

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**FOUR HUNDRETH AND THIRTY-FIFTH**

**FEBRUARY 26, 2008**

**DRAFT MINUTES**

An emergency telephonic meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Tuesday, February 26, 2008 at 100 Constitution Plaza, Hartford, Connecticut, due to the immediate need to take action on the Mid-Connecticut Project budget.

Those present by telephone were:

Directors:     Chairman Pace  
                  Mark Cooper  
                  James Francis  
                  Michael Jarjura  
                  Edna Karanian  
                  Theodore Martland  
                  Raymond O'Brien  
                  Linda Savitsky

Present at 100 Constitution Plaza from the CRRA staff:

Tom Kirk, President  
Jim Bolduc, Chief Financial Officer  
Michael Bzdyra, Government Relations Liaison  
Robert Constable, Controller  
Laurie Hunt, Esq., Director of Legal Services  
Paul Nonnenmacher, Director of Public Affairs  
Moirra Kenney, Secretary to the Board/Paralegal

Chairman Pace called the meeting to order at 2:08 p.m. and stated that a quorum was present.

**RESOLUTION REGARDING THE ADOPTION OF THE FISCAL YEAR MID-CONNECTICUT PROJECT OPERATING BUDGET, TIP FEES AND CAPITAL BUDGETS**

Chairman Pace requested a motion regarding the above-captioned matter. The following motion was made by Director Francis:

**RESOLVED:** That the proposed fiscal year 2009 Mid-Connecticut Project operating budget be adopted substantially in the form presented and discussed at this meeting.

**FURTHER RESOLVED:** That the following tip fees be adopted for the fiscal year 2009 operating budget; and

<b>WASTE STREAM</b>	<b>PER TON TIP FEES</b>
Municipal Solid Waste (MSW)	\$72.00
Metals (1)	\$75.00
Bulky Waste – Municipal (1)	\$40.00 - \$85.00
Bulky Waste – Commercial (1)	\$40.00 - \$85.00
White Goods (Metals) (1)	\$74.00
DEP Certified Materials	\$95.00
Non-Processible Waste Fee (1)	\$40.00 - \$85.00
Non-Municipal Mattress Surcharge ( <i>Per Unit Fee</i> )(1)	\$15.00
Recycling Tip Fee	\$00.00

(1) Pricing for the period July 01, 2008 through December 31, 2008

**FURTHER RESOLVED:** That the President is hereby authorized to approve the use of funds from the following Mid-Connecticut Project Reserves, as appropriate, to pay for costs and fees incurred during fiscal year 2009 in accordance with the capital budget adopted pursuant hereto, substantially as presented and discussed at this meeting, provided that all purchases of goods and services shall comply with the requirements of the Authority's Procurement Policy:

Landfill Development Reserve  
Hartford Landfill Closure Reserve  
Rolling Stock Reserve  
South Meadows Site Remediation Reserve  
Facility Modification Reserve  
Recycling Reserve

The motion was seconded by Director O'Brien.

Chairman Pace noted the announcement by Governor Rell of the Bond Commission scheduling of \$3 million grant to the Mid-Connecticut Project for closure of the Hartford Landfill. The Chair was pleased to now have the ability to reconsider some previous determinations and assumptions in the proposed budget.

Director Francis stated the Finance Committee had discussed the two options before the full Board at length. He stated the first option before the Board was for a split tip fee with a \$76.00 cost for the municipalities and \$72.00 cost for the haulers. Director Francis stated the second option before the Board was for a straight \$72.00 tip fee for everyone. He stated he fully supported the resolution for the \$72.00 fee.

Director Francis stated the Finance Committee had reviewed possible consequences resulting from each option at length. He stated there were some legal questions regarding the split tip fee option. Director Francis stated the Finance Committee arrived at the \$72.00 straight tip fee by reducing the Hartford Landfill closure reserve by \$1 million. He stated an additional \$1 million was taken out of MDC's operating costs which left MDC with a 5.4% increase.

Director Francis stated further reduction in the tip fee was a result of a deferral of funds for the facility modification reserve contribution. Director Francis explained the original \$6 million for the facility modification reserve contribution has been reduced to \$5 million. He stated unless extra revenue and surplus are found to replace the \$1 million the intent is to defer the amount until the following year. Director Francis stated the Board felt strongly about moving forward with the modifications; which may be delayed as a result of this reduction.

