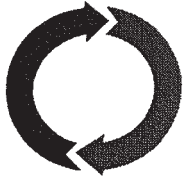


**CRRA**  
**BOARD MEETING**  
**September 25, 2008**



**CONNECTICUT  
RESOURCES  
RECOVERY  
AUTHORITY**

100 Constitution Plaza • Hartford • Connecticut • 06103 • Telephone (860)757-7700  
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## **MEMORANDUM**

**TO:** CRRA Board of Directors  
**FROM:** Moira Kenney, Secretary to the Board/Paralegal  
**DATE:** September 19, 2008  
**RE:** Notice of Meeting

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There will be a regular meeting of the Connecticut Resources Recovery Authority Board of Directors on Thursday, September 25, 2008 at 9:30 a.m. The meeting will be held in the Board Room of 100 Constitution Plaza, Hartford, Connecticut. The meeting will also be available to the public via video conference at the 1410 Honeyspot Road ext. Board room, Second Floor, Stratford, CT.

Please notify this office of your attendance at (860) 757-7787 at your earliest convenience.

Connecticut Resources Recovery Authority  
Board of Directors Meeting

Agenda

September 25, 2008

9:30 AM

I. Pledge of Allegiance

II. Public Portion

A ½ hour public portion will be held and the Board will accept written testimony and allow individuals to speak for a limit of three minutes. The regular meeting will commence if there is no public input.

III. Minutes

1. Board Action will be sought for the approval of the July 24, 2008, Regular Board Meeting Minutes (Attachment 1).

1.a Action Items

2. Board Action will be sought for the approval of the August 21, 2008, Special Board Meeting Minutes (Attachment 2).

IV. Finance

1. Finance Committee Update
2. Board Action will be sought regarding Casualty Proposals (Attachment 3).
3. Board Action will be sought regarding FY '08 Audit Financial Statement (Attachment 4).

V. Chairman's, President's and Committee Reports

A. Chairman's Report

1. Discussion and Review of: Communication to the Towns Regarding the Mid-Connecticut Project Advisory Committee (Attachment 5).

B. President's Report

C. Policies & Procurement Committee

1. Board Action will be sought for the Resolution Regarding Ratification of Emergency Procurement Contracts (Attachment 6).

2. Board Action will be sought for Resolution Regarding the Adoption of the Policy and Procedure for the Distribution of Recycling Rebates to Member Municipalities (Attachment 7).
3. Board Action will be sought for the Resolution Regarding Transportation and Disposal of Process Residue, Non-Processible Waste and Bypass Waste for the Mid-Connecticut Project (Attachment 8).
4. Board Action will be sought for the Resolution Regarding Ash Residue Transportation and Disposal Services for the Mid-Connecticut Resource Recovery Facility, Ash Residue Transportation and Disposal Services for the Wallingford Resource Recovery Facility and Ash Disposal Services for the Preston Resource Recovery Facility (Attachment 9).
5. Board Action will be sought for assignment of Legal Services Agreement (Attachment 10).

VI. Executive Session

An Executive Session will be held to discuss pending litigation, real estate acquisition, pending RFP's, and personnel matters with appropriate staff.



# TAB 1

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**FOUR HUNDRED AND THIRTY-NINTH**

**JULY 24, 2008**

A Regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, July 24, 2008, at 100 Constitution Plaza, Hartford, Connecticut. Those present were:

Chairman Michael Pace

Directors: Mark Cooper  
Michael Jarjura (Present beginning 10:57 a.m.)  
Mark Lauretti  
Theodore Martland  
James Miron (Present by telephone)  
Raymond O'Brien  
Linda Savitsky  
Steve Edwards, Bridgeport Project  
Tim Griswold, Mid-CT Project Ad-Hoc  
Warren Howe, Jr., Wallingford Project Ad-Hoc  
Geno Zandri, Jr., Wallingford Project Ad-Hoc

Present from the CRRA staff:

Tom Kirk, President  
Jim Bolduc, Chief Financial Officer  
Michael Bzdya, Government Relations Liaison  
Peter Egan, Director of Environmental Affairs & Development  
Laurie Hunt, Director of Legal Services  
Tom Gaffey, Director of Recycling  
Chris Hyfield, Human Resources Manager  
Paul Nonnenmacher, Director of Public Affairs  
Mike Tracey, Director of Operations  
Lisa Bremmer, Executive Assistant  
Moira Kenney, Secretary to the Board/Paralegal

Also present were: John Pizzimenti of USA Hauling & Recycling, Cheryl Thibeault of Covanta, Jerry Tyminski of SCRRRA, Michael Harder of the Town of Hebron, Beth Nesteriak of MDC, Andres Ruiz, Michael Bigda, and Kirsten Giguere of CT-N.

Chairman Pace called the meeting to order at 10:05 a.m. and said that a quorum was present.

**PLEDGE OF ALLEGIANCE**

Chairman Pace requested that everyone stand for the Pledge of Allegiance, whereupon, the Pledge of Allegiance was recited.

**PUBLIC PORTION**

Chairman Pace said that the agenda allowed for a public portion in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes.

With no comments from the public, Chairman Pace stated that the regular meeting would commence.

**APPROVAL OF THE MINUTES OF THE JUNE 26, 2008, REGULAR BOARD MEETING**

Chairman Pace requested a motion to approve the minutes of the January 24, 2008, Regular Board Meeting. Director O'Brien made a motion to approve the minutes, which was seconded by Director Cooper.

Director Martland said that in the resolution regarding the Waterbury landfill he requested that the name of the property owner (subsequent to the resolution of the surrounding legal issues) be placed on the record. Mr. Kirk said management is in the process of supplementing the City of Waterbury's attempts to determine ownership of the facility.

Chairman Pace clarified that Director Martland was seeking confirmation of who will own the property subsequent to the closing. Director Miron said that his name was not reflected in the attendance list.

The minutes as amended and discussed were approved by roll call.

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steven Edwards, Bridgeport	X		
Tim Griswold, Mid-Connecticut	X		
Warren H, Howe, Jr., Wallingford	X		
Geno Zandri, Jr., Wallingford	X		

## ADDITION OF DISCUSSION ITEM TO THE AGENDA

Chairman Pace requested a motion to add an item to the agenda. Director O'Brien made the motion which was seconded by Director Martland.

Director O'Brien explained the motion concerns the recycling rebate policy. He explained the item revises CRRA's policy on the recycling rebate from the Mid-Connecticut project to include local charitable organizations and services such as the Boy Scouts and the community at large to be allowed to recycle certain items at certain times of the year in order to use those funds for charitable purposes. He added the motion will request that management form a resolution containing the necessary legal actions and publications to be voted on for the September Board of Directors meeting.

Director O'Brien said the resolution will exclude towns that do not send 100% of their recyclables to the Mid-Connecticut Project and would allow for a specific policy allowing the donation of nickel deposits for charitable purposes.

Chairman Pace said that in Old Saybrook, CT the Boy Scouts would often collect cans and bottles from town members returning such items.

Mr. Kirk said CRRA has a contract with FCR which requires all of the Authority's recyclables to be delivered to the processing center. Mr. Kirk said CRRA's Director of Recycling, Tom Gaffey, had discussions with FCR which have indicated favorably via policy changes that makes a narrow exception for nickel deposit containers that are currently donated to charity. Mr. Kirk said this cooperation is much appreciated as it is a significant commodity which can be beneficial.

Mr. Gaffey said he wants to emphasize that this policy is specifically for nickel deposits. He explained aluminum is currently selling at \$1,760.00 a ton and is a valuable commodity. Mr. Gaffey said FCR recognizes and respects if a resident drives to a transfer station and voluntarily donates their bottles and cans to benefit a local charity as that is their decision. Mr. Gaffey said the rebate policy is based on how many tons of commodities are brought in. He said the policy is currently at \$10 a ton and hopefully increases. Mr. Gaffey said there are roughly 8-9 towns currently diverting nickel deposit containers, many of which donate the profits to local charities.

Director Savitsky asked Mr. Gaffey if this policy is enacted if he expected other towns to respond with interest as well. Mr. Gaffey replied in the affirmative.

Director Martland suggested that CRRA explores allowing the towns to also take advantage of any recyclables which are not accepted at redemption centers.

Mr. Kirk says that he presumed the Board intends to approve this policy for all of CRRA's projects including the Stratford facility, Director O'Brien agreed.

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

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steven Edwards, Bridgeport	X		
Tim Griswold, Mid-Connecticut	X		
Warren H, Howe, Jr., Wallingford			
Geno Zandri, Jr., Wallingford			

### **CHAIRMAN'S REPORT**

Chairman Pace said he has asked management to provide project updates in lieu of his report. He stated for the record that the Board is planning a retreat in August to discuss strategic planning for CRRA in the coming year.

The Chairman recognized the Representative of the Southeast Project, Jerry Tyminski. Mr. Tyminski said results gathered at the end of June every year are down by 6%, a figure which is typically balanced by trash from summer communities and the casino. He explained the balance is notably absent this year, which the project can only theorize is due to the softening economy.

Mr. Tyminski said the project is seeking ash disposal for a long term disposal contract. He said ash disposal is currently \$18.00 for every ton delivered and that the Southeast Project would welcome and support a publically owned ash landfill. He said that other than those concerns the project is running smoothly.

The Chairman recognized Director's Howe and Zandri for comments regarding the Wallingford Projects. Director Howe said Wallingford is facing the issue of what to do with trash from its communities when its existing contract with Covanta expires. Director Howe said that the possibility of public ownership is an attractive option up for consideration regarding this project. He said he is aware that management has spent tremendous amounts of time and effort evaluating the many options and that he looks forward to examining the varied proposals.

Director Zandri said that he feels it is very important for the communities which make up the Wallingford Project to explore their options. He said Wallingford has to consider a pilot program which is payment in lieu of taxes to that community for hosting that facility. Director Zandri said that at this point that public ownership is a very attractive and favorable option.

Director O'Brien said that he is a resident of New Milford, and a town council member. Director O'Brien explained that he feels that it is very important that the recycling stations and transfer stations properties once owned by Mr. Galante be separated out and become publically owned properties to service that area. He explained public ownership will allow the rate payers of the Housatonic Resources Recovery Authority (hereinafter referred to as "HRRRA") to pay only operating costs.

Director Martland asked if CRRA is pursuing that issue. Mr. Kirk said that management has received direction to back stop the HRRRA efforts as their Board is aggressively pursuing the justice department's separation of the assets and financing for the transfer station. Mr. Kirk said that CRRA is ready to help and assist HRRRA in doing this, and brings financing and experience to the table. He said that CRRA is currently looking at options and opportunities, as directed, to have CRRA involved in the ownership of the assets.

Director Martland suggested that HRRRA may not realize that they need assistance from CRRA, the Governor, and/or the Attorney General given the federal government's resistance to splitting up property. Director O'Brien said that HRRRA has asked the Attorney General (and possibly the Governor's office) to make an appeal on their behalf to the justice department. He said he feels HRRRA is aware of the need for that help as well as CRRA's willingness to assist in whatever capacity necessary.

Chairman Pace asked Director Edwards to share his comments on developments concerning the Bridgeport Project. Director Edwards said that he felt their recent meeting was fruitful. He explained most of the CEO's were present to review the contract termination and hopefully the renewal of the contract. Director Edwards said of the 18 towns which make up the Bridgeport project that several have decided to faction off and go their own way.

Director Edwards explained that the 12 remaining towns will form the nexus of a new contract with CRRA. Director Edwards said that CRRA, in cooperation with the existing SWAB Board, is working on negotiations for the existing renewal contract. He said that a draft contract is being finalized and that CRRA has developed MSA's with the SWAB Board which are under review by the individual towns. Director Edwards said that the remaining towns are looking forward to a new contract. He said the next six months will be extremely costly for the project as the tip fee is rapidly approaching \$95.00 a ton. Director Edwards said at the last SWAB meeting he had requested that CRRA be aggressive in checking the various transfer stations in wake of a drop in tonnage, a trend that he expects to continue.

Director Griswold reports that the Mid-CT project is running well for the benefit of the 70 member towns, with the exception of a drop in volume, a trend that is being reflected in all of the projects. He said that he appreciates the efforts of CRRA in providing assistance with the electronics recycling drives which have proven a popular activity.

The Chairman recognized Peter Egan, Director of Environmental Affairs. Mr. Egan said that the Hartford landfill will receive its last shipment of waste on December 31, 2008, after which it will be closed. Mr. Egan said that closure activities began roughly 12 months ago. He explained there are two contracts under way to close approximately 55 acres of the landfill. Mr. Egan said that the closure which concerns the ash area is almost complete. Mr. Egan said the larger contract work will continue into next spring to close an additional 48-50 acres including the area along the west slope by Interstate 91.



Mr. Egan said that next calendar year the bid documents for public solicitation to close the remaining area will be put out, and that those construction activities will likely take place in 2011. Mr. Egan said once the closure activities are completed engineering drawings and certifications that the construction work has been completed properly will be submitted to the CT DEP for certification. He said at that point the landfill will enter its thirty year post-closure monitoring and maintenance.

Mr. Egan said the closure construction costs are in the range of about \$28 million and the post closure care and maintenance activities that will extend for a minimum of 30 years after the final CT DEP certification are estimated to be about \$16 million dollars.

Mr. Egan said the landfill is being closed from a technological standpoint with state-of-the-art engineering closure materials and instruction components. He explained the liners are synthetic plastic liners which are placed over the landfill and supplemented with certain types of soil with various permeabilities designed to either enhance or retard drainage.

Mr. Egan said that most importantly a layer of linear low-density polyethylene will be placed over the entire 96 acres of land form. He explained this is state-of-the-art technology to ensure rainfall is shed off of the landform in the future, minimizing infiltration of rain into the waste mass and the generation of leachate.

Mr. Egan said that post closure use of the Hartford landfill is the decision and responsibility of the city of Hartford. He said that CRRA's responsibility is for ensuring the environmental permits and that post closure care and maintenance activities are undertaken compliantly. Mr. Egan said additional activities, such as public recreational use of the landfill, would be a decision made by the city of Hartford's executive branch and town council. Mr. Egan said CRRA's goal is to support the city and involve itself in the decision-making process with technical expertise and guidance.

Chairman Pace asked Mr. Kirk to discuss the recent meetings between management and the Mayor of Hartford concerning the landfill. Mr. Kirk said CRRA has had a long, two year plus relationship with the city of Hartford concerning closure activities and ensuring the needs of the community are being met. He explained as a result of those discussions that installation of supplemental filtering and air emissions control equipment on all CRRA machinery has been preformed for a substantial benefit to the community. Mr. Kirk said additionally the town has the responsibility and benefit of determining what will be done with the Hartford landfill post closure. He said the mayor has set up a committee to examine those possibilities. Mr. Kirk explained some options for the landfill post-closure include walking trails and wildlife refuges.

