the voting members of the Board shall constitute a quorum for the transaction of any business or the exercise of any power of the Authority. The affirmative vote of a simple majority of voting members present at a meeting of the Board or any Committee at which a quorum is present shall be sufficient for action, including the passage of any resolution, except as may otherwise be required by law.

4.6 **Designation of Substitutes for Ex Officio Directors.** Each *ex officio* member of the Board may designate any staff member to serve as a representative at any meeting. In the case of voting *ex officio* members, such designee shall have the full power to act and vote at such meeting.

4.7 **Participation of Members in Meetings by Electronic Means.** Members of the Board or any Committee may participate in any meeting of the Board or any Committee by means of teleconferences, videoconference or similar communication arrangement that permits each Board member to hear and be heard by each other Board member as if present in person.

4.8 **Executive Session.** The Board or any Committee may hold an executive session upon the vote of two-thirds (2/3rds) of the Board members thereof present and voting for the purposes and in the manner provided by the Connecticut Freedom of Information Act.

4.9 **Conduct of Meetings.** The proceedings of the Board or any Committee shall be conducted as mutually agreed by members of the Board or Committee, except where inconsistent with these By-Laws. In the absence of agreement, the rules contained in the current edition of the Robert's Rules of Order shall govern all proceedings at the Board or any Committee, except where such rules are inconsistent with these By-Laws.

ARTICLE V

COMMITTEES

5.1 **Powers of Delegation.** The Board may, by resolution, delegate any and all things necessary or convenient to carry out the purpose of the Authority to three (3) or more members of the Board.

5.2 **Standing and Other Committees.** The Board may establish such standing and other committees from time to time as it deems necessary for the proper carrying out of its functions. The Board shall determine the size and purpose of each such committee. Members of each such committee shall be appointed by the Chairperson of the Board. The Chairperson of such committee shall be appointed by the Chairperson of the Board.

5.3 **Report of Committee Action.** Minutes of each committee shall be prepared and shall be filed promptly with the Chief Executive Officer. Each Committee shall report from time to time to the Board on such Committee's actions and activities.

ARTICLE VI

GOVERNANCE

6.1 **Fiscal Year.** The fiscal year of the Authority shall commence July 1 of each calendar year and conclude June 30 of the following calendar year.

6.2 **Evaluation of By-Laws.** The Board shall evaluate its By-laws at least every three years to ensure their currency and efficacy. By-laws and associated policies may be modified by resolution of the Board, in accordance with the applicable statutes and with the procedures set forth in the By-laws, to reflect any adjustments deemed necessary or beneficial by the Board or additional requirements of the administration relative to general governance to ensure accountability and proper internal controls.

6.3 **Amendment or Repeal.** These By-Laws may be repealed or amended or new By-Laws may be adopted by the affirmative vote of a majority of all voting members of the Board at any regular or special meeting of the Board, provided that the notice of such meeting includes notice of the proposed change. The Authority may adopt rules for the conduct of its business, and the adoption of such rules shall not constitute an amendment of these By-Laws.

6.4 **Adoption of Policies.** The Board shall be governed by basic governance principles established through codified policies and procedures to ensure accountability, transparency, security and responsibility to applicable laws, regulations, and best practices. The Board shall adopt by resolution and implement policies regarding employment, compensation, evaluation and discipline of Authority employees; signatory authority; contracting and purchase of services including thresholds and criteria for waiving competitive bidding; annual independent audits of Authority finances; financial reporting; investment policies; reserves; internal control and risk management; and such other policies as the Board deems are necessary or beneficial for the conduct and operation of the Authority.

ARTICLE VII

CONFLICTS OF INTEREST; FIDUCIARY DUTIES

7.1 **Conflicts of Interest.** Public confidence in the decisions and other actions of the Board and any Committee requires that members avoid both actual conflicts of interest as defined in Sections 1-85 and 1-86 of the Connecticut General Statutes and situations that may give the appearance of a conflict of interest. The existence and nature of any actual conflict of interest or any situation that may give the appearance of a conflict of interest shall be promptly disclosed to Board and shall comply with the provisions of Section 1-86 of the Connecticut General Statutes as applicable.

