

**Finance Committee
December 13, 2007 Regular Meeting**

Draft Minutes

Members Present: Michael Pace, Board Chairman
James Francis, Committee Chairman
Raymond O'Brien, Committee Vice-Chairman
Edna Karanian
Mark Lauretti (present via telephone)
Theodore Martland (present via telephone)

CRRA Staff Present: Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Bettina Bronisz, Assistant Treasurer & Director of Finance
Robert Constable, Controller
Laurie Hunt, Director of Legal Services
Peter Egan, Director of Environmental Affairs & Development
Nhan Vo-Le, Director of Accounting and Financial Reporting
Moira Kenney, 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 November 15, 2007 Finance Committee Meeting

Chairman Francis requested a motion to accept the minutes of the November 15, 2007 Finance Committee meeting. The motion was made by Vice-Chairman O'Brien and seconded by Director Martland. The motion to approve the minutes as amended was approved by roll call.

2. Review and Discuss CRRA Developmental Expenditures

Mr. Bolduc stated the Finance Committee had requested the General Fund Budget be tabled until additional information was added for the benefit of the full Board. He stated the Board had also tabled the General Fund Budget until specifications were added to the developmental dollars. He explained the current proposal had additional discussion and detail on the post developmental expenditures. Mr. Bolduc stated the \$750,000 in the General Fund Budget was a placeholder until the Finance Committee adopted it in order to submit it to the Board for approval.

Mr. Bolduc stated the issues relative to the Solid Waste Management Plan and the Corporate Structure Initiatives were the primary focus for discussion. Mr. Bolduc explained the Corporate Structure Initiatives described CRRA's initial model, which was based on project orientation with specific towns, projects, debt, and bond indentures linked. He explained that

recent discussion had focused on getting away from the old model because it doesn't fit future needs. Mr. Bolduc explained a structural overhaul is necessary for future financing because CRRA is facing legislative issues, statutory issues, issues regarding corporate governance, and the MSA's. Mr. Bolduc explained the way CRRA was originally funded is being investigated.

Director Martland stated that CRRA should be in total agreement with the CT DEP moving forward. Mr. Bolduc stated he was attempting to separate the development cost into two areas; the Solid Waste Management Plan, and the Corporate Initiatives. He explained conceptualization of a new bond indenture structure is being examined by CRRA.

Vice-Chairman O'Brien stated the Legislature needs to be addressed concerning the unfunded mandates. He stated CRRA does not have the resources to pay for the mandates, nor can they raise the necessary funds from current projects. He stated the legislature needs to be made aware of the situation and either give the responsibility to the appropriate designee, and/or provide the funding for the required mandates.

Director Savitsky agreed that the Legislature should be approached with a well developed plan. She stressed the original plans and outlines of CRRA need to be thoroughly examined before moving forward. Director Savitsky stated goals and intentions for CRRA desired by both the Governor and the General Assembly need to be made clear.

Mr. Kirk stated that the statute makes very clear what CRRA's responsibilities are, along with how they are charged with funding said responsibilities. He acknowledged it did seem unfair that two-thirds of the states are paying for three-thirds of the state's plans. He stated CRRA should recognize that negotiations with the State may involve some strict restrictions if efforts to change the plans are broached.

Director Lauretti stated that despite negative public relations CRRA has a responsibility to bring a well thought out plan for funding and moving forward to the Legislature.

Mr. Egan stated CRRA is submitting the Annual Plan of Operations to the Commissioner of the CT DEP for review and discussion. He explained that enabling legislation gives CRRA the authority to discharge their mission on a self-sustaining basis. Mr. Egan stated that legislation gives CRRA the authority to obtain the money necessary to fund long-term initiatives from its' customers.

After a substantial discussion, the Finance Committee agreed that a proposed plan with multiple funding sources should be broached to the Legislature, and agreed the approach may have to continue through several legislative sessions. The Committee agreed that the discussion should be brought to the full Board for further discussion before finalization.

3. Review and Recommend for Board Approval – General Fund Budget

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

RESOLVED: That the fiscal year 2009 General Fund Operating and Capital Budgets be adopted substantially in the form as presented and discussed at this meeting.

The motion was seconded by Director Martland.

Vice-Chairman O'Brien asked that the appropriation for Environmental Consulting Services be reduced by \$600,000. He stated e-waste; organic waste, rail and bale need to be examined for possible sources of funding. Vice-Chairman O'Brien stated he felt \$150,000 is adequate.

Mr. Kirk stated the CRRA plan is to move out of the old project mentality. Chairman Pace stated CRRA is not yet in the organic waste recycling business. He stated electronics and other new initiatives are the best marketplace for CRRA to enter into. Mr. Kirk stated the biggest issue faced by CRRA is capacity as it relates both to burning and transportation.

Director Savitsky asked what items would be cut if the Environmental Consulting Services budget is cut. Mr. Bolduc stated corporate structure initiatives would be skipped, which include financing and by-law issues. Mr. Kirk stated that for the Board meeting a preliminary plan outlining goals and costs concerning the General Fund Budget will be made available.

Vice-Chairman O'Brien withdrew his earlier proposed amendment for a reduction in the Environmental Consulting Services line item.

Chairman Pace stated work is still being done on the Bridgeport project. Chairman Pace asked if CRRA is moving forward with recycling enhancements. Mr. Egan stated that CRRA has a consultant lined up to examine the Mid-Conn facility to consider the possibility of dismantling electronics there. He stated another scope of work is being developed to have another consultant assist CRRA in focusing on other possible recycling areas.

Mr. Kirk stated that a briefing on strategic steps for CRRA for the next six months will be provided for the December 20, 2007 Board Meeting.

The motion previously made and seconded was approved unanimously.

NEW HARTFORD UPDATE

Ms. Hunt stated the \$35.8 million from the New Hartford Settlement went from CRRA's STIF account into Attorney Golub's client funds account on Thursday, December 13, 2007. She stated CRRA filed a request for a stay of part of the funds with the Supreme Court, which Attorney Golub filed an objection to by the day's close. Ms. Hunt explained that CRRA has asked the Supreme Court to stay the distribution over the amount of the \$14.8 that the CRRA Board had approved, or at the very least attorney's fees on the \$14.8 million. Ms. Hunt explained there is currently no hold on Attorney Golub from distributing the money to the towns and the gag order is still in place until the distribution of the money is made.

STIF UPDATE

Mr. Bolduc provided an update on developments at STIF. He stated the STIF may have an exposure of \$100 million on one investment. Mr. Bolduc explained about 7% of the STIF money was invested with regard to the sub-prime mortgage exposure. Mr. Bolduc explained the

Treasurers' Office has stated they have \$52 million dollars in reserve to offset potential losses; however that if the reserve has to be paid out it will need to be paid back over time. Mr. Bolduc stated he had serious questions over how the decision was made at the Treasurer's office to invest in such a questionable area and any potential future investments with STIF will necessitate considerable discussion. There was substantial discussion on other possible areas of safe investment.

ADJOURNMENT

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

The meeting was adjourned at 10:55 a.m.

Respectfully submitted,

Moira Kenney
Secretary to the Board/Paralegal