

Finance Committee
June 15, 2006 Regular Meeting

Draft Minutes

Members Present: Michael Pace, Board Chairman
Andrew Sullivan, Committee Chairman (Present beginning at 10:05 a.m.)
Raymond O'Brien, Committee Vice-Chairman
Benson Cohn
James Francis
Edna Karanian

CRRA Staff Present: Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Robert Constable, Controller
Floyd Gent, Director of Operations
Donna Tracy, Executive Assistant
Kristen Greig, Secretary to the Board/Paralegal

Vice-Chairman O'Brien called the meeting to order at 9:35 a.m. and noted that there was a quorum.

Vice-Chairman O'Brien requested that everyone stand for the Pledge of Allegiance whereupon the Pledge was recited.

1. Approval of Minutes of the May 18, 2006 Finance Committee Meeting

Vice-Chairman O'Brien requested a motion to accept the minutes of the May 18, 2006 Finance Committee meeting. The motion was made by Director Cohn and seconded by Director Francis.

Vice-Chairman O'Brien stated that at the last Finance Committee meeting he had requested a 5-Year Capital Plan for the Rolling Stock Reserve. Mr. Constable noted that this report was included in the Board Package.

Vice-Chairman O'Brien asked about the status of the operational audit that was mentioned by Director Karanian. Mr. Gent responded that a contractor has been hired and the work is in progress.

Vice-Chairman O'Brien, referring to page 7 of the minutes, said that it should be noted that subsequent to this Finance Committee meeting, management decided to issue a Request for Proposals for auditing services rather than bringing the motion to the full Board.

The motion previously made and seconded was approved. Chairman Pace abstained as he was not present at the meeting.

2. Informational Items

Vice-Chairman O'Brien noted that he would like to recognize Nhan Vo-Le, Director of Accounting. Mrs. Vo-Le received the Certificate of Achievement for Excellence in Financial Reporting (CAFR) dated May 19, 2006.

Vice-Chairman O'Brien referred to Tab 8, noting that an annual compliance audit is no longer required. Vice-Chairman O'Brien asked if management would continue to have this audit done even though it is not required. Mr. Bolduc indicated that this audit would now be done by the State auditors who will be commencing work on June 19, 2006. Vice-Chairman O'Brien asked if it would be to beneficial to have CRRA's financial auditors also review compliance to avoid any issues with the State auditors. Mr. Bolduc stated that he didn't think this was necessary because the State auditors are more familiar with state statutes and would conduct a much more thorough audit that the financial auditors would. Mr. Bolduc stated that he was confident that the compliance audit would go well.

Vice-Chairman O'Brien referred the Committee to the Legal Expenditure behind Tab 9. Vice-Chairman O'Brien stated that it looks like the projected cost would "zero" out any appropriations. Vice-Chairman O'Brien stated that he was concerned since some projected surplus funds have already been used. Vice-Chairman O'Brien stated that there were firms who were substantially under their projected figures and unless the projections were updated, it looks like CRRA will be paying those firms significant amounts in the last two months of the fiscal year. Mr. Bolduc stated that he would verify the numbers provided to the Committee.

Referencing page 2 of 3 behind Tab 11, Vice-Chairman O'Brien said that he was concerned that if a reportable incident occurred, the Chairman of the Board was not on the notification list. Mr. Bolduc indicated the Chairman would be added to the notification list.

Vice-Chairman O'Brien referred the Committee to Page 1 of Tab 11. Vice-Chairman noted that Section 2.2 indicates that key staff met on a monthly basis to review all activities and asked if there was a provision to meet more frequently if an urgent situation occurred. Mr. Bolduc responded that if a reportable condition arose, staff would certainly meet whenever necessary to discuss and take action.

Director Karanian, referring to the UBS Financial "mass exodus", asked if any contact had been made with the group of employees who left UBS and asked if these former UBS employees had formed their own group. Mr. Bolduc responded that he had been in contact with Mark Wetzel. Mr. Bolduc said he informed Mr. Wetzel that he would contact UBS to determine what their future plans were. Mr. Bolduc indicated that Mr. Wetzel had informed him that 80% of UBS's clients had moved to the new group. Mr. Bolduc added that he would be meeting with UBS on June 27, 2006. Director Francis stated that the Town of West Hartford has stayed with UBS, but only on a two-month basis. Upon completion of the two-month period, the Town of West Hartford will go out to bid for these services.

Mr. Bolduc indicated that a Request for Proposals for Independent Auditing Services had been publicly noticed. Mr. Bolduc stated that oral interviews would be scheduled for the week of July 10, 2006 and stated that members of the Finance Committee should be present at these interviews. Director Cohn stated that ½ hour should be sufficient for each firm.

2. Review and Recommend for Board Approval Resolution Regarding a Contribution to the Rolling Stock Reserve from Certain Rolling Stock Sale Proceeds

Vice-Chairman O'Brien requested a motion regarding the above-captioned matter. Chairman Pace made the following motion:

RESOLVED: That the proceeds received by the Authority from the sale of certain tractors and trailers to CWPM in the amount of \$312,245.00 be deposited into the Mid-Connecticut Project Rolling Stock Reserve.

The motion was seconded by Director Francis.

Vice-Chairman O'Brien suggested that the resolution be revised to reflect that the Finance Committee is recommending it to the Board of Directors. Vice-Chairman O'Brien referred the Committee to the second paragraph on page 2. Vice-Chairman O'Brien stated that he would like this paragraph to reflect that it was the previous Board of Directors who entered into this contract in 1999. Vice-Chairman O'Brien noted that CRRA has a contract to comply with so CRRA does not have discretion in the matter.

Chairman Pace asked Mr. Constable what the balance was in the Rolling Stock Reserve. Mr. Constable responded that the balance was approximately \$3.3 million and said those funds would be used to replace several loaders. Chairman Pace wanted to be clear that these funds would be used for operations and not just sit in this account. Mr. Bolduc stated that management reviews each reserve annually and said that each reserve is set up and used for very specific purposes.

Vice-Chairman O'Brien indicated that the Board reviewed two options: paying debt or replenishing the reserve, which is management's recommendation. Vice-Chairman O'Brien noted that a substantial portion of this reserve had been transferred to fund recent MDC work.

The motion previously made and seconded was approved unanimously.

EXECUTIVE SESSION

Director Francis made a motion to go into Executive Session to discuss pending litigation. The motion was seconded by Chairman Michael Pace. The motion previously made and seconded was approved unanimously. Vice-Chairman O'Brien requested that the following people remain for the Executive Session, in addition to the Committee members:

Tom Kirk
Jim Bolduc

The Executive Session commenced at 10:05 a.m. and concluded at [REDACTED] a.m.

The meeting reconvened at [REDACTED] a.m. and Vice-Chairman O'Brien noted that no votes were taken during Executive Session.

ADJOURNMENT

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

The meeting was adjourned at a.m.

Respectfully submitted,

Kristen B. Greig
Secretary to the Board/Paralegal