

**Finance Committee  
October 19, 2006 Regular Meeting**

**Draft Minutes**

Members Present: James Francis, Committee Chairman  
Raymond O'Brien, Committee Vice-Chairman (present via telephone beginning at 9:40 a.m.)  
Edna Karanian  
Mark Laretti (present via telephone beginning at 10:15 a.m.)  
Theodore Martland

CRRA Staff Present: Tom Kirk, President  
Jim Bolduc, Chief Financial Officer  
Bettina Bronisz, Assistant Treasurer & Director of Finance  
Robert Constable, Controller  
Nhan Vo-Le, Director of Accounting  
Donna Tracy, Executive Assistant  
Kristen Greig, Secretary to the Board/Paralegal

Chairman Francis called the meeting to order at 9:30 a.m. and noted that there was a quorum.

Chairman Francis requested that everyone stand for the Pledge of Allegiance whereupon the Pledge was recited.

**1. Approval of Minutes of the September 21, 2006 Finance Committee Meeting**

Chairman Francis requested a motion to accept the minutes of the September 21, 2006 Finance Committee meeting. The motion was made by Director Karanian and seconded by Director Martland. The minutes were approved unanimously as presented.

**2. Resolution Regarding the Dissolution of Certain Bridgeport Project Reserve Accounts**

Chairman Francis requested a motion regarding the above-captioned matter. Director Martland made the following motion:

**RESOLVED:** That \$230,000 be re-designated from the Waterbury Landfill Closure reserve to the Waterbury Postclosure Reserve.

The motion was seconded by Director Karanian.

Mr. Constable informed the Committee that there were two reserves for the Waterbury Landfill; one for the closure and one for the post-closure. Upon review of the reserves, it was

determined that the closure reserve was over-funded and the post-closure reserve was under-funded. Mr. Constable stated that this motion will reallocate the funds to the proper account.

Vice-Chairman O'Brien asked what the third Waterbury Landfill Trust was. Mr. Constable replied that it is required by a DEP permit and that a management review of this reserve would be performed this fiscal year.

Director Martland stated that the rules for post-closure change frequently and it is difficult to fund these reserves with so many unknowns. Mr. Bolduc replied that the figures shown apply to the rules as of today. Mr. Constable agreed that there are many unknowns for post-closure and management attempts to take into account these unforeseen issues.

Chairman Francis referred the Committee to the Waterbury Postclosure Reserve summary sheet. Under Fund Basis, he questioned the \$650,000 figure indicating that it should be \$850,000. Mr. Constable agreed and stated that he would make the change prior to the Board meeting.

Director Martland asked if the landfill trust had to remain separate from the postclosure reserve. Mr. Constable stated that the two reserves have to be kept separate as required by the DEP permit. Mr. Constable stated that since CRRA now has the postclosure fund established and funded, DEP should allow CRRA to dissolve the landfill trust.

Vice-Chairman O'Brien asked if the funds would go back to the Bridgeport Project if DEP allowed CRRA to dissolve this trust. Mr. Constable responded in the affirmative.

Director Martland asked if these monies were invested in aggregate. Mr. Bolduc replied in the affirmative. Vice-Chairman O'Brien referred to the term "restricted - trustee" and asked who the trustee was. Mr. Bolduc replied that US Bank is our trustee for all of CRRA's reserve accounts.

Regarding the Shelton Landfill Postclosure reserve, Vice-Chairman O'Brien indicated that he would like to see what programs were put in place, how much has been spent from 1998 through 2006 and if CRRA is in compliance with the CO. Vice-Chairman O'Brien said he had similar questions regarding the Benefit Fund. Mr. Constable noted that these funds are reviewed on an annual basis to be sure they are being used for the appropriate tasks.

Vice-Chairman O'Brien referred the Committee to the rebate account, asking if this account would cover CRRA's risk. Ms. Bronisz replied in the affirmative, stating that CRRA has an outside consultant, AMTEC, who reviews the arbitrage on all bonds annually and also provides CRRA with a report. AMTEC also advises CRRA if there is any rebate liability. Ms. Bronisz stated that the yield that the Bridgeport funds have been realizing is beneath the arbitrage limit.

Regarding the Guarantee of Payment Restricted Balance for the Bridgeport Project, Vice-Chairman O'Brien asked if the \$16,000 is committed as a guarantee from haulers. Mr. Constable replied that if CRRA has a contract with a hauler, they are required to have a two month guarantee of payment. Mr. Constable stated that the hauler can provide an LLC, a bond or cash. Some of the haulers have decided to provide cash as their guarantee of payment and CRRA

would use this cash if the hauler did not pay their bills. If the hauler closes their account, CRRA would refund the money back to them.

Director Martland referred the Committee to the Risk Fund and asked if the bidders on our insurance were aware of this. Mr. Bolduc replied in the negative. Director Martland indicated that this might have affected their bids.

Director Martland referred the Committee to the Debt Reserve Stabilization Reserve summary sheet in the amount of \$16,475,899. Mr. Bolduc stated that this figure was as of June 30, 2006 and pointed out that these funds were used to defease debt on July 27, 2006.