Mr. Egan said that the CRRA Board had authorized management to proceed with closing the Waterbury landfill in June. Mr. Egan said the contractors will be out on the site next week to begin construction activities. Mr. Egan explained the Board made a decision to not use a particular closure material from a source in Waterbury. He said management is in the process of identifying another source for the capping material.

Mr. Egan said the future of the Waterbury landfill has yet to be determined. He explained there is an old contract from the 1980's which has been partially executed and provides a provision that the landfill may revert back to the city of Waterbury if they so choose to take it back. He said however, that document was never fully executed to the best of anyone's knowledge and CRRA and the city of Waterbury both have legal counsel examining the issue. Mr. Egan said the final resolution on the validity of that contract is still being explored.

The Chairman recognized Tom Gaffey, Director of Recycling & Enforcement. Mr. Gaffey said single stream at the Mid-Connecticut project is well underway. Mr. Gaffey said the management's contractor is more than halfway through the construction project and is installing new equipment for single stream recycling. He explained management is very pleased with their progress and hopes to be ready for September 1, 2008, to test single stream at the IPC with the new processing equipment.

Mr. Gaffey said that single stream means that instead of putting newspaper and containers in separate bins at the curb, that all of the materials will be placed in a 64 gallon toter which can be wheeled out to the curb. He said that material will then be put into the collection vehicle which transports the material to the Murphy Road facility in Hartford where it is separated and processed.

Mr. Gaffey explained this project has involved a tremendous amount of work from his co-worker Mary Anne Bergenty and the Director of Public Affairs, Paul Nonnenmacher. He said CRRA has been running a pilot project with the City of Hartford and has already seen tonnage from the neighborhoods in the City of Hartford more than double. He explained across the nation in urban and suburban areas there has also been an increase in recycling. Mr. Gaffey said he hopes to have tested the single stream material by the September Board meeting and that many haulers are interested in bringing single stream to other towns in Connecticut.

Mr. Gaffey said that similar to the solid waste contract in the Bridgeport area, that the Southwest Regional Recycling Operating Committee will be undergoing a change. He explained Norwalk, Weston, Wilton, Newton, and Stamford have decided to exit the project. He explained this is primarily due to transportation costs for their recyclables. Mr. Gaffey said the remaining towns will be moving to single stream as well which he anticipates may draw more interest in entering that facility. Mr. Gaffey said the CT DEP recycling goal within the Solid Waste Management Plan is 58% and that he sees single stream as a method of achieving that goal. Mr. Gaffey said that the CT DEP commissioner, Gina McCarthy has also publicly endorsed single stream recycling.

Director Griswold asked Mr. Gaffey to comment on the compaction of the recyclables. Mr. Gaffey said there will certainly be more compaction with single stream by virtue of the way it is collected. Mr. Gaffey said FCR will allow more compaction and it will be watched carefully to avoid a potential problem. Director Griswold noted some of the containers have a forceful ram which may ball up paper and metal. Mr. Gaffey said this will be monitored and accommodated for.

Chairman Pace said those communities which already separate recyclables can certainly continue to do so and that CRRA will attempt to make the methods of collection as easy as possible for the communities.



With regards to electronics recycling, Mr. Gaffey said the most successful electronics recycling events so far was held in Wallingford, CT. He explained there were 1,100 cars at Sheehan High School in Wallingford. Mr. Gaffey said people were very patient given the heat and that two lines of cars were utilized in an attempt to streamline the collection. He said throughout the spring season the Wallingford, Mid-Connecticut Project, and the Southwest Project collections were very successful. Mr. Gaffey said a second phase is being entered into for analysis purposes and a new report is coming in to examine the feasibility of CRRA becoming an aggregate of recyclables. Mr. Gaffey said an older building owned by CRRA may be used and that a consultant is currently examining the possibility.

Chairman Pace noted over the past year management has put a lot of time and effort into developing policies and practices to enhance the collection of deliverables of services throughout the State in order to meet recycling goals. He explained CRRA tries valiantly to educate the public on recycling.

The Chairman recognized Paul Nonnenmacher, Director of Public Affairs. Mr. Nonnenmacher said that CRRA has education programs through the garbage museum in Stratford, and the trash museum in Hartford. Mr. Nonnenmacher said this year both museums are on pace to shatter past records with participation. He explained programs run through the trash museum are up almost 30% in participation and programs to the garbage museum are up over 25%. Mr. Nonnenmacher said that Miss Montanari and her staff have done an excellent job teaching children and adults how to take care of their environment by recycling properly and using innovative ideas.

Mr. Nonnenmacher said the museums are booked well into 2009 and bring immeasurable positive publicity to CRRA. He said earlier this year the *Boston Sunday Globe* did a story on CRRA which was featured on NPR stations. He said CBS news has also come to the garbage Museum to film a story.

Chairman Pace said Mayor Miron of Stratford is working with CRRA to implement a single stream program. Mr. Kirk said the Southwest towns are right behind the Mid-Connecticut towns in attempting to implement single stream. He said that Mayor Miron has requested that Stratford participate as the lead community in finding attempts to implement single stream in his part of the state. Mr. Kirk said there are challenges due to some customers being in subscription services. He said management has hoped to accomplish these efforts by working closely with those cities.

Director Miron said Stratford is a municipal pickup however, with a transfer station and the garbage museum in Stratford it seems like a logical choice to use the town as a model. Director Miron said that he feels passionately about recycling and hopes to keep people motivated and excited economically.

Director Martland said that single stream recycling has a great advantage for Connecticut's cities. He said for example a suburban section of Waterbury separates everything and apartment houses in the center of the city only have one dumpster which does not provide those citizens with a real opportunity to recycle.

The Chairman recognized Mike Tracey, Director of Operations. Mr. Tracey said in the past two years management has made significant efforts to bring the waste processing facility to an exceptional level of performance. Mr. Tracey said a report was commissioned by CRRA solid waste consultant Len Grillo in order to accomplish this task. Mr. Tracey said the report was finished two years ago and focused primarily on repairing processing equipment at the plant. Mr. Tracey said that as a result over a dozen projects (primarily in the area of motors and conveyors) have been completed and show improvement in processing capabilities at the plant. Mr. Tracey said in the last six months the plant has achieved record breakthroughs due to the improved processing capabilities.

Mr. Tracey explained management has been able to shorten hours of processing equipment in the first two shifts by allowing the maintenance people an adequate amount of time on the third shift to maintain the equipment. Mr. Tracey said that in the coming capital year management has identified approximately \$5 million in capital improvements to be implemented at the plant. Mr. Tracey said that roughly \$3.5 million worth will be implemented directly by CRRA. He explained the remaining \$1.5 million will be implemented by MDC. Mr. Tracey said an additional \$800,000 will be invested in new rolling stock equipment at the plant.

Mr. Tracey said the district and the operating staff at the plant have been working closely together to identify specific needs of the facility.

Director Cooper stated he wanted to commend Mr. Tracey and his department for his consistent efforts of maintaining and improving the operations and assets of CRRA so that they may continue to provide service through 2012. He said it is very important for CRRA to be able to provide plants and assets in the best shape possible.

## **PRESIDENT'S REPORT**

Mr. Kirk said the Chairman's Report had covered a majority of his planned report. He said communication efforts and presentations regarding the Wallingford Project's five towns are ongoing. Mr. Kirk said there are three more presentations planned in the next four weeks.

Mr. Kirk said there are currently two options for consideration regarding the Wallingford Project. He said the first option is a fair market value purchase, and the second is a renewal of the existing agreement. Mr. Kirk said a final decision will be made by CRRA and the project member towns.

Mr. Kirk said the Bridgeport facility renewal is in the final stages of contract and MSA review. Mr. Kirk said he was optimistic that both would be available for discussion at the next Board meeting in September.

Mr. Kirk said on the legal front that the Supreme Court will be hearing the appeal of the New Hartford case in September. He said there is a small possibility the hearing could be delayed until October. Mr. Kirk said regardless of a favorable or unfavorable decision, the decision is crucial to CRRA to set a FY'10 tip fee. Mr. Kirk said it is expected that legal arguments from CRRA will request a ruling as soon as possible in order to have this decision available when the Board must calculate tip fees.

Mr. Kirk said CRRA hopes to replace the publicly owned Hartford landfill site with the proposed Franklin ash landfill site. Mr. Kirk said the site is under continued evaluation and examination. He explained if management's assumptions are correct the next step is to prepare to submit an application to the CT DEP for a certificate of need sometime next year.

Mr. Kirk said the certificate of need is a difficult hurdle to accomplish; however considering the fact that there is only 10 years of capacity remaining in the Putnam ash landfill the need is obvious. Mr. Kirk explained although there is space in the Putnam landfill the question is, is it truly available and accessible to the public as it is priced by a private operator in a supply constrained market.

Mr. Egan said that the site was chosen after a year of comprehensive investigations across the State of Connecticut. He said the site was selected in North Franklin, CT and was publicly announced in March of 2008. Mr. Egan said at this point management had its' engineering and environmental consultant begin activities on the site in early April.

Mr. Egan said concurrent with field investigations this spring, management put together three informational meetings and additional communications for the benefit of the public. Mr. Egan said CRRA's environmental engineering contractor, TRC has been performing a variety of activities. He said that preliminary ecological investigations have been completed.

Mr. Egan said the CT DEP requested investigations regarding three threatened and special concern species including a reptile and two plants. He said that specific investigation was commenced in June and will be ongoing for several months. Mr. Egan said other inventory of wildlife has been undertaken and will continue on through the fall and winter as all four seasons of the year impact characteristics and circumstances.

Mr. Egan said that no appreciable wetlands are located in the area being considered for the landfill. Chairman Pace said it is important for the public to understand this is not a landfill for garbage but for ash. Mr. Egan said this is a landfill that will receive ash residue from the State of Connecticut. He explained there are six facilities in CT which generate roughly 550,000 tons of ash residue each year. Mr. Egan said that the Hartford landfill will be closing at the end of this calendar year. He explained the proposed ash residue depository will be owned and operated for 30 years by CRRA and will be designed to accommodate at least 300,000 tons a year of ash.

Mr. Egan said at this point management is seeking any fatal flaws. Mr. Egan said managements' engineers will be looking for such a flaw over the next 3-4 months. Mr. Egan said 10 boorings have been sunk into the site and the bedrock is exceptionally deep. Mr. Egan said to supplement the borings a seismic refractory investigation will take place. He explained this investigation will look at the site in three dimensions underground, using echolocation to locate the bedrock.

Mr. Egan said this information can also determine the depth of the groundwater and to help management understand where the saturated and unsaturated zones are. Mr. Egan explained the location and its' elevation is key in determining if this site will serve as a high yield aquifer. Mr. Egan explained one of the key criteria required by the CT DEP when looking at favorable landfill sites is having an aquifer which is not a potential high yield aquifer.

Mr. Egan said the next step from a subsurface standpoint is to install a production well and some piezometers (which are instruments that measure ground water elevation) He explained the piezometers will be used in conjunction with a pump test to help management better understand the yield of the groundwater. Mr. Egan said concurrently the river and surrounding area will be monitored. He said there are two variables to determining the favorability of a high yield aquifer. Mr. Egan said the first is how much can be pumped out of the ground, and the second is what the recharge rate back into the area is, which in this case is from the surrounding subsurface areas and the Shetucket River. Mr. Egan said this activity will take place during the next several months.

Mr. Egan said that aerial surveys have taken place over the site, and that ground surveys are now being conducted in order to create a three-dimensional map of the site. Mr. Egan said a traffic study has been undertaken, which is still underway. He said traffic is one of the primary concerns of the residents of Franklin CT. Mr. Egan said management is also exploring cultural and anthropological matters by reaching out to the State historical preservation office and asking for guidance.

Mr. Egan said management also reached out to the Mashantucket Pequot and Mohegan Tribe for any information on any Native American tribes which may have been indigenous to the area. Mr. Egan said later this fall cultural and archeological investigative activities will be undertaken. He explained that so far there have not been any issues pertaining to the site.

Chairman Pace said that he feels it important to conduct this overview in order to bring the Board up to date. He explained it is also an opportunity to bring these issues to light for the public. Chairman Pace asked Mr. Egan to walk through a model of how the groundwater will be protected through engineering at the ash landfill site.

Mr. Egan referred to a cross section of the ash landfill a copy of which is attached as "Exhibit A". He noted the section portrayed as the base liner system and the cap system that would be installed in an ash residue landfill. He explained the figure is available for view by the public on the CRRA website as well as on brochures which were mailed to all of the citizens and commercial businesses in Franklin, CT.

Mr. Egan said that when the landfill construction has commenced that the base liner system will consist of a double composite liner system that is made up of two liners. Mr. Egan explained each liner is a composite and consists of a synthetic high density polyethylene plastic material along with a geosynthetic clay liner material which is essentially a plastic matrix impregnated with very low permeability clay. Mr. Egan said this design standard exceeds the standard prescribed by the CT DEP for ash landfill development construction regulations.

Mr. Egan said in addition to these dual composite liners there will be a leachate collection system to collect the rainwater that flows through the ash. He explained this rainwater is collected safely, containerized and transported off site for proper treatment and disposal at a waste water treatment facility. Mr. Egan said the landfill is constructed with a base liner system where ash will be deposited in the landfill in sequences over time in small cells. Mr. Egan said this methodology attempts to minimize the amount of rainfall that contacts the waste mass. He said the landfill cells will be developed in approximately ten acre areas over a long period of time.



Mr. Egan said there is a requirement to install groundwater monitoring wells around the site for early identification of any issues with the site. He explained this landfill will be built with a final cap, just as the Hartford landfill is being capped.

Director Edwards asked if the issue of the ownership of the Milford transfer station had been resolved. He explained there is some language in the contract which identifies Milford as a CRRA transfer station. He suggested in order to move forward with Milford's participation that the SWAB project would like to seek approval through CRRA that the Milford station is treated the same way as the other transfer stations in the area and be returned back to Milford at the close of the contract. Chairman Pace said he and Mr. Kirk would explore these issues.

Director Lauretti said he would like the similar concerns of public ownership of the Shelton transfer station explored as well. Mr. Kirk said that management would prepare for Board consideration of both Milford and the Shelton transfer stations returning to public ownership. He explained the SWAB Board has agreed unanimously to ask CRRA to consider Milford to be like the other project transfer stations which are direct transfer stations independent of any sale or remuneration to the project.

