

**Finance Committee
Jan. 19, 2012 Regular Telephonic Meeting
Draft Minutes**

Members Present: Committee Chairman Martland
Timothy Griswold

CRRRA Staff Present: Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Jeff Duvall, Director of Budgets and Forecasting
Bettina Ferguson, Director of Finance
Nhan Vo-Le, Director of Accounting Services
Moira Benacquista, Secretary to the Board/Paralegal

Chairman Martland called the meeting to order at 9:35 a.m. He said there were no members of the public who wished to comment and proceeded with the agenda.

1. Approval of the Minutes of the December 15, 2011 Finance Committee Meeting

Chairman Martland requested a motion to accept the minutes of the Dec. 15, 2011, Finance Committee meeting. The motion to approve the minutes was made by Director Griswold and seconded by Chairman Martland.

The minutes were approved as amended and discussed unanimously by roll call.

2. Review and Recommend for Board Approval – Southwest Division Budget

Chairman Martland requested a motion regarding the above-captioned item. Director Griswold made the following motion which was seconded by Chairman Martland.

RESOLVED: That the estimated Fiscal Year 2013 SouthWest Division operating budget be adopted substantially in the form as presented and discussed at this meeting; and

FURTHER RESOLVED: That an estimated municipal solid waste tip fee of \$66.41 per ton be adopted for contracted member waste; and

FURTHER RESOLVED: That the actual municipal solid waste tip fee per ton will be calculated using the actual annual change in the Consumer Price Index (“CPI”) as reported in June 2012, which will be released prior to the commencement of the Fiscal Year 2013 billing for contracted member waste as prescribed in the Southwest Division’s Municipal Solid Waste Management Services Agreements.

Mr. Bolduc explained this budget is for the SouthWest division towns with which CRRRA has an arrangement. He said the SouthWest towns bring their MSW tons into the Wheelabrator plant in a contractual arrangement which contains an escalator with Wheelabrator. He said the arrangement also

contains a negotiated CRRA administrative fee which also contains an escalator. Mr. Bolduc said both arrangements trigger off the same escalator factor however; the Wheelabrator charge increases by only 75% of the CPI Index.

Mr. Kirk said the current arrangement is different than those in past years. Mr. Kirk said in the past CRRA employees would account for costs on the former Bridgeport Project project activities which CRRA then passed on as a net of servicing the agreement. He said the towns did not like that method as they did not have control over it and as a result they requested a flat fee. Mr. Kirk said the flat fee started at \$2.00 a ton and CRRA provides the necessary work with the risk that \$2.00 is sufficient to meet its costs. He said if the cost exceeds that number for CRRA it comes out of CRRA's budget. Chairman Martland asked if he was correct in stating that CRRA does not reimburse the SouthWest division if there is a surplus. Mr. Kirk said that was correct. Director Griswold said this was contractual.

Mr. Bolduc said 261,000 tons is the contractual quantity required for the Wheelabrator contract. He said in the past Wheelabrator has waived the penalty for not meeting tonnage minimums.

Director Griswold said under the revenue section he presumes there is no surplus from the prior year which would provide a source of revenue. Mr. Bolduc said any surplus is accrued to CRRA as CRRA also takes the risk of funding any deficits.

Mr. Kirk said Wheelabrator has not insisted on the put or pay in the past and have also agreed to a similar relaxation of the put or pay again this year. He said this is done because Wheelabrator opens its plants to diverted tons in violation of the agreement with CRRA.

3. Informational Section

Mr. Bolduc brought the Committee's attention to the Informational Section of the package. He said behind Tab 5 is an update to the 2009 auditor management letter. Mr. Bolduc said there were some observations regarding the E-picor software from the auditors to which management, in cooperation with the auditors, is formatting a response to. He said from an historical perspective that was the only outstanding management audit recommendation.

Mr. Bolduc said on pg. 6 a couple of 4-33a incidences were reported. He explained the State statutes require CRRA to report certain kinds of incidences to the State controller and the auditor of public accounts. He said the two incidences which were reported concerned a hauler and an operator violation at the Preston facility where Mid-Conn tons were being diverted down to Preston. Mr. Bolduc said steps have been taken by management to resolve the issues, as noted in the package.

Chairman Martland asked how the Mid-Conn Project's operator is doing. Mr. Kirk replied well. He said as expected, there have been some learning curve issues with the new contractor. He added that the Project has also switched to night time processing to take advantage of lower power prices which also created some delivery issues which have since been resolved.

Mr. Kirk said 20 employees from the MDC are still at the Project. He said management had expected that to be a higher number; however several employees were attracted back to MDC at the last minute.

Director Griswold said under revenues the Mid-Conn variance analysis is favorable due to higher CRRA member deliveries. He asked if that indicates that the downward trend CRRA has been experiencing in the last few years is picking up again? Mr. Bolduc said while it is a negligible number, the lower budget assumptions seem to be tracking better as the towns are leveling out. He said CRRA is lower in the budget than it has been historically. Mr. Kirk said he is optimistic that the bottom of this slump has been hit and will hopefully slowly improve over time.

Director Griswold asked if the favorable market conditions referenced under metal and recycling are for the year to date. Mr. Kirk said those markets are all over the place and are all down significantly.

Chairman Martland requested a quick update on the Mid-Conn Project transition at the Board meeting.

ADJOURNMENT

Chairman Martland requested a motion to adjourn the meeting. The motion was made by Chairman Martland and seconded by Director Griswold.

The meeting was adjourned at 9:55 a.m.

Respectfully submitted,

Moira Benacquista
Secretary to the Board/Paralegal