

**Special Finance Committee
Oct. 3, 2008 Regular Meeting**

Draft Minutes

Members Present: Michael Pace, Board Chairman (present by telephone)
Linda Savitsky, Committee Chairperson
Alan Desmarais
Mark Lauretti (present by telephone beginning 10:22 a.m.)
Theodore Martland (present by telephone)

CRRA Management Present:

Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Jeffrey Duvall, Manager of Budgets and Forecasting
Laurie Hunt, Director of Legal Services
Moirra Kenney, Secretary to the Board/Paralegal

Chairperson Savitsky called the meeting to order at 10:06 a.m. and noted that there was a quorum.

Chairperson Savitsky requested that everyone stand for the Pledge of Allegiance whereupon the Pledge was recited.

1. Review and Discussion of FY'08 and Historical Surpluses

Chairperson Savitsky said that there are two components of the meeting. She explained the first is to discuss FY'08 and the second is to discuss pending litigation in executive session.

Mr. Bolduc reviewed a summary sheet concerning the FY'05-FY'08 surplus review with the Committee. He explained the information was put together to explain why CRRA was running a surplus. Mr. Bolduc said looking forward to the FY'10 budget in February that it is critical for the Board to understand the surplus explanations.

Mr. Bolduc said for practical purposes management sets a budget based on a net cost of operations or cash basis. Mr. Bolduc said running out of cash would result in borrowing from the reserves or operating funds which would require replacement in future years. He said this process could create a roller coaster effect on tip fees.

Mr. Bolduc said that management budgets conservatively. He explained the \$12 million surplus was a result of several factors. Mr. Bolduc said the budget was based on electric revenues and that CRRA did not have a five year contract with Constellation Energy at the time the budget was set. He said the estimate was done based on the 3.3 cent price management knew they could sell the power to CL&P for under the current contractual arrangement. He explained considerable revenue was gained as a result of the contract.

Mr. Bolduc said recycling sales were estimated using the best information available. He said the market for recyclables has fluctuated wildly in the last few months.

Mr. Bolduc said that concerning transportation waste, that waste deliveries were lower than expected which contributed to lower than expected budgeted export fees.

Mr. Bolduc said there was a significant outage in the power block facility which generated a decrease in the revenue share. He said this was a Covanta operational problem. Mr. Bolduc explained as a result there was a decrease in the WPF operating costs primarily due to less waste being processed from the unplanned power block facility outage. He said the economic downturn recession has also led to reduced tonnage.

Mr. Bolduc also said administrative costs and legal costs were lower than expected as well.

Chairperson Savitsky asked if the FY'08 budget was the budget Judge Eveleigh ordered be used to reduce the tip fee. She asked if the positive results reflect the Judges' orders. Mr. Kirk replied that this was correct.

Director Desmarais said that he would recommend that a comment be placed under each explanation stating how much of the surpluses are rolled into each subsequent year. Chairman Pace agreed.

2. Executive Session

Chairperson Savitsky requested a motion to enter into Executive Session to discuss pending litigation. The motion was made by Director Martland and seconded by Director Desmarais. The motion previously made and seconded was approved unanimously by roll call. Chairperson Savitsky requested that the following people remain for the Executive Session, in addition to the Committee members:

Tom Kirk
Jim Bolduc
Jeff Duvall
Laurie Hunt

The Executive Session commenced at 10:25 a.m. and concluded at 11:30 a.m.

The meeting was reconvened at 11:30 a.m., the door was opened, and the Board secretary and all members of the public were invited back in for the continuation of public session.

ADJOURNMENT

Chairperson Savitsky requested a motion to adjourn the meeting. The motion made by Director Martland and seconded by Director Desmarais was passed unanimously.

The meeting was adjourned at 11:30 a.m.

Respectfully submitted,

Moira Kenney
Secretary to the Board/Paralegal