**RESOLUTION REGARDING THE REFURBISHMENT OF PRIMARY TROMMELL DOORS AT THE MID-CONNECTICUT WASTE PROCESSING FACILITY**

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

**RESOLVED:** That the President is hereby authorized to execute an agreement with Construction Network Services, Inc. to refurbish Primary Trommel Doors at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting.

Director Martland seconded the motion.

Director O'Brien noted the expense for the repairs was included in the budget and was identified in the Grillo Report.

Director Savitsky noted for the record that all of the resolutions before the Board have been thoroughly discussed at the Policies & Procurement Committee meeting. Chairman Pace agreed, and noted that all resolutions before the Board have been through either the Finance Committee or the Policies & Procurement Committee Meeting.

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

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Mark Cooper	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steven Edwards, Bridgeport			
Tim Griswold, Mid-Connecticut	X		
Warren H, Howe, Jr., Wallingford			
Geno Zandri, Jr., Wallingford			

**RESOLUTION REGARDING THE REFURBISHMENT OF CONVEYORS CV-126 & CV-226 AT THE MID-CONNECTICUT WASTE PROCESSING FACILITY**

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

**RESOLUTION:** That the President is hereby authorized to execute an agreement with Lydon Millwright Services, Inc. to refurbish Conveyors CV-126 & CV-226 at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting.

Director Martland seconded the motion.

Director O'Brien noted the item was identified by the Grillo Report and as a result the expense was included in the budget for FY'09.

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

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steven Edwards, Bridgeport			
Tim Griswold, Mid-Connecticut	X		
Warren H, Howe, Jr., Wallingford			
Geno Zandri, Jr., Wallingford			

**RESOLUTION REGARDING HVAC SYSTEM IMPROVEMENTS FOR THE CONTROL ROOM / VISTORS AREA AT THE MID-CONNECTICUT WASTE PROCESSING FACILITY**

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

**RESOLVED:** That the President is hereby authorized to execute an agreement with Air Temp Mechanical Services, to implement the HVAC improvements for the Control Room/Visitors Area at the Mid-Connecticut Waste Processing Facility, substantially as presented and discussed at this meeting.

Director Savitsky seconded the motion.

Director O'Brien noted that the project was included in the facility modification reserve for FY'09.

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

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Mark Cooper	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steven Edwards, Bridgeport			
Tim Griswold, Mid-Connecticut	X		
Warren H, Howe, Jr., Wallingford			
Geno Zandri, Jr., Wallingford			

**RESOLUTION REGARDING MUNICIPAL SOLID WASTE EXPORT TRANSPORTATION AND DISPOSAL SERVICES FOR WALLINGFORD AND MID-CONNECTICUT RESOURCES RECOVERY FACILITIES AGREEMENT**

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

**RESOLVED:** That the Board of Directors, in accordance with the Connecticut Resources Recovery Authority's Procurement Policy, hereby approves the contract with We Care Transportation, LLC and Murphy Road Recycling for Municipal Solid Waste Export Services as presented and discussed at this meeting.

Director Savitsky seconded the motion.

Director O'Brien said this resolution provides for the continuation of the agreement with regards to exporting from Wallingford to Mid-Connecticut.

Director Cooper seconded the item for discussion.

Mr. Kirk said that waste generation is a seasonal phenomenon where volumes are higher in the summer and lower in the winter. Mr. Kirk said although the Mid-Connecticut project is over subscribed there are times when the project is short on tons and/or has to many to dispose of.

Mr. Kirk said the performance at the WPF has improved dramatically due to an investment both in management and capital dollars at the facility increasing CRRA's ability to process additional tons in the summer months. Mr. Kirk said that across the board there has been a decline in the amount of garbage generated. Mr. Kirk said the 8% drop across the projects is related to the state of the economy



and combined with the seasonal aspect the two factors result in a drop. Mr. Kirk said the drop in total tonnage will favorably affect the costs associated with exporting tonnage out of the State. He said management accepts and anticipates spending less on exporting tons.

Mr. Tracey said the project award for this resolution was done through a public procurement process. He explained although there is currently a drop in tonnage management suspects the winter outage deliveries to the Mid-Conn facility may require an out of state outlet for garbage.

Mr. Tracey said there are three different bids from haulers and that CWPM's bid was not qualified and therefore disqualified. He explained for purposes of having multiple options it is management's recommendation to award an agreement to Murphy Road Recycling and We Care Transportation.

Chairman Pace asked Mr. Tracey to explain why the CWPM was not able to qualify. Mr. Tracey explained that after receiving the bids management met with each of the bidders. He said that CWPM could not qualify their bid as they were not able to substantiate numbers that they provided and management had to disqualify them.

Director Edwards asked why there was such a large spread between the bids. Mr. Egan replied that the difference is that the disposal location used by Murphy Road is in Massachusetts and We Care travels to a central location in New York state. Mr. Kirk said typically the normal approach to exports is to use the most favorable option first, however as they are capacity limited at times the second option has to be used.

Director Savitsky asked how management would manage that Murphy Road only provided a bid on Ellington. Mr. Tracey replied if exporting was going to Ellington Murphy Road would be utilized first.

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

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steven Edwards, Bridgeport			
Tim Griswold, Mid-Connecticut			
Warren H, Howe, Jr., Wallingford			
Geno Zandri, Jr., Wallingford			

**RESOLUTION REGARDING REVISION SECTION 4.2 OF THE CONNECTICUT RESOURCES RECOVERY AUTHORITY'S WALLINGFORD PROJECT PERMITTING, DISPOSAL AND BILLING PROCEDURES**

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

**RESOLVED:** That the Board hereby approves the revision to Section 4.2 of the Wallingford Project Permitting, Disposal and Billing Procedures, substantially as presented and discussed at this meeting.

Director Savitsky seconded the motion.

Director O'Brien noted that the purpose of this change is to enhance the joint efforts of the Wallingford Committee and CRRA to minimize the financial impact on the Town of Wallingford for transporting their waste to the Wallingford facility. He explained the resolution specifies the routes which will be taken as well as the fines which will be levied for violations.

Director Zandri asked how the fine system will be enforced. Mr. Kirk replied that there is a dedicated enforcement agent at the Wallingford facility. He said that the permanently assigned officer is supplemented with additional help when necessary.

Mr. Gaffey said this truck route regulation has been enforced and that this policy closes a loop hole with regards to trucks that are picking up within the boundaries of Wallingford and holds those haulers to the same restrictions. Mr. Gaffey said the corporation council committed to our council that the City of Waterbury is also willing to offer police efforts to assisting with enforcement issues.

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

<b>Directors</b>	<b>Aye</b>	<b>Nay</b>	<b>Abstain</b>
Michael Pace, Chairman	X		
Mark Cooper	X		
Michael Jarjura	X		
Mark Lauretti	X		
Theodore Martland	X		
James Miron	X		
Raymond O'Brien	X		
Linda Savitsky	X		
<b>Ad-Hocs</b>			
Steven Edwards, Bridgeport			
Tim Griswold, Mid-Connecticut			
Warren H, Howe, Jr., Wallingford	X		
Geno Zandri, Jr., Wallingford	X		

**EXECUTIVE SESSION**

Chairman Pace 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 Savitsky was approved unanimously by roll call. Chairman Pace requested that the following people be invited to the Executive Session in addition to the Directors:

Tom Kirk  
Jim Bolduc  
Laurie Hunt, Esq.  
Paul Nonnenmacher

The Executive Session began at 11:45 a.m. and concluded at 12:44 p.m. Chairman Pace noted that no votes were taken in Executive Session.

The meeting was reconvened at 12:44 p.m., the door was opened, the Board secretary and all members of the public were invited back in for the continuation of public session.

**ADJOURNMENT**

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

There being no other business to discuss, the meeting was adjourned at 12:45 p.m.

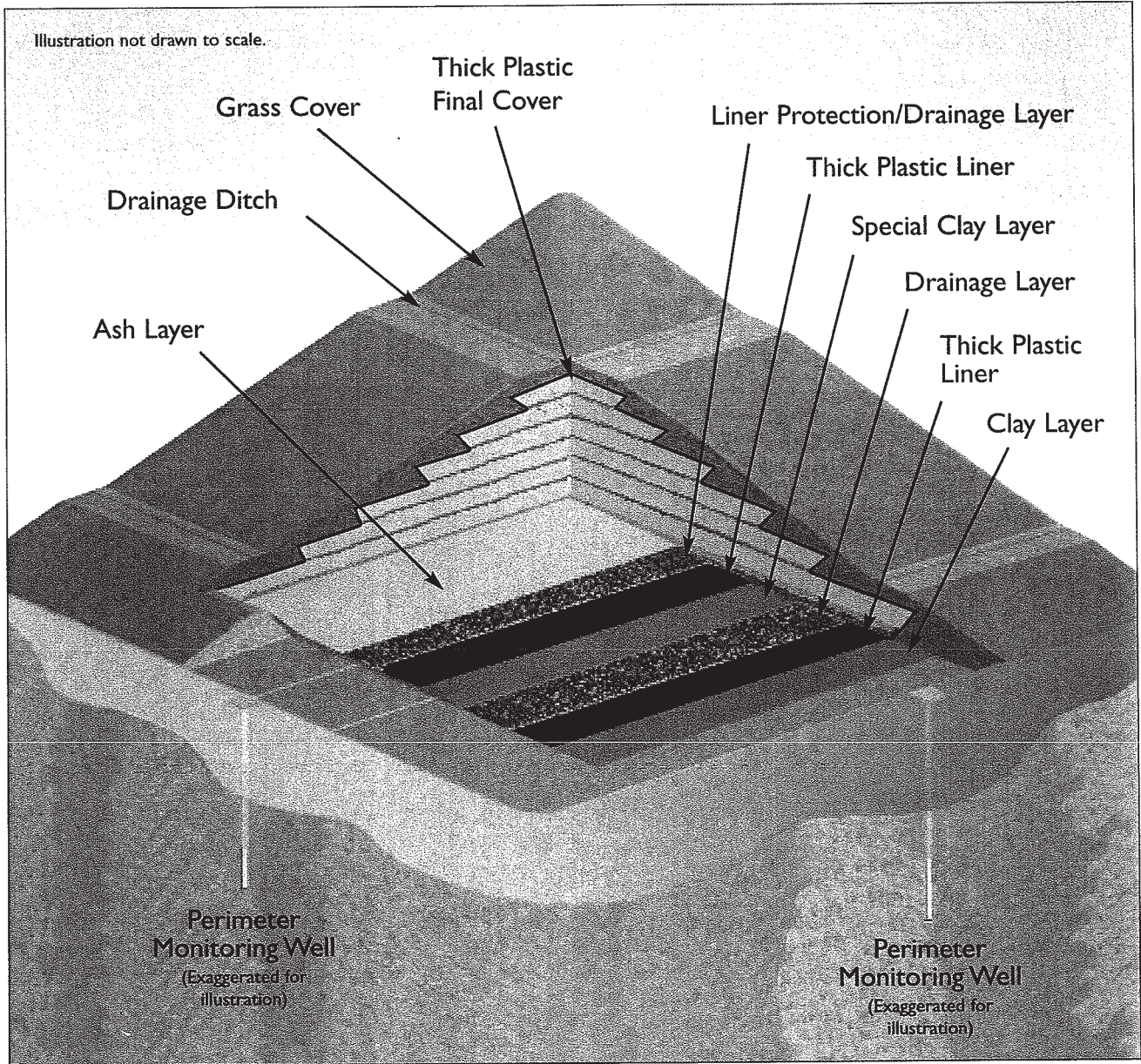
Respectfully submitted,



Moira Kenney  
Secretary to the Board/Paralegal



# Cross Section of an Ash Landfill



**TAB 2**

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**FOUR HUNDRED AND FORTIETH**

**AUGUST 21, 2008**

A Special meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, August 21, 2008, at the Old Saybrook Pavilion. Those present were:

Chairman Michael Pace

Directors: Mark Cooper  
David Damer  
Alan Desmaris  
Michael Jarjura (Present beginning 10:35 a.m.)  
Theodore Martland  
James Miron (Present beginning 9:50 a.m.)  
Linda Savitsky  
Tim Griswold, Mid-CT Project Ad-Hoc  
Warren Howe, Jr., Wallingford Project Ad-Hoc  
Geno Zandri, Jr., Wallingford Project Ad-Hoc

Present from the CRRA staff:

Tom Kirk, President  
Jim Bolduc, Chief Financial Officer  
Moira Kenney, Secretary to the Board/Paralegal

Also present were: John Pizzimenti of USA Hauling & Recycling

Chairman Pace called the meeting to order at 9:20 a.m. and said that a quorum was present.

**PLEDGE OF ALLEGIANCE**

Chairman Pace requested that everyone stand for the Pledge of Allegiance, whereupon, the Pledge of Allegiance was recited.

**PUBLIC PORTION**

Chairman Pace said that the agenda allowed for a public portion in which the Board would accept written testimony and allow individuals to speak for a limit of three minutes.

With no comments from the public, Chairman Pace stated that the regular meeting would commence.

Mr. Kirk took a moment to welcome the newly appointed Director's to the CRRA Board. He explained that Alan Desmaris is the Finance Director of Manchester, CT and has also worked at CRRA in the past.

Mr. Kirk said that David Damer is a retired engineer with a focus on environmental issues. Mr. Kirk said that Director Damer has a long list of accomplishments and achievements concerning environmental engineering. Mr. Kirk said that the expertise of both newly appointed Directors are a welcome addition to the CRRA Board of Directors.

Chairman Pace asked that approval and discussion of a draft letter detailing the proposal of a Mid-Conn Advisory Board be placed on the agenda of the September CRRA Board of Director's meeting.

### **EXECUTIVE SESSION**

Chairman Pace requested a motion to enter into Executive Session to discuss pending litigation, real estate acquisition, and personnel with appropriate staff. The motion made by Director Martland and seconded by Director Savitsky was approved unanimously by roll call. Chairman Pace requested that the following people be invited to the Executive Session in addition to the Directors:

Tom Kirk  
Jim Bolduc

The Executive Session began at 9:40 a.m. and concluded at 12:14 p.m. Chairman Pace noted that no votes were taken in Executive Session.

The meeting was reconvened at 12:14 p.m., the door was opened, the Board secretary and all members of the public were invited back in for the continuation of public session.

### **ADJOURNMENT**

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

There being no other business to discuss, the meeting was adjourned at 12:15 p.m.