Director Karanian referred the Committee to the Recycling Education Reserve summary sheet. Director Karanian asked if CRRA tracks how these funds are used. Mr. Kirk stated that CRRA had been asked by the retiring Hartford Director of Public Works to attempt to track these funds to be sure that they are used for recycling education. Mr. Kirk indicated that these funds are essentially a credit given to the City to use as the City sees fit to support recycling. In the past, the City of Hartford has chosen to use the funds to support a Recycling Coordinator position. Mr. Kirk stated that the retiring Director of Public Works had stated that it was his feeling that these funds would be better spent on other recycling programs. Mr. Kirk noted that no other member town receives funds from CRRA for recycling.

Director Francis asked if the \$416,587 in that reserve is available to the City of Hartford. Mr. Constable replied in the affirmative. Mr. Constable stated that the City submits invoices annually and CRRA confirms that these invoices support recycling in Hartford. The funds are then reimbursed to the City from this fund. Mr. Constable stated that since the City has not submitted any invoices for the past few years, the balance is now \$416,587.

Director Karanian stated that CRRA should partner with the City to begin implementing recycling programs using these funds. Director Francis suggested that management send a letter to the City indicating that these funds were still available for recycling programs and ask if CRRA could help implement the programs. Director Martland recommended that management should suggest specific programs to the City.

Chairman Francis referred the Committee to the Recycling Reserve (Mid-Connecticut) summary sheet and asked if the amount shown (\$1,871,907) could be used by CRRA for additional Mid-Connecticut recycling programs. Mr. Bolduc replied in the affirmative.

Regarding the Select Energy Escrow, Director Martland asked why we needed this reserve. Mr. Bolduc stated that the agreement with Select Energy requires CRRA to have this reserve.

The motion previously made and seconded was approved unanimously.

### **3. Resolution Authorizing Contract for Economic Advisory Services**

Chairman Francis requested a motion regarding the above-captioned matter. Director Martland made the following motion:

**RESOLVED:** That the President be authorized to enter into a contract for economic advisory services to Environmental Capital, LLC to assist management with work on a variety of projects including, but not limited to, financial and economic evaluation with regard to the strategic plans of the Authority, market information on other comparable solid waste authorities and innovations within the solid waste field; financial feasibility analyses; and analysis of state and federal laws and regulations relative to solid waste management and municipal bonds. This contract will be for a three-year period, from November 1, 2006 to October 31, 2009.

The motion was seconded by Director Karanian.

Mr. Bolduc stated that the current contract with our Economic Advisor is expiring at the end of October and explained that a Request for Qualifications for these services was issued in August of 2006. Mr. Bolduc pointed out that there were five companies who submitted proposals and added that all the firms were good firms with various involvements in the solid waste industry. Mr. Bolduc noted that CRRA's current economic advisor is Environmental Capital and stated that management is recommending staying with Environmental Capital for several reasons: they are the lowest bidder, they have three years of history with CRRA, knowledge of the Enron situation and are familiar with CRRA's strategic plan.

Chairman Francis asked if some of the other firms were not chosen because of lack of experience in solid waste. Mr. Bolduc referred the Committee to item 12 of the analysis showing the vast experience of all bidders.

The motion previously made and seconded was approved unanimously.

#### **4. Review FY06 Financial Audit Management Letter**

Mr. Bolduc introduced Scott Trenholm from Carlin, Charron & Rosen, LLP. Mr. Trenholm stated that the management letter is broken into two sections: 1) prior year recommendations and status and 2) new matters for consideration. Mr. Trenholm indicated that there were three matters from prior years that Carlin, Charron & Rosen determined were not resolved. Mr. Trenholm stated that the first matter was the designation of unrestricted assets, specifically in Bridgeport Project. Mr. Trenholm explained that the amount of board designated assets exceeds the amount of net assets that are available for designation. Mr. Bolduc stated that this will be addressed when the budgeting process begins. Vice-Chairman O'Brien asked if any of these issues were being addressed in the FY 07 budget. Mr. Constable replied in the affirmative.

Director Martland asked Mr. Trenholm what the status of the MDC inventory was. Mr. Trenholm explained that some progress was made on this matter, but there still remains some work to be done. Mr. Trenholm indicated that written inventory instructions, conscientious counting and use of count sheets were implemented. Vice-Chairman O'Brien stated that even though the matter is considered closed by the auditor, CRRA should continue to monitor MDC. Mr. Constable stated that CRRA does quarterly sample counts to monitor the inventory. In addition, MDC performs monthly sample counting and forwards the report to CRRA. Mr. Trenholm indicated that this will be monitored in future audits.

Chairman Francis asked Mr. Trenholm to specifically mention this item in future audits. Mr. Trenholm stated that he would include this specific issue.

## **5. Executive Session**

Chairman Francis requested a motion to enter into Executive Session to discuss pending litigation and personnel matters. The motion was made by Director Martland and seconded by Director Karanian. The motion previously made and seconded was approved unanimously. Chairman Francis requested that the following people remain for the Executive Session, in addition to the Committee members:

Mr. Scott Trenholm

The Executive Session commenced at 10:30 a.m. and concluded at 11:11 a.m.

The meeting reconvened at 11:11 a.m. and Chairman Francis noted that no votes were taken during Executive Session.

## **ADJOURNMENT**

Chairman Francis requested a motion to adjourn the meeting. The motion made by Vice-Chairman O'Brien and seconded by Chairman Pace was passed unanimously.

The meeting was adjourned at 11:12 a.m.

Respectfully submitted,

Kristen Greig  
Secretary to the Board/Paralegal