Director Francis reviewed further reductions in the net operating costs used to lower the original tip fee proposal. Director Francis stated the recycling credit to the project member towns which was scheduled to go to \$11.00 was left at \$10.00. He stated because the construction for single stream recycling wouldn't be completed until FY'09 the \$400,000 for a marketing campaign will be reduced by \$240,000, leaving \$160,000 in the account. Director Francis stated that the total \$3.3 million reduction brings the tip fee for all parties down to \$72.00.

Director O'Brien stated that although he was in support of the motion on the table, he still had concerns about the reductions. He stated the facility modification reduction deferral required an emphasis be given to the member towns on the importance of implementing a flow control ordinance. He stated flow control is crucial to protect the waste flow to the resource recovery centers. He stated it was also important to emphasize the recycling rebate available for the towns.

Chairman Pace stated the key element of the meeting is that the Board has reduced the net cost of operations on the expense side.

Director Savitsky asked for a review of the questions she had proposed to the Chairman of the Finance Committee. Mr. Kirk stated the committee had examined Director Savitsky's concerns, the first being tonnage, the second being production rate. Mr. Kirk stated the concerns counterbalance one another, one increasing net cost, and the other decreasing net costs. Mr. Kirk confirmed the production rate is aggressive in comparison to years past. He explained with the capital investments that have been made as well as the expenses undertaken that CRRA is confident the numbers can be reached.

Mr. Kirk stated on the waste side the impact to the bottom line from a change in tonnage is not as substantial as one may think. He stated the number being projected is higher than expected by current trends and history would suggest declining receipts if a recession were to emerge. Mr. Kirk stated management found postponing and deferring the capital expense and maintaining the 830,000 tons was the most defensible action to be taken.

Mr. Kirk explained this is because the project currently exports 60,000 tons. He explained in order to get a meaningful change in revenues and expenses a substantial change to deliveries would need to be made.

Director Savitsky stated she appreciated the comments and supported the motion on the table. She stated she was concerned with the economic trends affecting CRRA and wanted to ensure the flexibility needed in the situation was available.

The committee discussed the impact economic trends may have on the deliveries at length.

Mr. Bolduc stated in terms of the economic factors that there were many issues which may influence the numbers. He stated management has begun a very detailed study on the factors affecting deliveries, such as moisture and a possible recession.

Mr. Bolduc stated in terms of flexibility that once a budget is set there isn't a way to go back and alter the numbers. He stated unless there is a reserve or surplus the impact of the projection can only lead to a deficit during the current fiscal year. He stated management has begun exploring a line of credit should such a problem occur.

Mr. Kirk stated Director Savitsky's concerns are shared by CRRA management. He stated there was some security in the fact that CRRA is currently exporting nearly 60,000 tons. Mr. Kirk explained that those 60,000 could be lost due to economic down turn and the loss would balance net off on expenditures. Mr. Kirk stated deliveries and expected improved performance on the power side, as well as MDC's performances are all questionable areas. Mr. Kirk stated there were a limited number of line items that are discretionary.

Director Martland asked if it looked like funds would be coming in from global settlements. Mr. Kirk replied that CRRA's lawyers anticipate money from those settlements, but as to when is dependent on legal negotiations and the court.

Director O'Brien stated that the CRRA Annual Meeting for February 27, 2008, offers management the opportunity to emphasize to all attendees that the Board was able to reduce the tip fee by reducing the net cost of operations.

The Board discussed the approach necessary for providing information to the attendees of at CRRA's Annual Meeting.

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

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	<b>X</b>		
Mark Cooper	<b>X</b>		
Jim Francis	<b>X</b>		
Michael Jarjura	<b>X</b>		
Edna Karanian	<b>X</b>		
Theodore Martland	<b>X</b>		
Raymond O'Brien	<b>X</b>		
Linda Savitsky	<b>X</b>		

**ADJOURNMENT**

Chairman Pace requested a motion to adjourn the meeting. The motion to adjourn made by Director O'Brien and seconded by Director Savitsky was approved unanimously.

There being no other business to discuss, the meeting was adjourned at 2:32 p.m.

Respectfully submitted,

Moira Kenney  
Secretary to the Board/Paralegal