Respectfully submitted,



Moira Kenney  
Secretary to the Board/Paralegal

**TAB 3**



**RESOLUTION REGARDING THE PURCHASE OF COMMERCIAL GENERAL  
LIABILITY, EXCESS LIABILITY, POLLUTION LEGAL LIABILITY AND  
COMMERCIAL AUTOMOBILE LIABILITY INSURANCE**

**RESOLVED:** That CRRA's Commercial General Liability insurance be purchased from ACE American Insurance Company with a \$1,000,000 limit, \$25,000 deductible for the period 10/1/08 – 10/1/09 for a premium of \$250,895, as discussed at this meeting; and

**FURTHER RESOLVED:** That CRRA's \$25 million Excess Liability insurance be purchased as follows: \$10 million from Everest National Insurance Company for a premium of \$120,360 and \$15 million from Allied World Assurance Company for a premium of \$76,500 for the period 10/1/08 – 10/1/09, as discussed at this meeting; and

**FURTHER RESOLVED:** That CRRA's Pollution Legal Liability insurance be purchased from ACE American Insurance Company) with a \$20 million limit, \$1 million retention for the period 10/1/08 – 10/1/09 for a premium of \$340,328;

**FURTHER RESOLVED:** That CRRA's Commercial Automobile Liability insurance be purchased from ACE American Insurance Company with a \$1 million limit, liability coverage on all and comprehensive and collision on twelve (12) passenger vehicles and light trucks with a \$1,000 deductible, for the period 10/1/08 – 10/1/09 for a premium of \$65,517.

The aggregate casualty premium is \$853,600 including all insurance outlined above for the period 10/1/08 – 10/1/09 (CRRA's annualized budget for these policies was \$868,292). This represents a 2% surplus (\$14,692) to budget.

The proposed premiums represent a total savings of \$21,412 (2.4%) compared to last year's annual premiums. These savings were realized even though the deductible was reduced from \$50,000 to \$25,000 for the General Liability policy.

**Executive Summary**  
**Connecticut Resources Recovery Authority**  
**Casualty Insurance Program Renewal**  
September 25, 2008

**Background**

CRRA's current casualty insurance program, consisting of Commercial General Liability, Automobile Liability, Umbrella/Excess Liability and Pollution Legal Liability policies, expires on October 1, 2008 and needs to be renewed. (Exhibit I summarizes the coverage under these policies.)

**New Program Marketing and Results**

CRRA began this marketing phase with our broker, Aon Risk Services (Aon) in May of this year. (Exhibit II identifies the numerous markets approached by Aon).

**General Liability/Excess Liability/Pollution Legal Liability**

Quotations on the existing program structure with a total of \$25 million in Umbrella/Excess limits as well as \$20 million in Pollution Legal Liability limits were sought from all markets. All declined to provide coverage, except as follows:

**General Liability**

Our current insurance company, ACE, submitted a quote for the \$1 million General Liability program offering two options. The first option includes a deductible of \$50,000, which is the same as the expiring policy, for a premium of \$236,130. The second option includes a deductible of \$25,000 for a premium of \$250,895.

Again this year, Liberty Mutual expressed interest in providing CRRA's \$1 million General Liability policy. Their quote includes a \$25,000 deductible for a premium of \$245,844. They would not provide a \$50,000 deductible without requiring a \$50,000 security deposit. This would require CRRA to pay to Liberty \$50,000 at the inception of the policy to pay any claim costs during the policy period before reaching the deductible. By offering the \$25,000 deductible the security requirement is eliminated.

All options are auditable at the end of the policy to determine whether premium adjustments are required based on revenues.

### Excess Liability

Neither ACE nor Liberty offered excess limits so Aon sought quotes from Excess and Umbrella carriers to equal the \$25 million limit.

Our current excess insurance companies, Everest National Insurance and Allied World Assurance Company (AWAC), offered quotes of \$10 million umbrella and \$15 million excess for premiums of \$120,360 and \$76,500, respectively.

All other markets declined to provide coverage including AIG, Zurich, Chubb and Travelers, either because they could not provide a competitive premium or they did not like CRRA's exposures.

### Pollution Legal Liability

As you know, this insurance is always difficult to place because of CRRA's many potential environmental exposures. AIG did not respond and Zurich and Liberty declined. Only our current insurance company, ACE, provided quotes for Pollution Legal Liability coverage:

#### **POLICY LIMIT, RETENTION, TERM AND PREMIUM OPTIONS:**

RETENTION OPTIONS (per pollution condition)	LIMIT OPTIONS (per / aggregate)				
	\$20,000,000 / \$20,000,000		\$20,000,000 / \$30,000,000 (b)	\$20,000,000 / \$40,000,000 (b)	\$20,000,000 / \$50,000,000 (b)
	One (1) Year Term	Three (3) Year Term	Three (3) Year Term	Three (3) Year Term	Three (3) Year Term
\$500,000 SIR	\$378,768	N/A	N/A	N/A	N/A
\$1,000,000 SIR	\$340,328	\$714,688 (a)	\$884,891	\$1,010,891	\$1,136,891

- (a) This premium is approximately 110% of the one year premium offered. All coverages would be the same as the one-year policy, except the aggregate limit is shared over the three year term and would remain at \$20 million. So, for instance, if CRRA experienced a claim in year one which diminished the policy by \$5 million, and another claim in year two which totaled \$10 million, there would only be \$5 million of coverage for the third year.

- (b) Because the aggregate is shared over the three year period as described above, Aon requested and ACE provided these higher aggregates as additional three-year options.

### Automobile Liability

CRRA sought coverage on thirty-eight (38) units. Comprehensive and collision coverage would only be on the newer twelve (12) passenger vehicles and light trucks and liability coverage would be on the entire fleet of 38 units.

ACE provided a quote for \$1 million of coverage for a premium of \$65,517.

Liberty quoted Auto Liability insurance for the same thirty-eight (38) units, twelve (12) with comprehensive and collision for a premium of \$65,485.

All other markets, including AIG, Zurich, Chubb and Travelers, declined to provide quotes either because they could not offer a competitive premium or they did not like the nature of CRRA's business.

Terrorism (TRIA) coverage is not available on Commercial Auto Liability insurance.

The chart below provides a comparison of the expiring premiums and the quotes received (highlighted column is recommended):

### CRRA Casualty Insurance: 10/1/08-10/1/09

#### Breakdown of Expiring Premiums vs. Recommended Renewal Premiums

Line of Coverage	Expiring Premium ACE, Everest & AWAC 2007-2008	Renewal Premium Quotes - ACE, Everest & AWAC Option #1	Renewal Premium Quotes - Liberty, Everest, & AWAC	Renewal Premium Quotes - ACE, Everest & AWAC Option #2
<b>General Liability</b>	\$1m - \$258,898 ACE (includes TRIA) \$50,000 Deductible	\$1m - \$236,130 ACE (includes TRIA) \$50,000 Deductible	\$1m - \$245,844 Liberty (includes TRIA) \$25,000 Deductible	\$1m - \$250,895 ACE (includes TRIA) \$25,000 Deductible
<b>Automobile Liability</b>	\$65,000 - ACE (comp & collision on 8 vehicles)	\$65,517 - ACE (comp & collision on 12 vehicles with \$1000 deductible on all units)	\$65,485 (comp & collision on 12 vehicles with \$1000, \$2500 and \$5000 deductibles for Private Pass, Med Trucks & Trailers and Heavy Trucks respectively)	\$65,517 - ACE (comp & collision on 12 vehicles with \$1000 deductible on all units)
<b>Excess Liability</b> (Sits over all but Pollution)	\$10m - Everest \$129,948 & \$15m - AWAC \$76,500= Total \$206,448 (Includes TRIA)	\$10m - Everest \$120,360 & \$15m - AWAC \$76,500 = Total \$196,860 (Includes TRIA)	\$10m - Everest \$120,360 \$15m - AWAC \$76,500 = Total \$196,860 (Includes TRIA)	\$10m - Everest \$120,360 \$15m - AWAC \$76,500 = Total \$196,860 (Includes TRIA)
<b>Pollution Legal Liability</b>	ACE \$20m Ea/\$20m Aggregate \$344,666 (TRIA Included)	ACE (1 Year Policy) \$20m Ea/\$20m Aggregate - \$340,328 (TRIA Included)	ACE (1 Year Policy) \$20m Ea/\$20m Aggregate - \$340,328 (TRIA Included)	ACE (1 Year Policy) \$20m Ea/\$20m Aggregate - \$340,328 (TRIA Included)
<b>Overall Cost of Program Total</b>	\$25m GL Excess & Auto = \$530,346 \$20m Pollution = \$344,666  Total Cost - \$875,012	\$25m GL, Excess & Auto = \$498,507 \$20m Pollution = \$340,328  Total Cost - \$838,835 (Overall 4% Decrease from last year)	\$25m GL, Excess & Auto = \$508,189 \$20m Pollution = \$340,328  Total Cost - \$848,517 (Overall 3% Decrease from last year)	\$25m GL, Excess & Auto = \$513,272 \$20m Pollution = \$340,328  Total Cost - \$853,600 (Overall 2.4% Decrease From last year)

### Multi-Year Policies

Aon pursued multi-year policies with all insurance companies. ACE will not write a multi-year policy for General Liability, but will guarantee a flat rate upon renewal, but only if there are no losses. Liberty is unwilling to offer any guarantee on rates or a multi-year program. Multi-year policies are not available for Auto or Excess.

ACE was asked to quote a multi-year policy for pollution legal liability. ACE has quoted three year program options. Because ACE's multi-year quotes required that the aggregate limit (\$20 million) be shared over the three year term, Aon asked for and received higher aggregate limits (see page 2).

### RECOMMENDATIONS

**In consultation with our broker Aon, management recommends that the Finance Committee accept the following quotes offered by ACE, Everest National Insurance Company (Everest) and Allied World Assurance Company (AWAC) for the period 10/1/08 – 10/1/09:**

**\$250,895 for \$1 million of Commercial General Liability  
ACE (Best Rating A+ (Superior))**

**\$120,360 for \$10 million Umbrella Liability  
Everest National (Best Rating A+ (Superior))**

**\$76,500 for \$15 million Excess Liability  
Allied World Assurance Co (AWAC) (Best Rating A (Excellent))**

**\$340,328 for \$20 million of Pollution Legal Liability  
ACE (Best Rating A+ (Superior))**

**\$65,517 for \$1 million of Commercial Automobile Liability –  
ACE (Best Rating A+ (Superior))**

**TRIA (certified acts of terrorism) coverage is on all appropriate policies.**



We have recommended that the General Liability, Auto and Pollution Legal Liability remain with ACE. Even though Liberty Mutual's quote for General Liability was approximately \$5,000 lower we believe that the ongoing relationship that CRRA has with ACE is extremely valuable (this carrier stepped up when no others would do so). Aon advised that because of the nature of CRRA's operations they would not recommend changing carriers unless CRRA believed that circumstances clearly dictated a move. Liberty would not provide Automobile Liability without also insuring for General Liability. We believe CRRA's interests are best served remaining with our current carrier, ACE.

The one-year Pollution Legal Liability with the \$1m self-insured retention is the same level of coverage as expiring and represents a savings over last year. This is the only premium that is within the budget established for this coverage.

One coverage enhancement in the General Liability policy of which you should take note:

This year both markets changed the general aggregate to a *general aggregate per location*, which is subject to a higher overall policy limit of \$10m or \$15m for ACE and Liberty, respectively. By using a separate per location aggregate, each insured location would have a stand-alone aggregate limit of coverage under the policy of \$2 million subject to the overall policy limit.

Example: If CRRA experienced losses of \$2m at four different locations in one policy year, \$8m would diminish the policy limit of \$10m, leaving \$2m for other claims during the year with ACE (\$7m would remain in the case of Liberty).

The standard commercial general liability insurance policy is subject to a \$1 million per occurrence limit, and an overall annual policy limit of \$2 million for the entire policy, referred to as a general aggregate.

This general aggregate limit applies to all premises/operations claims (slip and trips) which occur during the policy year, including all properties which are owned by a given building owner or insured under one general liability insurance policy.

Total casualty premium - \$853,600 vs. annualized budget amount of \$868,292 (see Premium to Budget Comparison, Exhibit III).

## Description of Coverage

### Commercial General Liability Insurance

#### **\$1,000,000 – Commercial General Liability**

Covers damages to third parties for bodily injury or property damage within policy terms and conditions (e.g., a workman drops a tool and dents somebody's automobile; someone slips and falls at one of our facilities). Limits are \$1 million each occurrence, \$2 million general aggregate per location.

#### **\$25,000,000 – Umbrella/Excess Liability**

Covers all of the losses within policy terms and conditions that exceed the underlying layer of \$1 million General Liability, \$1 million Auto Liability and \$1 million Employers Liability.

### Pollution Legal Liability

#### **\$20,000,000 – Pollution Legal Liability**

Covers losses arising from pollution conditions to third parties within policy terms and conditions for onsite bodily injury and property damage, third party claims for off-site clean up resulting from new conditions, third party claims for off site bodily injury and property damage, coverage for scheduled non owned disposal locations and pollution conditions resulting from transported cargo. On site clean up of new conditions only from spills associated with the jet fuel tank at Mid-CT facility. Limits are \$20 million each occurrence, \$20 million in the aggregate.

### Automobile Liability Insurance

Covers damages to third parties for bodily injury or property damage from the use of a CRRA owned auto within policy terms and conditions. The policy also covers the physical damage of CRRA owned units. CRRA is responsible for insuring 38 power units and 1 transporter plate - tractors/ trailers, light trucks and passenger vehicles used in connection with administration and operation of our facilities. Comprehensive and collision coverage is only on eight passenger vehicles and light trucks with a \$1,000 deductible. Limits are \$1 million each occurrence with no aggregate.



