



**Meeting Minutes of the
Connecticut Port Authority
Finance Committee**

Tuesday, December 16th (1:00 P.M.)

**New Haven City Hall
165 Church St, Meeting Room 2
New Haven, CT 06510**

DRAFT Minutes

Present: David Kooris, John Johnson, Parker Wise, Daniel Krupnick, Don Frost, Judi Sheiffele

Phone: Jeff Beckham

CPA Staff: Andrew Lavigne; Casandra Berthiaume

Additional Guests/Presenters: Bob Dakers; Ann Harter (phone); Paul Whitescarver

1. Call to Order

Mr. Kooris called the meeting to order at 1:11 pm.

2. Minutes:

A motion by Mr. Johnson to accept the minutes and was seconded by Mr. Krupnick. Motion passes.

3. Public Participation relating to Agenda Items: None

4. Expanding Scope of Committee to Include Operations:

The Committee discussed expanding the scope of the Finance Committee to include Finance and Operations – a structure that is mirrored by other quasis, including the Connecticut Airport Authority. Mr. Kooris stated that in the absence of other committees, the Finance Committee is best suited to take on this broader role. In taking on this expanded scope, the Committee will be responsible for reviewing the draft policies and procedures recommended by the Auditors of Public Accounts (APA) audit report and recommendations for corrective action made by the team at Office of Policy and Management (OPM) and forwarding suggestions on to the full CPA board. The Committee agreed to take on the additional responsibility.

5. Operations Update:

a. Financial Report YTD:

Ms. Berthiaume stated that the finance report circulated to the Committee does not include any bond funds. The \$400,000 annual appropriation is included. Mr. Johnson asked if the revenues outlined in the report reflects cash in the bank/total income. Ms. Berthiaume said yes except for the annual appropriation, which stays in the CORE-CT system and is swept for staff payroll. Ms. Berthiaume confirmed that the year-to-date figures included in the report reflect the period from July 1st to November 30th.

Ms. Berthiaume said that the BlumShapiro audit for FY19 has started. She stated that we just received a bill from them \$5,900 in regards to FY18, for “extra work performed.” She is going to discuss further with BlumShapiro regarding the bill, as it did not include a detailed breakdown outlining the services/hours associated with the total.

Ms. Berthiaume said Communications and Outreach is running below projected. Mr. Kooris said we should think about how we should budget this line item going forward, since this year was such an anomaly. As a result, expenditures from the current year won’t be a good marker for budgeting for next year.

Mr. Whitescarver suggested CPA set up a budget outline for bond fund allocations, since currently there isn’t a system for that. Mr. Johnson asked if there were any guidelines stating what percentage of the bond money goes towards items like counsel/legal? Mr. Kooris said there should be industry standards that we can look to benchmark against. Mr. Krupnick said there may be a point of contact on his team who does state bonding and would be able to walk CPA through some of those benchmarks. CPA will also reach out to several quasis to determine how they budget their bond allocations.

b. Budget Projections:

Ms. Berthiaume said there are a few budget lines that show a surplus. For example, CPA did not budget revenue for Dockage and Wharfage because, at the time the FY20 budget was prepared CPA didn’t know what the baseline would be. Mr. Lavigne stated that under the Concession Agreement with Gateway, CPA receives 50% of dockage and wharfage fees associated with vessel traffic at the State Pier.

A question was raised regarding Variable Revenue. Mr. Lavigne explained that per the Concession Agreement CPA gets variable revenue from Gateway equal to the greater of either seven percent (7%) of the Gross Revenues or the Minimum Annual Guarantee (MAG). The MAG is equal to \$500,000 and is paid to CPA in quarterly installments of \$125,000. Mr. Kooris asked why the FY20 budget included two rather than three quarters for the year? Mr. Lavigne explained that the budget initially contemplated Gateway vacating the terminal in January 2020, when construction was projected to begin. Mr. Kooris said he is confident that construction will not begin until after March and asked Ms. Berthiaume to add an additional quarter to the projection, which would raise the projected amount to \$375,000 for FY20.

Ms. Berthiaume stated that we are receiving monthly payments for the dockage and wharfage as required per the Concession Agreement. These payments are made in addition to those received from the variable revenue.

Ms. Berthiaume asked about the \$2.5 million payment budgeted to come from Ørsted/Eversource on execution of the Harbor Development Agreement (HDA). Mr. Kooris said to budget \$1.25 million for this year. In the HDA, Ørsted/Eversource agree to cover CPA operating expenses during construction, since

we will not have a revenue source during the construction period. The \$2.5 million originally contemplated in the FY20 budget was for the entirety of the one-time payment, which was meant to cover two years; but we shouldn't be booking all of it for this year. The full payment may go into escrow, but it won't come to us this year. The \$1.25 million is what would we get this fiscal year if the agreement is executed.

Mr. Kooris asked what we have in surplus. Ms. Harter stated we started the year with \$944,000 in surplus. Depending on how we end this year, the surplus should be around \$587,000. Ms. Harter said by June 2020 we should have around \$1.5 million in surplus.

c. Annual Budget Amendment:

Ms. Berthiaume will revise CPA budget based on earlier discussion and re-circulate to the Committee.

d. Legal RFP Update:

Mr. Dakers said we've received questions from two firms and there have been 3-4 firms that have expressed interest. The deadline for submission of responses to the Request for Proposals is January 10th.

e. CPA Banking Options:

Mr. Whitescarver stated that CPA currently uses Essex Savings Bank. It would be helpful to understand which banks the other quasias use and determine which institution offers the best capabilities to suit CPA's needs.

