

To: Members of the Court of Common Council  
FROM: Adam M. Cloud, City Treasurer  
Re: Salary  
DATE: December 28, 2015

Dear Members of the Hartford Court of Common Council:

I feel the need to provide some clarity to what clearly has become a misunderstanding of the process that was followed that lead to an increase to the salary of the City Treasurer.

On March 10, 2015, Treasurer Cloud and Assistant City Treasurer Carmen Sierra were asked to meet with the Mayor and his internal budget committee to review the proposed 2016 budget for Treasury. Attending that meeting was the Mayor, Sandra Key Borges, Juan Figueroa, Henry Burgos, Jose Colon Rivas, Jose Sanchez, Jeff Hallin, and Jackie Baker.

During that meeting we discussed the creation of an OPEB trust and the need to create sub accounts so that there would be no commingling of the assets between the Board of Education and the City that would be used to pay the annual required contribution for the City's health care liabilities. I presented the committee with a copy of the OPEB presentation that was subsequently provided to the City Council OMBLAC Committee. I provided a draft of the budget of the OPEB trust and discussed the salary increases that would go into effect due to the additional responsibilities being asked of us to perform. In response, Henry Burgos indicated that he would work with my office to help negotiate the salary increases for those members of my staff that were under collective bargaining agreements. There were no objections or expression of decent regarding any of the items that were discussed.

Following the meeting on the 10<sup>th</sup> of March, my staff worked with the office of management and budget to create a new line item in the budget book that would identify the amount of money that the OPEB trust fund would pay for the salary increases. Sometime after the meeting on March 10, 2015 the budget detail outlining the changes to the salaries was provided to the Office of Management and Budget. In response, in an email dated April 24, 2015, we were informed that the budget detail would be provided to the City Council. Specifically, Ms. Baker indicated that: "Attached is the FY2016 Recommended expenditure detail budget for

your department. Council will be receiving the same information during the upcoming departmental budget hearing.”

In the event that the Council had any questions regarding changes to our recommended budget, all they had to do was ask. Ask the budget department, ask me. The fact is that no one did ask any questions. Rather, they congratulated us on providing budgetary savings. So, for the Council to now suggest that they were not aware of any alterations to the Treasurer’s budget is astounding.

During my budget presentation to the City Council I did in fact discuss the re-allocation of my salary specifically I discussed the new responsibilities that we would be taking on and the fact that the re-allocation would produce a saving of more than \$13,000. Additionally, I have members of my staff that were present during that presentation who clearly remember the statements that I made during that presentation.

It should also be noted that the increase to the salary of the Treasurer was included in the 2015 budget. However, I never accepted the increase because I did not believe it was appropriate to receive pay for work on the OPEB trust prior to the trust ordinance being adopted. And, in conversation with the budget department we instructed them to retain the increases and that we would wait until the ordinance was adopted.

On July 1, 2015 the OPEB ordinance became effective and we began to work on the creation of the trust. Since then we have worked to deposit the funds, select a custodian for the assets and release an RFP for actuarial services. It should be noted that in the ordinance creating the trust, there is reference to the fact that the salaries of the Treasurer and staff will be paid out of the income generated by the investment of the trust. In short, that ordinance once adopted set forth the authority for the Treasurer to be paid and there is no question as to whether the Council adopted the OPEB ordinance. I may also add that by re-allocating the salary of the Treasurer and my staff to administer the OPEB trust we are saving the City of Hartford hundreds of thousands of dollars. By keeping the work in-house, we do not have to hire new staff and pay a full salary or benefits to administer the fund.

It is inferred by the language in the proposed resolution that the Treasurer somehow gave himself a raise. That is completely false. Only the Director of Human Resources has the authority to change the pay of an individual. Let me be clear, the topic of my salary was not initiated by me but rather by the Director of Human Resources. Mr. Burgos contacted me to inform me that the Mayor had made a decision to provide a growth increment to all un-classified employees. As part of his review, he was unclear as to how the treasurer was to be treated with regards to a growth increment. He expressed concern that his office needed to have a better understanding and process through which to properly compensate future Treasurers. It was decided that he would seek the advise of the Corporation Counsel. The Corporation Council provided their opinion on November 3, 2015. In

it they opine that the City Council has increased the salary of the Treasurer as of July 1, 2015 by approving the salary in the City Budget.

In the resolution being proffered by Mr. Kennedy, he refers to Section 2-250 of the Municipal Code that states in part that any revision to the existing pay plan shall be prepared by the Human Resources Director and submitted by the Mayor to the Court of Common Council for approval. The problem with this analysis is that it does not apply to the City Treasurer. As the Corporation Counsel points out in its memo that: " I have reviewed the Charter and Municipal Code with regard to the means by which an increase may be authorized in terms of the City's internal process. The Code sets out procedures for the City to appoint and raise salaries for various employees. None of them apply to this case because the Treasurer is not appointed by an appointing authority, does not have a supervisor, is not subject to evaluation, is not a member of a bargaining unit, and is not in the classified service. Once the Council has set the salary figure in the budget, no further action need take place in order for the Department of Human Resources to initiate the salary increase."

This office did exactly what it was instructed to do. We submitted our budget which was discussed in full transparency with the administration. We were told that the budget detail would be shared with the Court of Common Council. As early as February, 2015, we created and shared a detailed budget for the administration of the OPEB trust with the administration. We subsequently informed the City Council of the work that we were planning to do and informed them that we would be providing a budgetary savings by re-allocating the manner in which the Treasurer would be compensated. The Human Resources Director sought a legal opinion that directed him on how to process an increase to the salary of the Treasurer. Any suggestion that I did anything contrary to guidance I received is completely false.

December 28, 2015

Executive Summary regarding the Treasurer's Salary

- It is not true that nobody knew about this!
- There was a process and we followed the process that was provided to us.
- The specifics on how and what transpired is provided as an attachment to this correspondence.
- The change in my salary is based on the new responsibilities that my office was being asked to perform.
- There is tremendous stress on the general fund. To reduce some of that stress we shifted the salary allocation to the pension and OPEB funds which have a robust balance that can only be used for limited purposes.
- The driving force behind this was to protect taxpayer dollars by reducing the cost of managing the OPEB trust fund.
- I have tremendous respect for the Court of Common Council and the important role that they play in the budgetary process. That role was fully and completely performed regarding the Treasurer's office budget and salaries. And, as the Corporation Counsel indicated was conducted when the Council voted on the budget.