**Connecticut Resources Recovery Authority  
Quote Disclosure Report**

Program	Line of Business	Carrier/Intermediary	Carrier Response	Carrier Declination Reason	Aon Commission	Intermediary Commission	Premium <sup>1</sup>
<b>Policy Term: October 1, 2008 to October 1, 2009</b>							
Business Automobile	Auto	Liberty Mutual	Quoted	N/A	None		\$65,485.00
Business Automobile	Auto	ACE Fire Underwriters Insurance Co.	Quoted	N/A	None		\$65,517.00
Business Automobile	Auto	American International Group	Declined	Other	None		N/A
Business Automobile	Auto	Chubb & Son Inc	Declined	Exposures	None		N/A
Business Automobile	Auto	XL Insurance America Inc	Declined	Uncompetitive - Price	None		N/A
Business Automobile	Auto	Zurich-American Insurance Co.	Declined	Exposures	None		N/A
Business Automobile	Auto	Travelers Casualty & Surety American International Group	Declined	Exposures	None		N/A
Excess Liability	Excess Liability Coverage	Liberty Mutual Group	Declined	Other	None		N/A
Excess Liability	Excess Liability Coverage	ACE Fire Underwriters Insurance Co.	Declined	Unable to write excess	None		N/A
Excess Liability	Excess Liability Coverage	Chubb & Son Inc	Declined	Uncompetitive - Price	None		N/A
Excess Liability	Excess Liability Coverage	Zurich-American Insurance Co.	Declined	Exposures	None		N/A
Excess Liability	Excess Liability Coverage	Travelers Casualty & Surety	Declined	Exposures	None		N/A

Excess Liability	Excess Liability Coverage	XL Insurance America Inc	Declined	Uncompetitive - Price	None	N/A
Excess Liability	Excess Liability Coverage	Crum & Forster Inc			None	\$0.00
Excess Liability - \$10M - Incl TRIA	Excess Liability Coverage	Everest National Ins Co/AmWINS Brokerage	Quoted	N/A	None	\$120,300.00
Excess Liability - \$15M xs \$10M Incl TRIA	Excess Liability Coverage	Allied World Assurance Co/AmWINS Brokerage	Quoted	N/A	None	\$76,500.00
General Liability	General Liability Coverage	American International Group	Declined	Other	None	N/A
General Liability	General Liability Coverage	Chubb & Son Inc	Declined	Exposures	None	N/A
General Liability	General Liability Coverage	XL Insurance America Inc	Declined	Uncompetitive - Price	None	N/A
General Liability	Excess Liability Coverage	Travelers Casualty & Surety ACE American Insurance Company	Declined	Exposures	None	N/A
General Liability - \$25k ded	General Liability Coverage	ACE American Insurance Company	Quoted	N/A	None	\$250,895.00
General Liability - \$50k ded	General Liability Coverage	ACE American Insurance Company	Quoted	N/A	None	\$236,130.00
General Liability - \$25k ded	General Liability Coverage	Liberty Mutual Insurance Co.	Quoted	N/A	None	\$245,844.00
General Liability	General Liability Coverage	Zurich-American Insurance Co.	Declined	Exposures	None	N/A
Package (GL, Auto, Umbrella)	Commercial Package Policy	Firemans Fund Ins Co	Declined	Exposures	None	N/A
Package (Liability, Auto & Umbrella)	Commercial Package Policy	Liberty Mutual Insurance Co.	Declined	Exposures	None	N/A
Package (Liability, Auto & Umbrella)	Commercial Package Policy	Philadelphia Indemnity Ins Co	Declined	Exposures	None	N/A
Umbrella/Excess Liability	Excess Liability Coverage	Crum & Forster Inc	Declined	Exposures	None	\$0.00
Pollution \$20M x \$1M SIR 1 year	PLL	Illinois Union Insurance (ACE)	Quoted	N/A	None	\$340,328.00
Pollution	PLL	American International Group	Declined	Other	None	N/A

Pollution	PLL	Liberty Mutual Insurance Co.	Declined	Exposures	None	N/A
Pollution	PLL	Zurich-American Insurance Co.	Declined	Exposures	None	N/A

Presentation Date: September 18, 2008

**PREMIUM TO BUDGET COMPARISON**

Insurance Type	2007-2008	FY2008	FY2009	Annualized	Proposed	Surplus/
	10/1/07-10/1/08 Premium	10/1/07-6/30/08 Actual	7/1/08-10/1/08 Budget	Budget	10/1/08-10/1/09 Premium	(Deficit) to Budget
General Liability	\$258,898	\$194,175	\$61,461	\$255,636	\$250,895	\$4,741
Excess Liability	\$206,448	\$154,736	\$49,215	\$203,951	\$196,860	\$7,091
Pollution Legal Liab.	\$344,666	\$258,498	\$85,083	\$343,581	\$340,328	\$3,253
Automobile Liability	\$65,000	\$48,753	\$16,371	\$65,124	\$65,517	(\$393)
<b>TOTALS</b>				<u>\$868,292</u>	<u>\$853,600</u>	<u>\$14,692</u>

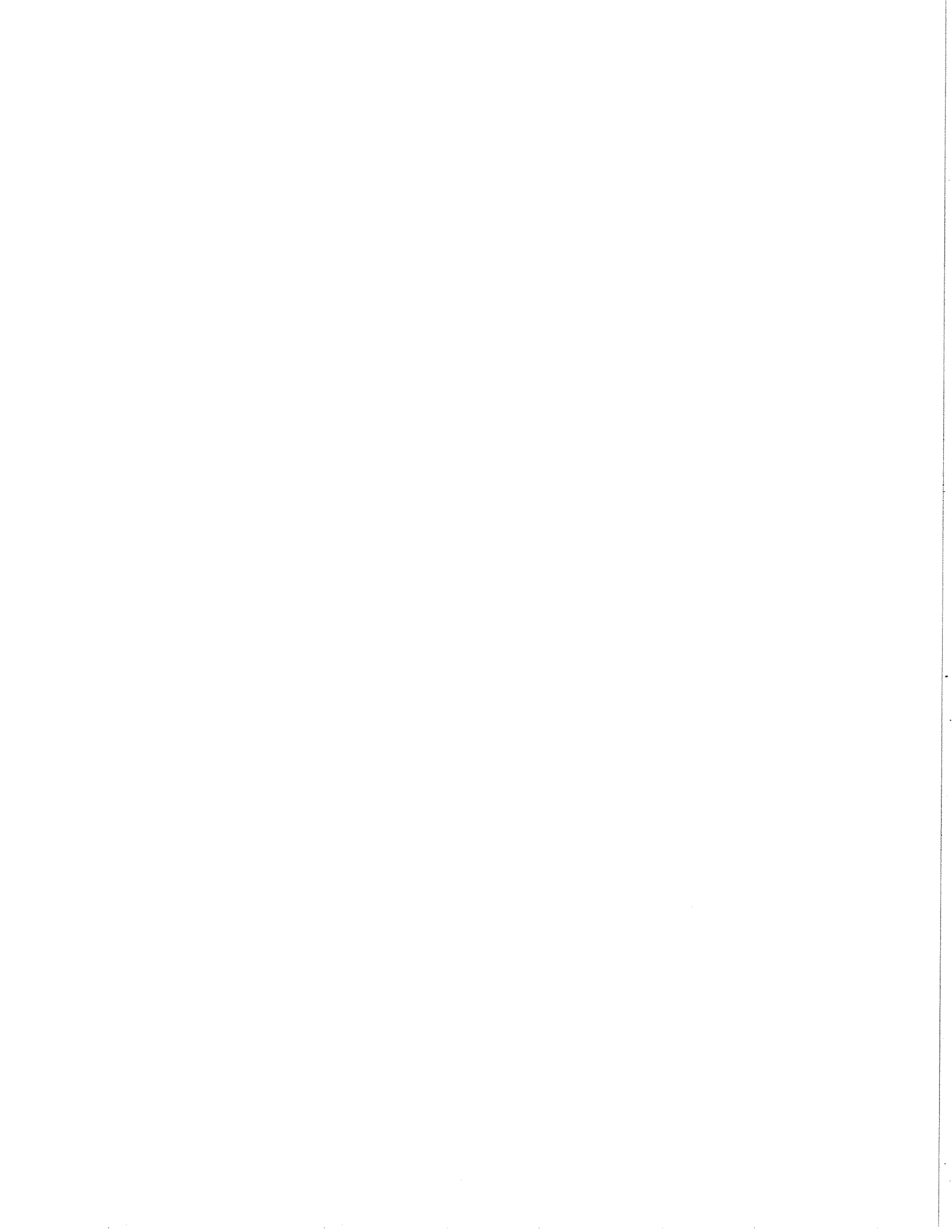
**EXHIBIT III**

**TAB 4**

**RESOLUTION REGARDING THE ANNUAL FINANCIAL  
REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Resolved:** That the Board hereby accepts the Annual Financial Report for the Fiscal Year Ended June 30, 2008, substantially as discussed and presented at this meeting.





**CONNECTICUT RESOURCES**

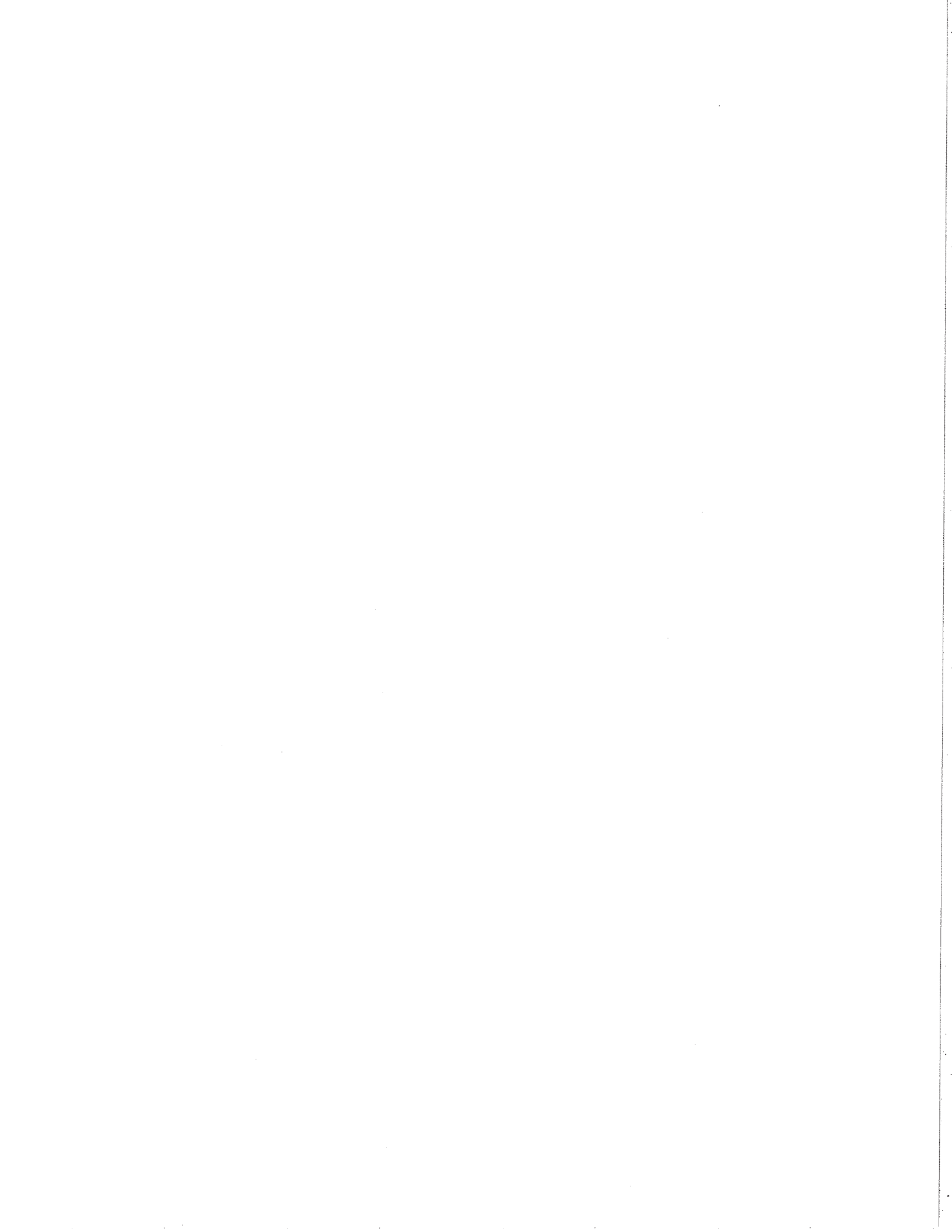
**RECOVERY AUTHORITY**

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**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2008**

**FOR DISCUSSION ONLY**





# ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2008

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
Connecticut Resources Recovery Authority  
Hartford, Connecticut

We have audited the accompanying basic financial statements of the Connecticut Resources Recovery Authority ("Authority"), a component unit of the State of Connecticut, as of and for the years ended June 30, 2008 and 2007, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Connecticut Resources Recovery Authority as of June 30, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2008 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audits were conducted for the purpose of forming an opinion on the Authority's basic financial statements. The supplementary information as of and for the year ended June 30, 2008 listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 2008 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2008 financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2008 financial statements taken as a whole.

Glastonbury, Connecticut  
September ~~XX~~, 2008

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the Connecticut Resources Recovery Authority (the "Authority") activities and financial performance provides an introduction to the audited financial statements for the fiscal years ended June 30, 2008 and 2007. Following the MD&A are the basic financial statements of the Authority together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

### FINANCIAL POSITION SUMMARY

The Authority's fiscal year 2008 total assets decreased by \$36.8 million or 9.3% over fiscal year 2007 and total liabilities decreased by \$47.5 million or 30.1%. Total assets exceeded total liabilities by \$249.5 million as of June 30, 2008 as compared to \$238.7 million as of June 30, 2007, or a net increase of \$10.7 million. The fiscal year 2007 total assets decreased by \$7.7 million or 1.9% over fiscal year 2006 and total liabilities increased by \$6.0 million or 3.9%. Total assets exceeded total liabilities by \$238.7 million as of June 30, 2007 as compared to \$252.4 million as of June 30, 2006, or a net decrease of \$13.7 million.