Now that the APA audit is complete, Mr. Dakers stated CPA should advance conversations regarding investment of its bond funds into Short-Term Investment Fund (STIF) managed by the State Treasurer. Ms. Berthiaume will revisit.

6. Office of Policy and Management (OPM) Update:

Mr. Dakers said we've been working on a number of draft policies. Everything is progressing nicely relative to prior corrective action timelines.

a. APA Audit Report Corrective Action Status:

b. Draft Policy Review:

i. Accounting Policy and Procedure Manual

Mr. Dakers said there's a draft that will need a little more work.

ii. Surplus Funds

Mr. Dakers said this policy is required by statute and we were cited in the audit for not having done it. It relates mostly to operating surplus.

A motion by Mr. Johnson to advance to the board and was seconded by Mr. Beckham. Motion passes.

iii. Employee Handbook

Mr. Dakers suggests the following amendments to the handbook that was previously approved by the CPA board in 2017:

1. Employees at Will: A modification that requires the full board to approve entering into employee agreements and/or waiving employment welfare.
2. Evaluations of the Employees by the Supervisors and/or Executive Director shall occur in the 120 days following the end of the fiscal year.
3. Conflict of Interest: Will highlight that provisions would also pertain to family members.
4. Time Sheet and Recording Work Time: Mr. Dakers stated there is no accrual time listed in the handbook or anything set up for bereavement, maternity or vacation. He suggests moving to a general accrual system. This would propose accrued vacation time and do away with Paid Time Off. Sick time accruals would also continue. Vacation Accruals are proposed to be:
 - a. 0-9 Years – 15 days a year
 - b. 10-20 Years – 20 days a year
 - c. 25+ Years – 25 days a year

Bereavement Leave would be up to up to 5 days for immediate family member, 3 days for non-family member but it would come out of your sick leave.

Personal Leave would remain at 3 days a year.

A motion by Mr. Johnson to advance to the board and was seconded by Mr. Wise. Motion passes.

iv. Travel and Entertainment

1. Employee Policy

Mr. Dakers stated that the policy would require pre-travel and post-travel approval.

2. Board Member Reimbursement Policy for such member's actual and necessary expenses incurred during the performance of such member's official duties.

Mr. Dakers stated that the IRS rate would be used. These would only be for CT Port Authority meetings and business.

Mr. Johnson asked if this would include parking. Mr. Dakers said that said would be

allowed.

A motion by Mr. Johnson to advance to the board and was seconded by Mr. Kooris. Mr. Krupnick was absent for the vote. Motion passes.

v. Use of Outside Legal Services

Mr. Dakers stated this is specifically for larger specialty firms not on retainer. This would be approved by the Executive Director.

A motion by Mr. Johnson to advance to the board and was seconded by Mr. Wise. Motion passes.

vi. Freedom of Information Act

This policy will affirm CPA's commitment to follow the state's FOIA policy. Mr. Lavigne stated that this will also establish the rate - 25 cents per page - the Port Authority would charge requestors if documents need to be printed. This policy is still in progress.

vii. Affirmative Action and Equal Employment Opportunity

Mr. Dakers said that the audit finding stated that the Executive Director shall propagate procedures. A draft memo has been prepared to be sent by David Kooris to the board and staff outlining procedures. The memo will be circulated in the near future. Board and staff will be required to sign the document to confirm receipt of the policy.

7. Consultant Updates

a. Whittlesey

Mr. Dakers said the report should be out very shortly. This will be handed out at the next board meeting on January 21st.

b. Mr. Whitescarver

Mr. Whitescarver stated he will continue to work on the policies and intimated that, because he has worked less on the HDA, he would be able to stretch his current contract to cover for Mr. Lavigne's absence during his paternity leave.

c. Ms. Harter

Ms. Harter said they have been working on the Accounting Policy Handbook.

8. Discussion of Blum Shapiro Audit (In Progress)

Ms. Berthiaume said the audit has officially begun and she has been providing the auditors with requested documents.

9. Discussion of eDiscovery Services/Vendors

Mr. Lavigne said CPA is waiting on a response from a state vendor that offers eDiscovery services. We are waiting to receive a price sheet to see if we will be able to utilize this service.

CPA continues to collect documents responsive to an August FOIA request, which is the largest FOIA request CPA has ever received. CPA has identified 6,780 responsive staff emails, in addition to emails received from CPA board members. The staff emails and accompanying attachments still need to be extracted and reviewed for possible redactions. CPA's IT vendor has been assisting in troubleshooting the file extraction to expedite the process. Mr. Kooris asked if there were any outside sources that CPA could use for redacting instead of having to use CPA counsel and office employees.

10. Old Business

a. Pilot Commission 6% Update

Mr. Whitescarver said he went to the last CT Pilot Commission meeting and they requested CPA return the entire 6%. Mr. Whitescarver explained that is not an option, because there are CPA costs associated with providing administrative support to the Commission. This issue has been tabled until another option is presented to CPA by the Commission.

11. Approval of Finance Committee 2020 Schedule

Mr. Lavigne noted that the full CPA board voted at their last meeting to hold future board meetings on the third Tuesday of the month. That is the same date that the Finance Committee has traditionally met. The Committee discussed the merits of leaving the Committee meeting date on the third Tuesday of the month and meeting prior to or after future board meetings.

12. Adjournment

A motion by Mr. Johnson to adjourn and was seconded by Mr. Kooris at 4:06 P.M.