7.2 **Substantial Conflicts of Interest.** A member shall not participate in any deliberations or vote, shall not take any affirmative action as a member of the Board or any Committee, and shall not have access to any non-public confidential information with respect to a matter in which such member has an interest which is in substantial conflict with the proper discharge of the duties and responsibilities of membership on the Board or such Committee. For this purpose, the determination of whether a member has an interest which is in substantial conflict with the duties and membership on the Board or a Committee shall be made in the manner provided in Section 1-85 of the Connecticut General Statutes for conflicting interests of public officials.

7.3 **Potential Conflicts of Interest.** With respect to potential conflicts of interest, as defined in Section 1-86(a) of the Connecticut General Statute and pursuant thereto and pursuant to Section 1-81-30(c) of the Regulations of Connecticut State Agencies, the member shall either (1) excuse himself or herself from participating in any deliberation or vote on the matter and may not otherwise take any affirmative action on the matter or (2) shall prepare a written statement prepared under penalty of false statement describing the matter requiring action and the nature of the potential conflict and explaining why, despite the potential conflict, such member is able to vote and otherwise participate fairly, objectively, and in the public interest, and shall deliver a copy of such statement to the Office of State Ethics and shall enter a copy of the statement in the minutes of the Board or Committee, as applicable.

7.4 **Financial Interests in Entities Contracting with the Authority.** In accordance with subdivision (1) of subsection (k) of section 2 of the Act, no member of the Board or any officer, agent or employee of the Authority shall, directly or indirectly, have any financial interest in any

corporation, business trust, estate, trust, partnership or association, two or more persons having a joint or common interest, or any other legal or commercial entity contracting with the Authority. As used in this section, "financial interest" does not include an interest of a *de minimus* nature or an interest that is not distinct from that of a substantial segment of the general public.

7.4.1 Pursuant to subdivision (2) of subsection (k) of section (2), it shall not be a conflict of interest or a violation of the statutes or these By-laws, for a trustee, director, officer or employee of a bank, insurance company, investment advisor, investment company, or investment banking firm to serve as a member of the Board, provided, such individual abstains from discussion, deliberation, action and vote by the Board in specific respect to any undertaking in which such firm has a direct interest separate from the interests of all similar firms generally.

7.5 **Fiduciary Duties.** Members of the Board owe the fiduciary duties of care, loyalty and compliance to the Authority.

7.5.1 "Duty of care" means each member must discharge his or her duties in good faith and with the same degree of care that would be used by a reasonable prudent person in the same position.

7.5.2 "Duty of loyalty" means each member must put the interests of the Authority over his or her own interests or the interests of family members and other persons, businesses or organizations in which they may be involved.

7.5.3 "Duty of compliance" means each member must be faithful to the Authority's mission and must comply with the statutes, regulations, by-laws and policies that apply to the Authority.

ARTICLE VIII

DEFINITIONS

8.1 **Definitions.** Unless the context shall otherwise require, the following words and terms shall have the following meanings:

8.1.1. "Act" shall mean Public Act 19-25, entitled "An Act Concerning Paid Family and Medical Leave," as amended by Public Act 19-117, entitled "An Act Concerning the State Budget for the Biennium Ending June 30, 2021, and Making Appropriations Therefor, and Provisions Related to Revenue and Other Items to Implement the State Budget," as the same may be further amended from time to time.

8.1.2. "Authority" means the Paid Family and Medical Leave Insurance Authority.

8.1.3. "Board" means the board of directors of the Authority appointed and serving pursuant to the Act.

8.1.4. "Chairperson" shall mean the Chairperson the Authority appointed pursuant to the Act.

8.1.5. "Chief Executive Officer" shall mean the Chief Executive Officer of the Authority appointed by and serving at the pleasure of the Board pursuant to the Act.

8.1.6. "Committee" means any committee of or formed by the Board.

ARTICLE IX

AUTHORITY

9.1 These By-Laws are adopted pursuant to the Act.