### BALANCE SHEETS

As of June 30,  
(In Thousands)

	2008	2007	2006
<b>ASSETS</b>			
Current unrestricted assets	\$ 133,044	\$ 124,788	\$ 125,572
Current restricted assets	37,409	60,290	20,819
Total current assets	<u>170,453</u>	<u>185,078</u>	<u>146,391</u>
Non-current assets:			
Restricted cash and cash equivalents	36,472	49,642	80,130
Restricted investments	809	779	-
Capital assets, net	148,216	156,334	171,721
Development and bond issuance costs, net	3,978	4,921	6,218
Total non-current assets	<u>189,475</u>	<u>211,676</u>	<u>258,069</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 359,928</u></u>	<u><u>\$ 396,754</u></u>	<u><u>\$ 404,460</u></u>
<b>LIABILITIES</b>			
Current liabilities	\$ 40,607	\$ 72,270	\$ 31,705
Long-term liabilities	69,849	85,713	120,321
<b>TOTAL LIABILITIES</b>	<u>110,456</u>	<u>157,983</u>	<u>152,026</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	135,575	142,050	116,491
Restricted	45,876	43,324	63,907
Unrestricted	68,021	53,397	72,036
Total net assets	<u>249,472</u>	<u>238,771</u>	<u>252,434</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 359,928</u></u>	<u><u>\$ 396,754</u></u>	<u><u>\$ 404,460</u></u>



## FINANCIAL HIGHLIGHTS

The following is an overview of significant changes within the Balance Sheets as of June 30, 2008 and 2007:

### ASSETS

**Current unrestricted assets** increased by \$8.3 million or 6.6% over fiscal year 2007, which decreased by \$0.8 million or 0.6% over fiscal year 2006. The fiscal year 2008 increase is primarily due to:

- Increased unrestricted cash and cash equivalents of \$17.0 million primarily as a result of:
  - Contributions toward operating cash requirements of \$11.2 million and \$3.5 million at the Mid-Connecticut and Wallingford projects for specific purposes, respectively; and
  - Settlement funds of \$4.3 million (net of attorneys' fees and costs of litigation) at the Mid-Connecticut project as a result of litigation-related settlements; and
  - The creation of the Non-Escrow Short-Term Investment Fund ("STIF") account of \$2.0 million at the Mid-Connecticut project, which was funded from the Enron-related settlements, to provide for costs of paying expert witnesses and other legal fees relating to the Enron-related lawsuits; and
  - An increase in the Shelton Landfill Postclosure account due to a \$3.0 million State grant-in-aid received from the Connecticut Department of Environmental Protection ("CTDEP") in November 2007 as reimbursement for costs previously incurred by the Authority in the closure of the Shelton Landfill; and
  - Interest earned on current unrestricted cash and cash equivalents of \$4.3 million; and
  - A \$458,000 transfer of funds from the Mid-Connecticut project current restricted assets as a result of a capital repair and replacement contract expiration; offset by:
    - Payments of \$9.3 million for equipment purchases and plant improvements at the Mid-Connecticut Waste Processing Facility and Power Block Facility, closure costs at the Hartford landfill, and landfill development costs; and
    - Decreased operating cash balance of \$3.2 million at the Mid-Connecticut project primarily due to decrease in the transfer of funds from the Mid-Connecticut restricted Revenue Fund as a result of timing; and
- Decreased accounts receivable, net of \$6.2 million is a combination of decreased miscellaneous receivable and service payments receivable at the Bridgeport, Mid-Connecticut and Wallingford projects. The decrease at the Bridgeport project is due to a decrease in miscellaneous receivable as a result of the State grant-in-aid received in November 2007. The decrease in service payments receivable at the Bridgeport, Mid-Connecticut and Wallingford projects is primarily as a result of decreased member and contract deliveries; and
- Decreased prepaid expenses and other current assets of \$2.7 million primarily due to:
  - Other current assets decreased by \$2.5 million due to payment to a private landowner in July 2007 pertaining to a settlement agreement at the Mid-Connecticut project.



The fiscal year 2007 decrease from 2006 was primarily due to:

- Funds used of \$21.6 million to partially defease the remaining Mid-Connecticut Project 1996 Series A Bonds; and
- Payments of \$1.7 million for plant improvements and equipment purchases at the Mid-Connecticut Waste Processing Facility and landfill development costs; and
- Increases in payments for contract operating charges of \$4.7 million at the Bridgeport project as a result of the depletion of the municipal share fund, which was used to offset processing costs; offset by:
- Increased operating cash balances of \$19.6 million at the Bridgeport, Mid-Connecticut and Wallingford projects as a result of contributions toward operating cash requirements for specific purposes; and
- Interest earned on current unrestricted cash and cash equivalents of \$5.1 million; and
- The \$3.0 million grant receivable from the CTDEP as reimbursement of costs previously incurred by the Authority in the closure of the Shelton landfill.

**Current restricted assets** decreased by \$22.9 million or 38.0% from fiscal year 2007, which increased by \$39.5 million or 189.6% compared to fiscal year 2006. The fiscal year 2008 decrease is primarily due to:

- Escrow STIF account for the Mid-Connecticut project decreased by \$37.9 million. This occurred due to a \$36.8 million distribution of funds pursuant to the Court Order in the New Hartford suit and the \$2.0 million transfer of funds to the Mid-Connecticut project unrestricted assets for the creation of the Non-Escrow STIF account, which was partially offset by interest earned on the Escrow STIF account of \$864,000 during the period from July 1, 2007 through December 11, 2007; and
- Funds used of \$2.6 million to repay the outstanding State loans in February 2008; and
- The \$458,000 transfer of funds to the Mid-Connecticut project current unrestricted assets as the result of the capital repair and replacement contract expiration; offset by:
- Revenue Fund balance at the Mid-Connecticut project increased by \$15.6 million. This increase is primarily as a result of higher electric revenue received and the impact of decreases in funds used to defease bonds and the transfers of funds to current unrestricted assets; and
- A reclass of \$1.8 million from the non-current restricted Wallingford and Bridgeport Debt Service Reserve Funds as a result of the Wallingford 1998 Series A and the Bridgeport 1999 Series A Bond maturities scheduled in November 2008 and January 2009, respectively; and
- Interest earned on current restricted assets of \$1.4 million, excluding the \$864,000 in interest earned on the Escrow STIF account.

The fiscal year 2007 increase over 2006 was primarily due to:

- Increased restricted cash balance of \$37.3 million (net of attorneys' fees and costs of litigation) at the Mid-Connecticut project as a result of litigation-related settlements; and



- Increased Revenue Fund balances at the Mid-Connecticut and Bridgeport projects of \$2.7 million and \$0.7 million, respectively. The increase at the Bridgeport project is due to cash provided by operating activities exceeding cash used in capital and related financing activities. The increase at the Mid-Connecticut project is due to cash provided by operating activities exceeding cash used in capital and related financing activities, net of funds used to partially defease the remaining Mid-Connecticut Project 1996 Series Bonds; and
- Interest earned on current restricted cash and cash equivalents of \$1.7 million; offset by:
- Decreased Revenue Fund balance at the Southeast project of \$2.1 million due to delayed receipt of electric revenue as of June 30, 2007.

**Non-current assets** decreased by \$22.2 million or 10.5% from fiscal year 2007, which decreased by \$46.4 million or 18.0% compared to fiscal year 2006. The fiscal year 2008 decrease is primarily due to:

- Decreased restricted cash and cash equivalents of \$13.2 million primarily as a result of:
  - Funds used of \$11.2 million for regular principal and interest payments on State loans and the repayment of the outstanding State loans principal balance including accrued interest due as of February 14, 2008; and
  - The \$1.8 million reclass to the Bridgeport and Wallingford current restricted cash and cash equivalents as a result of the bond maturities scheduled in November 2008 and January 2009; and
  - Payments of \$1.1 million for turbine repairs and miscellaneous improvements at the Energy Generating Facility; and
  - \$0.7 million in transfers of amount in excess of reserve requirements and debt service; offset by:
  - \$1.6 million in interest earned on non-current restricted cash and cash equivalents; and
- Decreased capital assets, net of \$8.1 million due to \$17.2 million in depreciation expense offset by \$9.1 million in plant improvements, equipment purchases, construction in progress and deferred acquisition costs; and
- Decreased development and bond issuance costs, net of \$0.9 million due to amortization expense.

The fiscal year 2007 restricted cash and cash equivalents decreased by \$46.4 million compared to fiscal year 2006 primarily due to:

- Decreased restricted cash and cash equivalents of \$30.5 million due to:
  - Funds used to partially defease the remaining Mid-Connecticut Project 1996 Series A Bonds (\$29.9 million); and
  - Regular principal and interest payments due on State loans to the Mid-Connecticut project (\$3.5 million); offset by:
  - Increased reserve cash balance of \$1.1 million at the Mid-Connecticut project as a result of contribution toward reserve cash requirement; and
  - Interest earned on non-current restricted cash and cash equivalents of \$2.4 million.





- Increased investments of \$0.8 million over fiscal years 2006 due to the purchase of U.S. Treasury Bills for landfill trusts during fiscal year 2007 with maturities over three months.
- Decreased capital assets, net of \$15.4 million compared to fiscal year 2006. The fiscal year 2007 decrease is due to depreciation expense of \$17.2 million offset by \$1.8 million in plant improvements, equipment purchases, and construction in progress.
- Decreased development and bond issuance costs of \$1.3 million compared to fiscal year 2006. The fiscal year 2007 decrease is due to amortization expense and the write-off of unamortized bond issuance costs related to the Mid-Connecticut defeasance of debt.

## LIABILITIES

**Current liabilities** decreased by \$31.7 million or 43.8% compared to fiscal year 2007, which increased by \$40.6 million or 127.9% compared to fiscal year 2006. The fiscal year 2008 decrease from 2007 is primarily due to:

- Decreased accounts payable and accrued expenses of \$30.5 million as a result of payment of accruals related to a ruling in the New Hartford suit and settlement costs at the Mid-Connecticut project and lower accrued expenses, partially offset by higher accounts payable; and
- Decreased current portion of State loans payable of \$2.6 million due to the repayment of the outstanding State loans principal balance; offset by:
- A \$1.6 million increase in net current portion of closure and postclosure care of landfills as a result of higher costs anticipated to be incurred at the Hartford landfill within the next twelve months.

The fiscal year 2007 increase was primarily due to:

- Increased accounts payable and accrued expenses (\$31.2 million) due to the ruling in the New Hartford suit (\$35.8 million) and the settlement costs at the Mid-Connecticut project (\$1.2 million) partially offset by a write-off of over-charges previously recorded as liabilities payable to one of the Mid-Connecticut operators (\$2.2 million) plus the disbursement of funds for goods and services received; and
- Increased net current portion of closure and postclosure care of landfills (\$9.2 million) due to higher costs anticipated to be incurred at the Hartford landfill within the next twelve months.

**Long-term liabilities** decreased by \$15.9 million or 18.5% compared to fiscal year 2007, which decreased by \$34.6 million or 28.8% compared to fiscal year 2006. The fiscal year 2008 decrease is due to:

- Decreased bonds payable, net of \$2.9 million due to regular principal payments on Authority bonds; and
- Decreased long-term portion of State loans payable of \$10.7 million due to regular principal payments on State loans through February 1, 2008, plus the full repayment of





the outstanding State loans principal due as of February 14, 2008 for the Mid-Connecticut project; and.

- Decreased closure and postclosure care of landfills of \$2.2 million. This occurred due to a \$5.7 million reduction in the long-term liability accounts as a result of payments for closure and postclosure care costs and a reclass of \$1.6 million to the current liabilities, which is offset by an increase, net in projected costs of \$5.1 million. The net increase is a combination of the inclusion of estimated annual premiums for pollution liability insurance as well as increased postclosure monitoring and maintenance costs at the Ellington, Hartford, Shelton, Wallingford, and Waterbury landfills, an increase in the Hartford and Waterbury landfills capacity used, and a slight increase in the closure costs at the Hartford landfill.

•

The fiscal year 2007 decrease was due to:

- Decreased long-term portion of bonds payable, net of \$56.7 million compared to fiscal year 2006. The fiscal year 2007 decrease is due to regular principal payments due on Authority bonds (\$3.1 million) and the partial defeasance of the remaining Mid-Connecticut Project 1996 Series A Bonds in July 2006 (\$54.1 million) offset by the write-off of unamortized deferred amounts on the related debt (\$0.5 million); and
- Decreased State loans payable of \$2.6 million over fiscal year 2006 due to regular principal payments on State loans; offset by:
- Increased closure and postclosure care of landfills of \$24.7 million compared to fiscal year 2006. The fiscal year 2007 increase was primarily due to:
  - Increased projected costs of \$34.6 million at all five landfills. The increase in projected costs at the Ellington, Shelton, Wallingford and Waterbury landfills was due to increased administration costs. The increase in projected costs at the Hartford landfill is primarily due to the Authority assuming responsibility for all closure and postclosure care costs and increased administration costs at the landfill; offset by:
  - Increased net current portion of closure and postclosure care costs of \$9.2 million, which was classified under current liabilities; and
  - A reduction of \$0.7 million in the long-term liability accounts as a result of payments for postclosure care costs at the Ellington, Shelton, and Wallingford landfills.



## SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS

Net Assets may serve over time as a useful indicator of the Authority's financial position.

### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS Fiscal Years Ended June 30, (In Thousands)

	2008	2007	2006
Operating revenues	\$ 175,490	\$ 180,514	\$ 180,093
Operating expenses	155,966	188,149	148,449
Income (loss) before depreciation and amortization and other non-operating revenues and (expenses)	19,524	(7,635)	31,644
Depreciation and amortization	18,184	18,189	17,850
Income (loss) before other non-operating revenues and (expenses), net	1,340	(25,824)	13,794
Non-operating revenues, net	9,361	13,309	7,872
Income (loss) before special item	10,701	(12,515)	21,666
Special item:			
Defeasance of debt	-	(1,148)	-
Change in net assets	10,701	(13,663)	21,666
Total net assets, beginning of year	238,771	252,434	230,768
Total net assets, end of year	\$ 249,472	\$ 238,771	\$ 252,434

**Operating revenues** decreased by \$5.0 million or 2.8% during fiscal year 2008 from fiscal year 2007 and increased slightly by \$0.4 million or 0.2% during fiscal year 2007 over fiscal year 2006. The fiscal year 2008 decrease is primarily due to a \$6.0 million decrease in member and contract deliveries and a \$1.3 million decrease in other operating revenues, partially offset by a \$2.1 million increase in energy sales. The fiscal year 2007 increase was primarily due to the write-off of liabilities determined to be over-charges, offset by a decrease in tipping fees at the Mid-Connecticut project, lower than expected solid waste deliveries by members at all four operating projects and decreased recycling sales.

**Operating expenses** decreased by \$32.2 million or 17.1% during fiscal year 2008 primarily due to a \$29.5 million decrease in landfill closure and postclosure costs as a result a settlement agreement executed in fiscal year 2007 in association with the Hartford landfill and the impact of increased projected costs, net at all five landfills, decreased solid waste operations and project administration of \$0.9 million and \$3.3 million, respectively, offset by a \$1.5 increase in maintenance and utilities. Operating expenses increased during fiscal year 2007 by \$39.7 million or 26.7% primarily as a result of the 2007 impact of the settlement agreement by which the Authority assumed the liability, contingent upon certain conditions, for all of the Hartford landfill closure and postclosure costs and increased administration costs at all five landfills. Other cost increases related to the settlement costs at the Mid-Connecticut project, increased contract operating charges at the Bridgeport project due to the depletion of the municipal share fund, which was used to offset processing costs, and increased legal costs at the Bridgeport and



Mid-Connecticut projects due to on-going legal activity and an arbitration dispute with the Bridgeport project facility operator.

