

**Finance Committee
July 19, 2007 Regular Meeting**

Minutes

Members Present: James Francis, Committee Chairman
Raymond O'Brien, Committee Vice-Chairman
Edna Karanian
Mark Lauretti (Present by telephone beginning at 9:45 a.m.)
Theodore Martland

Board Member Present: Linda Savitsky

CRRA Staff Present: Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Bettina Bronisz, Assistant Treasurer & Director of Finance
Robert Constable, Controller
Tom Gaffey, Director of Recycling and Enforcement
Floyd Gent, Director of Operations
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 June 21, 2007 Finance Committee Meeting

Chairman Francis requested a motion to accept the minutes of the June 21, 2007 Finance Committee meeting. The motion was made by Vice-Chairman O'Brien and seconded by Director Martland.

The minutes were approved unanimously by roll call.

2. Review and Recommend for Board Approval Resolution Regarding Write-Off of a Receivable for the Bridgeport Project

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

RESOLVED: That management is authorized to write-off the uncollected receivable balance of \$8,521.69 for the Town of Bethany and \$22,411.39 for the Town of Woodbridge related to the outstanding invoices for the municipal share credit benefit inappropriately received by the two towns.

FURTHER RESOLVED: That the President of the Authority is hereby authorized to take all further actions and to execute any and all documents reasonably required to accomplish the proposed settlements and write-offs.

Director Martland seconded the motion.

Mr. Bolduc stated that this is an issue that has been going on for some time now. Mr. Bolduc explained that CRRA contacted the Mayor of East Haven who referred CRRA to the City Attorney. Mr. Bolduc said that CRRA's counsel, Attorney Zitser, then contacted the City Attorney and responded with a confidential e-mail regarding East Haven's position on settlement of the matter. Mr. Constable stated that Attorney Zitser told him that it seems that the only other way to resolve this issue with East Haven would be to initiate a lawsuit. Mr. Constable said that if CRRA decides to accept East Haven's proposal, the settlements with the other towns should be reduced accordingly so they are comparable.

Mr. Bolduc said that, while the information relating to the proposed settlements is public information, the Committee might want to go into Executive Session to discuss strategy. Chairman Francis requested that further discussion relating to this item be postponed until Executive Session.

3. Discussion Regarding Mid-Connecticut Project Recycling Revenue Sharing Program

Mr. Gent gave a brief overview of the program, stating that the Board approved a \$10 per ton credit in the budget to be returned to the towns for recyclables delivered. Before implementing this program, management was requested to review the details with the Finance Committee.

Mr. Gaffey stated that the new business structure of the recycling at the Mid-Connecticut Project has generated a guaranteed stream of revenue of \$29.06 for every ton of recyclables delivered and additional guarantees on the split revenue of commodity sales.

Mr. Gaffey noted that when junk mail was added as an acceptable item for recycling, some of the towns already had existing contracts for sale of their valuable recyclables. In addition, Mr. Gaffey said that the nature of the current recyclable commodity market is continually enticing private haulers to aggressively pursue these commodities. Mr. Gaffey said that CRRA did some research and discovered that private haulers were offering the towns rebates or reduced hauling charges for paper that was turned over to the private haulers, which resulted in lost revenues for the Mid-Connecticut Project system. Mr. Gaffey noted that towns that were delivering their fiber to private haulers were not in compliance with their contract with CRRA and said that most towns have since come into compliance. To meet the market demand, management proposed this revenue sharing program.

Mr. Gaffey informed the Committee that he is proposing that each town receive a six-month tonnage status report. This will allow the towns, during their budget season, to project revenue resulting from the program. At the end of CRRA's fiscal year, an annual report would be issued to each town and a check would be sent.

Director Karanian asked how management came up with the \$10 per ton figure. Mr. Gaffey responded that \$10 per ton would still allow enough of a revenue stream to meet expenses and for CRRA to run the facility. Mr. Gent added that \$10 was the approximate delta between what towns would have to pay to recycle commingled containers and what they would receive in revenues from selling their fiber. Director Karanian asked how long CRRA would commit to the \$10 per ton. Mr. Gent responded that this would continue through the budget year and be reassessed at the end of each year.

A lengthy discussion ensued regarding the recycling contracts between the towns and CRRA and the effect flow control can have on the town's ability to ensure recyclables are delivered to the CRRA facility.

Mr. Kirk noted that one of the motivations for this program is preventing the diversion of valuable recyclables. Mr. Gent said that a key piece of preventing diversion would be a certificate signed by each Mid-Connecticut Project chief elected official or an authorized representative. The certificates, which state that the town is in compliance with its contract with regard to recyclable deliveries, would be sent to CRRA at the end of the year as a condition of receiving a revenue sharing check.

Chairman Francis asked what other purpose is served by the certificate. Mr. Gent responded that an affirmative statement signed by the CEO or authorized representative would give CRRA the assurance that the chief elected officials are cognizant of where the recyclables are going. Mr. Gaffey added that if a town does not have an ordinance that directs where recyclables will be delivered, by signing the certificate the town is also agreeing to adopt such an ordinance. Mr. Gaffey stated that haulers would also have to agree not to solicit the towns for recyclables in order to obtain a permit. Director Karanian said that it seems the certificate raises the awareness at the higher levels of the town and gives the town the opportunity to ensure they are in compliance with the contract. Chairman Francis stated that he thinks the goodwill of the revenue sharing program would be lost if the certificate were to be required. Vice-Chairman O'Brien stated that he is also concerned that it might appear as if a town is not in compliance with their contract if the CEO chose not to send in the certificate because the amount of revenue to the town would be insignificant, when the town may in fact be in compliance. Mr. Kirk said that the certificate would also clarify the towns' obligations under the contract, especially with regard to the recent change adding junk mail to the list of acceptable recyclables.

Director Karanian stated that it seems that an educational roll-out would be necessary to see that all of the towns understand the intricacies of the program. Director Savitsky said that management needs to realistically look at the priorities of the CEOs to determine if the certificate will actually accomplish what CRRA wants it to do. Mr. Kirk stated that, absent the certificate, the determination of which towns are in compliance would be left to management's discretion. The certificate gives a more objective method of ensuring compliance.

Following a very detailed conversation about the pros and cons of utilizing the certificate, the Committee concluded that the program should go forward without the certificate and management will continue working on a way to ensure compliance.

4. Executive Session

Chairman Francis requested a motion to enter into Executive Session to discuss pending litigation with appropriate staff. The motion made by Director Martland and seconded by Director Karanian was approved unanimously. Chairman Pace requested that the following people be invited to the Executive Session in addition to the Committee members:

Director Savitsky
Tom Kirk
Jim Bolduc

The motion previously made and seconded was unanimously approved by roll call.

The Executive Session began at 10:25 a.m. and concluded at 11:00 a.m. Chairman Francis noted that no votes were taken in Executive Session.

The meeting was reconvened at 11:00 a.m.

ADJOURNMENT

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

The meeting was adjourned at 11:00 a.m.

Respectfully submitted,

Kristen B. Greig