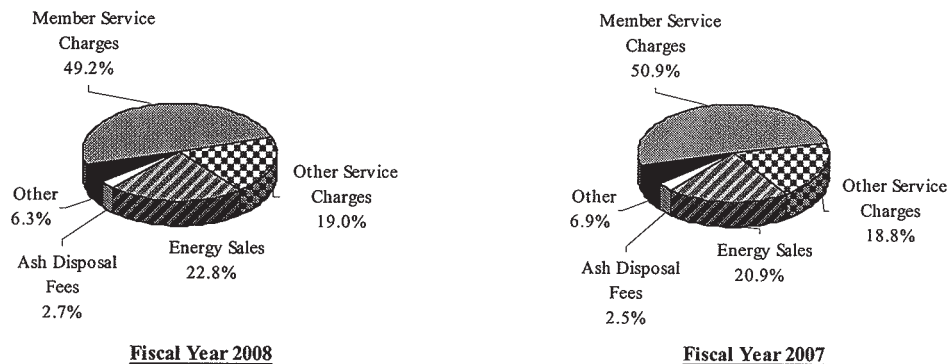
**Depreciation and amortization** remained fairly constant, decreasing by \$5,000 from fiscal year 2007 and increasing by \$339,000 over fiscal year 2006.

**Non-operating revenues, net** decreased by \$3.9 million during fiscal year 2008 primarily due to decreases in litigation-related settlements and State grant received during fiscal year 2007, investment income, and other income, offset by decreases in litigation related-judgment and settlement costs recorded during fiscal year 2007 as well as lower interest expense. Non-operating revenues, net increased by \$5.4 million during fiscal year 2007 primarily due to a \$40.2 million litigation-related settlements, the \$3 million grant from the CTDEP as reimbursement of costs previously incurred by the Authority in the closure of the Shelton landfill, a settlement with one of the Mid-Connecticut operators for several claims related to the operation of waste-to-energy system at the Mid-Connecticut project, increased investment income, and lower interest expense offset by \$35.8 million in litigation-related judgment, settlement costs at the Mid-Connecticut project and decreased other income.

**Special item –Defeasance of debt:** There was no such special item during fiscal year 2008. The fiscal year 2007 special item is attributable to the write-off of unamortized amounts such as bond issuance costs and other deferred amounts related to the Mid-Connecticut 1996 Series A Bonds, which were partially defeased, during fiscal year 2007.

### SUMMARY OF OPERATING REVENUES

The following charts show the major sources and the percentage of operating revenues for the fiscal years ended June 30, 2008 and 2007:



During fiscal year 2008, Solid Waste tipping fees (member service and other service charges) plus ash disposal reimbursement account for 70.9% of the Authority's operating revenues. Energy sales make up another 22.8% of operating revenues. During fiscal year 2007, Solid Waste tipping fees (member service and other service charges) plus ash disposal reimbursement account for 72.2% of the Authority's operating revenues. Energy sales make up another 20.9% of operating revenues.



A summary of operating revenues and non-operating revenues, and the amount and percentage of change in relation to the immediate prior two fiscal years is as follows:

**SUMMARY OF OPERATING AND NON-OPERATING REVENUES**  
**Fiscal Years Ended June 30,**  
**(In Thousands)**

	2008	2007	2008 Increase/ (Decrease) from 2007	2008 Percent Increase/ (Decrease)	2006	2007 Increase/ (Decrease) from 2006	2007 Percent Increase/ (Decrease)
<b>Operating Revenues:</b>							
Member service charges	\$ 86,455	\$ 91,848	\$ (5,393)	(5.9%)	\$ 93,513	\$ (1,665)	(1.8%)
Other service charges	33,308	33,917	(609)	(1.8%)	33,186	731	2.2%
Energy sales	39,962	37,857	2,105	5.6%	37,945	(88)	(0.2%)
Ash disposal reimbursement	4,704	4,485	219	4.9%	4,229	256	6.1%
Other operating revenues	11,061	12,407	(1,346)	(10.8%)	11,220	1,187	10.6%
<b>Total Operating Revenues</b>	<b>175,490</b>	<b>180,514</b>	<b>(5,024)</b>	<b>(2.8%)</b>	<b>180,093</b>	<b>421</b>	<b>0.2%</b>
<b>Non-Operating Revenues:</b>							
Litigation-related settlements	4,745	40,225	(35,480)	-	-	40,225	-
Investment income	6,718	8,888	(2,170)	(24.4%)	7,664	1,224	16.0%
Other income	292	4,073	(3,781)	(92.8%)	5,980	(1,907)	(31.9%)
<b>Total Non-Operating Revenues</b>	<b>11,755</b>	<b>53,186</b>	<b>(41,431)</b>	<b>(77.9%)</b>	<b>13,644</b>	<b>39,542</b>	<b>289.8%</b>
<b>TOTAL</b>	<b>\$ 187,245</b>	<b>\$ 233,700</b>	<b>\$ (46,455)</b>	<b>(19.9%)</b>	<b>\$ 193,737</b>	<b>\$ 39,963</b>	<b>20.6%</b>

Overall, fiscal year 2008 total revenues decreased by \$46.5 million or 19.9% from fiscal year 2007. Fiscal year 2007 total revenues increased by \$40.0 million or 20.6% over fiscal year 2006. The following discusses the major changes in operating and non-operating revenues of the Authority:

- Member service charges decreased by \$5.4 million in fiscal year 2008 and \$1.7 million in fiscal year 2007. The fiscal year 2008 decrease reflects decreased member deliveries at all four operating projects. The fiscal year 2007 decrease reflects a decrease in the tipping fee enacted at the Mid-Connecticut Project and lower than expected solid waste deliveries across the Authority's operating projects.
- Other service charges to both contract towns and spot waste haulers decreased by \$0.6 million in fiscal year 2008 and increased by \$0.7 million from fiscal year 2006 to 2007. The fiscal year 2008 decrease is due to the impact of higher waste diverted to other projects from the Mid-Connecticut project as a result of major unplanned outages at the Power Block Facility, which is partially offset by higher than expected spot waste deliveries at the Bridgeport project. The fiscal year 2007 increase is due to availability as a result of lower than expected member deliveries.
- Energy sales increased by \$2.1 million during fiscal year 2008 and decreased slightly by \$88,000 during fiscal year 2007. The fiscal year 2008 increase is due to increased contract electricity rates received for the first 250 million kilowatts generated at the Mid-Connecticut project, partially offset by a decrease in electricity revenue received at the Wallingford project due to decreases in electricity generation and contract rates. The





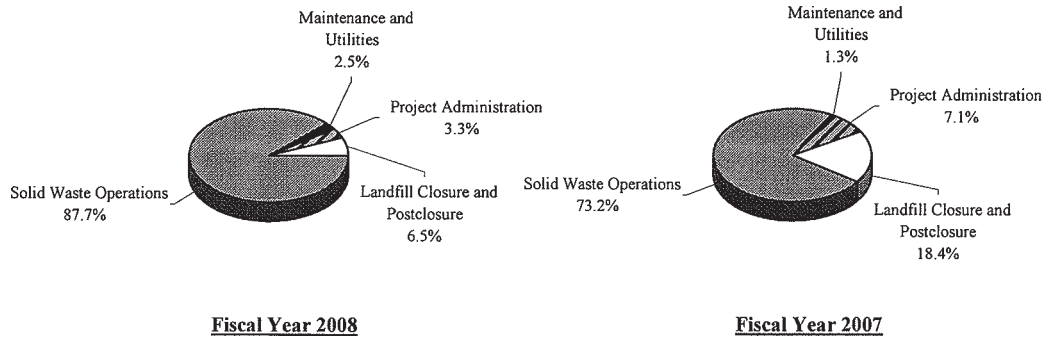
fiscal year 2007 decrease reflects the lower electricity rates in effect during fiscal year 2007 in accordance with the two-year energy purchase agreement at the Mid-Connecticut project and decreased electricity generation.

- Ash disposal reimbursement remained fairly constant, increasing by \$219,000 and \$256,000 over fiscal years 2007 and 2006, respectively.
- Other operating revenues decreased by \$1.3 million in fiscal year 2008 and increased by \$1.2 million in fiscal year 2007. The fiscal year 2008 decrease is due to the decrease in the write-off of liabilities determined to be over-charges, offset by increased recycling sales as a result of favorable recycling sales markets. The fiscal year 2007 increase was due to the write-off of liabilities determined to be over-charges offset by decreased recycling sales.
- Litigation-related settlements of \$4.7 million and \$40.2 million represent settlements of various Enron-related lawsuits during fiscal year 2008 and 2007, respectively.
- Investment income decreased \$2.2 million from fiscal year 2007 to 2008 and increased \$1.2 million from fiscal year 2006 to 2007. The fiscal year 2008 decrease is due to the distribution of the \$36.8 million by the Court Order, utilization of certain reserves and lower interest rates. The fiscal year 2007 increase was due to improved investment rates and increased investment balances.
- Other income of \$293,000 for fiscal year 2008 represents miscellaneous income and gains on sales of equipment. Other income of \$4.1 million for fiscal year 2007 represents the \$3.0 million grant from the CTDEP for landfill closure costs previously incurred by the Authority to close the Shelton landfill, a settlement with the Mid-Connecticut operators for several claims related to the operation of the waste-to-energy system at the Mid-Connecticut project (\$434,000, at present value), gains on sales of equipment and reimbursement from insurance for damage on equipment (\$192,000), and miscellaneous income (\$447,000).



**SUMMARY OF OPERATING EXPENSES**

The following charts show the major sources and the percentage of operating expenses for the fiscal years ended June 30, 2008 and 2007:



Solid Waste Operations are the major component of the Authority’s operating expenses, accounting for 87.7% of operating expenses in fiscal year 2008. During fiscal year 2007, Solid Waste Operations accounted for 73.2% of operating expenses.

A summary of operating expenses and non-operating expenses (including the special item for the fiscal year ended June 30, 2007), and the amount and percentage of change in relation to the immediate prior two fiscal years is as follows:

**SUMMARY OF OPERATING, NON-OPERATING EXPENSES AND SPECIAL ITEM**  
**Fiscal Years Ended June 30,**  
**(In Thousands)**

	2008	2007	2008 Increase/ (Decrease) from 2007	2008 Percent Increase/ (Decrease)	2006	2007 Increase/ (Decrease) from 2006	2007 Percent Increase/ (Decrease)
<b>Operating Expenses:</b>							
Solid waste operations	\$ 136,899	\$ 137,767	\$ (868)	(0.6%)	\$ 133,026	\$ 4,741	3.6%
Maintenance and utilities	3,862	2,401	1,461	60.8%	2,313	88	3.8%
Landfill closure and postclosure	5,114	34,639	(29,525)	(85.2%)	1,629	33,010	2026.4%
Project administration	10,091	13,342	(3,251)	(24.4%)	11,481	1,861	16.2%
<b>Total Operating Expenses</b>	<b>155,966</b>	<b>188,149</b>	<b>(32,183)</b>	<b>(17.1%)</b>	<b>148,449</b>	<b>39,700</b>	<b>26.7%</b>
Depreciation and amortization	18,184	18,189	(5)	0.0%	17,850	339	1.9%
<b>Non-Operating Expenses:</b>							
Litigation-related judgment	-	35,800	(35,800)	-	-	35,800	-
Litigation-related settlement	-	1,150	(1,150)	-	-	1,150	-
Interest expense	1,863	2,693	(830)	(30.8%)	5,677	(2,984)	(52.6%)
Other expenses	531	234	297	126.9%	95	139	146.3%
<b>Total Non-Operating Expenses</b>	<b>2,394</b>	<b>39,877</b>	<b>(37,483)</b>	<b>(94.0%)</b>	<b>5,772</b>	<b>34,105</b>	<b>590.9%</b>
<b>Special Item:</b>							
Defeasance of debt	-	1,148	(1,148)	-	-	1,148	-
<b>TOTAL</b>	<b>\$ 176,544</b>	<b>\$ 247,363</b>	<b>\$ (70,819)</b>	<b>(28.6%)</b>	<b>\$ 172,071</b>	<b>\$ 75,292</b>	<b>43.8%</b>





The Authority's total expenses decreased by \$70.8 million or 28.6% between fiscal year 2008 and 2007. Fiscal year 2007 total expenses increased by \$75.3 million or 43.8% from fiscal year 2006. Notable differences between the fiscal years include:

- Solid waste operations decreased by \$0.9 million from fiscal year 2008 to 2007 primarily due to:
  - Operating expenses at the Wallingford project decreased due to lower operating contract charges, partially offset by:
  - Operating expenses at the Mid-Connecticut project increased due to higher disposal fees as a result of major unplanned outages at the Power Block Facility, higher contract operating costs at the Jets and Energy Generating Facility, and revenue sharing for recycling deliveries, which was partially offset by lower contract operating charges at the Waste Transport and the Waste Processing Facility and lower revenue sharing expense at the Power Block Facility.

Solid waste operations increased by \$4.7 million from fiscal year 2006 to 2007 primarily due to:

- Operating expenses at the Bridgeport project increased due to the depletion of the municipal share fund, which was previously used to offset processing costs; and
  - Operating expenses at the Southeast project increased due to a distribution of funds to the Southeastern Connecticut Regional Resources Recovery Authority for future expenses, partially offset by a reduction in the service fee paid by the Authority to the operator as a result of higher electric contract rates; offset by:
  - Operating expenses at the Mid-Connecticut project decreased due to a reduction of the recycling operating charges per a new operating agreement, a reduction in the solid waste assessment as a result of a favorable ruling from the Department of Revenue Services and lower natural gas consumption for the odor control system as the result of a capital upgrade. These decreases were partially offset by increased operating costs at the Hartford landfill and Waste Processing Facility relating to capital upgrades at the facilities and increased marketing costs for a recycling campaign to increase recycling rates; and
  - Operating expenses at the Wallingford project decreased due to lower waste export costs.
- Maintenance and utilities expenses increased by \$1.5 million during fiscal year 2008 primarily due to closure activities at the Hartford landfill, partially offset by lower maintenance and utilities at the Bridgeport project. During fiscal year 2007, maintenance and utilities increased by \$88,000 primarily due to capital improvements at the Bridgeport project transfer stations.
  - Landfill closure and postclosure costs decreased by \$29.5 million between fiscal years 2007 and 2008 primarily due to the decrease in the Hartford landfill closure and postclosure costs as a result of the 2007 impact of the settlement agreement that was executed in fiscal year 2007, partially offset by increased projected costs, net of \$5.1 million as a result of the inclusion of estimated annual premiums for pollution liability insurance, increased postclosure monitoring and maintenance costs at all five landfills,



the increase in the Hartford and Waterbury landfills capacity used, and the slight increase in the closure costs at the Hartford landfill. Between fiscal years 2006 and 2007, landfill closure and postclosure care costs increased by \$33.0 million between fiscal year 2006 and 2007 primarily due to the Authority's assumption for the responsibility of all closure and postclosure care costs at the Hartford landfill and increased administration costs at all five landfills.

- Project administration costs decreased by \$3.3 million during fiscal year 2008 from fiscal year 2007 and increased by \$1.9 million during fiscal year 2007 over fiscal year 2006. During fiscal year 2008, this decrease is due to lower legal costs incurred in association with project negotiations at the Bridgeport project and lower contingent fees incurred in association with the Enron litigation-related settlements at the Mid-Connecticut project. During fiscal year 2007, this increase was due to higher legal expenses as a result of the continued legal activity associated with the Enron-related lawsuits at the Mid-Connecticut project as well as an arbitration dispute with the facility operator and the ongoing project negotiations at the Bridgeport project.
- Litigation-related judgment: There was no such expense incurred during fiscal year 2008. Litigation-related judgment of \$35.8 million during fiscal year 2007 represents the ruling in the New Hartford suit.
- Litigation-related settlement: There was no such expense incurred during fiscal year 2008. Litigation-related settlement incurred during fiscal year 2007 represents settlement costs at the Mid-Connecticut project.
- Interest expense decreased by \$0.8 million during fiscal year 2008 and \$3.0 million during fiscal year 2007 due to decreases in the principal amount of bonds and state loans.
- Other expenses during fiscal years 2008 and 2007 of \$531,000 and \$234,000, respectively, represent trustee fees, letter of credit fees and other miscellaneous expenses.
- Defeasance of debt occurred during fiscal year 2007 and is discussed on page 10 of this MD&A.

## CAPITAL ASSETS

The Authority's investment in capital assets for its activities as of June 30, 2008 and 2007 totaled \$148.2 million and \$156.3 million, respectively (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, equipment, gas and steam turbines, land, landfills, roadways, rolling stock and vehicles. The total fiscal year 2008 and 2007 decrease in the Authority's investment in capital assets was 5.2% and 9.0%, respectively. The decrease is due to depreciation expense offset by plant improvements, equipment purchases, construction in progress and deferred acquisition costs.

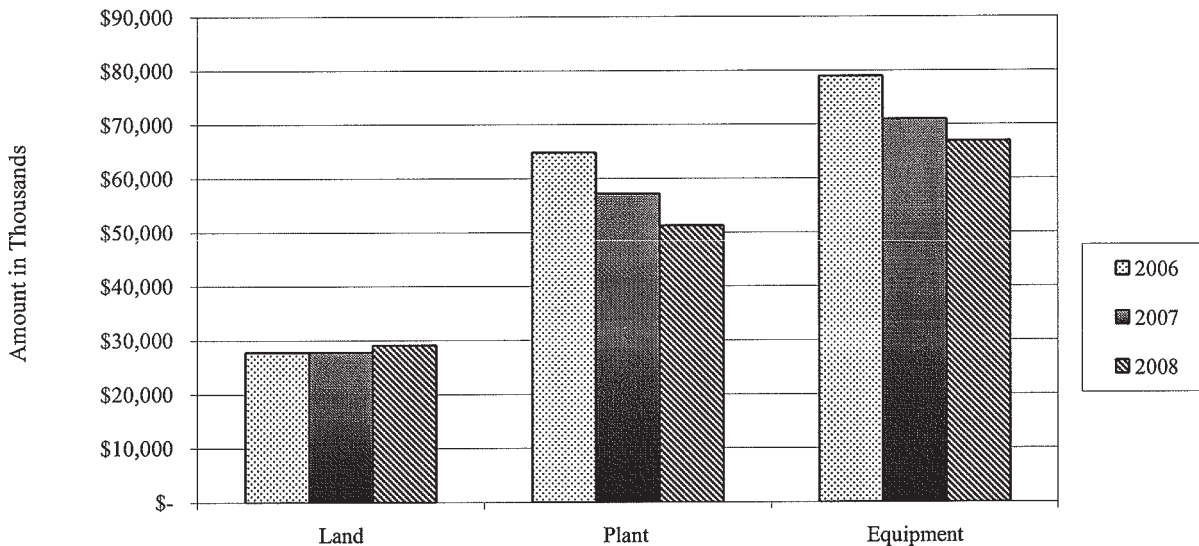
Major capital asset events during the current and immediate prior two fiscal years included equipment, land and vehicle purchases; conveyor rebuilds; building improvements such as door replacements, floor and wall repairs; driveway improvements; installation of a free blow system; installation of a fly ash system; jets repairs; overhaul of turbines; roadway reconstruction; and landfill development costs.



The following table is a three year comparison of the Authority’s investment in capital assets:

**Capital Assets**  
**(Net of Accumulated Depreciation)**  
**As of June 30,**  
**(In Thousands)**

	2006	2007	2008
Land	\$ 27,774	\$ 27,774	\$ 29,079
Plant	64,875	57,223	51,293
Equipment	78,951	70,980	66,958
Construction-in-progress	121	357	327
Deferred acquisition costs	-	-	559
<b>Totals</b>	<b>\$ 171,721</b>	<b>\$ 156,334</b>	<b>\$ 148,216</b>



Additional information on the Authority’s capital assets can be found in Notes 1J, 1K and 3 on pages 30 and 34 of this report.

**STATE LOANS**

On April 19, 2002, the Connecticut General Assembly passed Public Act No. 02-46 (the “Act”), which authorized a loan by the State to the Authority of up to \$115 million to support the repayment of the Authority’s debt for the Mid-Connecticut project, in order to avoid potential default. This State support resulted in the authorization of a loan in the amount of \$22 million for the period June 30, 2003 through June 30, 2004 and the authorization of a subsequent loan in the amount of \$20 million for the period July 1, 2004 through June 30, 2005. During these periods, the Authority drew a total of \$21.5 million of the authorized State loans. The Authority has made no State loan requests since December 2004. On October 26, 2006, the Authority’s



Board of Director's authorized the full repayment of the State Loans from the escrow established for such purposes. On February 15, 2008, the Authority paid the State Loans in full.

## LANDFILL ACTIVITY

### New Ash Landfill Initiative

In 2004, the Authority embarked on a comprehensive landfill siting investigation for a new ash residue and/or bulky waste landfill. As an outcome of this search, a site in Franklin, Connecticut has been identified as the primary site to be investigated to confirm that it is technically and environmentally amenable to permitting and constructing a landfill. Although the actual "footprint" of the contemplated landfill will be approximately 125 acres, the area being investigated is approximately 450 acres.

The Authority publically announced the site in March 2008, and began field investigations in April 2008. Field investigations will continue through spring 2009. Field investigations include ecological studies (wetlands, threatened and endangered species, habitat assessment, etc.), subsurface geological and hydrogeological investigations, traffic analyses, surveying, hydrological studies of adjacent waterbodies, and cultural/archaeological investigations. The Authority held three public informational meetings in April and May 2008 to communicate its landfill siting initiative to the local community, as well as to answer questions and hear concerns from the local community. The Authority is in negotiations with several property owners regarding acquisition of land.

### Hartford Landfill

The Authority submitted a solid waste permit modification application to CTDEP in July 2006, associated with the Hartford landfill, to 1) revise the closure plan, prescribing a state-of-the-art synthetic cap; 2) revise the grading plan for a section of the east side of the landfill; 3) set a date certain for final delivery of waste of no later than December 31, 2008; and 4) discuss possible passive recreational future uses for the landfill and engage a landscape architect to provide a rendering of these possible activities. A favorable ruling on this permit modification was issued by CTDEP on March 29, 2007. As of June 30, 2008, there are six months remaining to fill the landfill with non-processible waste and process residue generated at the Mid-Connecticut Resource Recovery Facility ("RRF"). There is also approximately six months of capacity remaining for the ash residue generated by the RRF. Upon closure of the Hartford landfill, the Mid-Connecticut Project will incur substantial cost increases to transport and dispose of the non-processible waste, process residue and ash residue to other out-of-state facilities. A new ash landfill in Connecticut would mitigate some of these costs.

On February 2, 2007, the Authority and the City of Hartford executed a Settlement Agreement which resolved a long standing disagreement regarding responsibility for costs associated with closure and post-closure activities at the Hartford landfill. The Settlement Agreement provided for the Authority to assume the liability, contingent upon certain conditions, for all of the Hartford landfill closure and postclosure costs. The Authority has estimated the latest total current costs for closure and post-closure care to be approximately \$44.3 million at June 30, 2008. The remaining liability and costs to be recognized for the Hartford landfill as of June 30,





2008 are approximately \$38.3 million and \$1.3 million, respectively. The State of Connecticut legislature approved legislation which provides \$13.0 million, for the Authority, for costs associated with closure of the Hartford landfill, with \$3.0 million allocated in fiscal year 2008, and \$10.0 million allocated in fiscal year 2009. In March 2008, the State Bond Commission appropriated \$3.0 million. In June and July 2007, the Authority awarded two closure construction contracts, together valued at approximately \$15.0 million. These construction activities proceeded during fiscal 2008 and will continue into fiscal year 2009. The Authority shall submit a reimbursement request to the State of Connecticut (through the CTDEP) in early September 2008 for reimbursement of the first \$3.0 million of expenditures.

#### Ellington Landfill

In May 2007, the Authority executed a settlement agreement with a private landowner, which settlement included a provision for the Authority to purchase approximately 57 acres of land in Ellington and East Windsor, Connecticut, and adjacent to the Authority's closed landfill in Ellington, CT, for the purpose of obtaining control of a subsurface landfill leachate plume. Conveyance of the property was completed in July 2007.

#### Waterbury Landfill

The Authority's Waterbury Bulky Waste Landfill, a small, 5.5 acre landfill, was permitted in the mid-1980's by Waterbury Landfill Associates to accept waste such as land clearing debris and construction and demolition debris. The landfill was subsequently purchased by the Authority in 1986 and made part of its Bridgeport Project. The Authority's contract with the Bridgeport Project ends at the end of calendar year 2008. The landfill has reached the end of its economically useful life and the Authority has proceeded to initiate closure activities. Closure construction work will begin in July 2008 and will end in October 2008. Work will include site preparation, waste relocation and grading, the installation of final cover soils, the installation of erosion control measures, and the establishment of vegetation over the entire landfill footprint. Costs associated with closure construction and associated engineering Quality Assurance / Quality Control oversight are approximately \$698,000.

#### Shelton and Wallingford Landfills

These two landfills are both closed and are being compliantly managed in accordance with CTDEP's regulations governing post-closure management of solid waste landfills and the specific environmental permits that govern post-closure requirements at these landfills.

### **METROPOLITAN DISTRICT COMMISSION ARBITRATION RULING**

An arbitration hearing was held in the spring of 2005, to resolve certain claims, including non-payment of two Metropolitan District Commission ("the MDC") invoices and the Authority's claim that it was overcharged by the MDC for indirect costs. Pursuant to the 1999 ruling of a previous arbitration panel, the Authority created and maintained an escrow account, setting aside 25% of the indirect costs invoiced by the MDC. In July 2005, the second arbitration panel ruled in favor of the Authority, stating that due to the overcharges the Authority did not have to pay the two MDC invoices and is entitled to retain 100% of the escrow account. The MDC appealed.



On December 21, 2006, the Authority and the MDC entered into a Settlement Agreement and Mutual Release, pursuant to which the MDC agreed to pay the Authority \$500,000, payable either in cash or credits against amounts otherwise due from the Authority to the MDC, in equal yearly installments from 2006 through 2012, and to immediately withdraw its appeal with prejudice, and the parties exchanged mutual releases.

### **NEW HARTFORD SUIT**

In December 2003, the Towns of New Hartford and Barkhamstead filed suit against the Authority, former board members and delegates, the Authority's former President, and others, seeking alleged damages resulting from the failed Enron transaction as well as equitable relief. In addition to vigorously contesting these claims on its own behalf, the Authority is defending and indemnifying its former President and board members. On August 10, 2005, the Motions to Dismiss all of the non-Authority defendants were granted; on August 30, 2005, plaintiffs filed an appeal, which is still pending. On March 21, 2006, the court granted the plaintiffs' motion for Class Certification. Trial began on November 13, 2006 and the parties rested on January 11, 2007. On June 19, 2007, the court issued its decision, imposing a constructive trust on the sum of \$35,873,732.25 (received by the Authority from various parties in settlement of various Enron-related lawsuits and held by the Treasurer of the State of Connecticut in the Short-Term Investment Fund account) and ordering that amount to be forwarded to the plaintiffs, in care of their attorneys, immediately. On December 7, 2007, the Court ordered the State Treasurer to issue one check for all monies held in the STIF account, together with accrued interest since June 19, 2007, to plaintiffs' attorneys for allocation of funds to the Mid-Connecticut Project municipalities and award of attorneys' fees and reimbursement of expenses. On December 11, 2007, in accordance with the Court order, \$36,775,720 was withdrawn from the STIF account.

The court also enjoined the Authority from passing any costs of the failed Enron transaction to the towns, effective for fiscal year 2008 and all subsequent years. On June 20, 2007, the Authority filed an Application for a Stay of Injunction Pending Appeal. On July 6, 2007, the Authority appealed the trial court's decision to the Appellate Court; on July 23, 2007, the appeal was transferred to the Connecticut Supreme Court. On July 25, 2007, the trial judge denied the Authority's Application for a Stay of Injunction Pending Appeal. On August 6, 2007, the Authority filed a Motion for Review of that denial with the Connecticut Supreme Court. The trial court retained jurisdiction over the plaintiffs' application for an order enjoining the Authority's implementation of its fiscal year 2008 budget, and held a hearing on September 5-6, 2007. On October 25, 2007, the trial court directed the Authority to remove \$6.71 million in budgeted expenses from its fiscal year 2008 budget, and reduce its Mid-Connecticut Project tip fee accordingly; on November 21, the Authority appealed. On April 21, 2008, Plaintiffs filed a Motion to Enforce Judgment and Enjoin the Authority from Subverting Judgment, seeking an order enjoining implementation of the Authority's fiscal year 2009 Mid-Connecticut Project budget. On April 30, 2008, the Authority filed a Complaint in Superior Court in Hartford seeking a Declaratory Judgment that the adoption of its fiscal year 2009 budget was a proper exercise of the statutory discretion, exercised in good faith, of the Authority's Board of Directors. On June 12, 2008, the Declaratory Judgment action was transferred to the trial judge in the *New Hartford* matter. On June 13, 2008, Plaintiffs filed a Motion to Consolidate the Authority's Declaratory Judgment action with Plaintiffs' request for an order enjoining





implementation of the fiscal year 2009 Mid-Connecticut Project budget. On August 11, 2008, the trial judge granted Plaintiffs' Motion to Consolidate with regard to the requested temporary injunction, but denied it with regard to the requested permanent injunction, and indicated his intent to hold an evidentiary hearing in September. The Authority has been advised that oral argument in connection with the appeals pending in this matter before the Connecticut Supreme Court will be heard in October 2008.

**AUTHORITY RATES AND CHARGES**

During the months of January and February each year, as required under the various project bond resolutions, the Authority's Board of Directors approves the succeeding fiscal year tipping fees for all of the projects except the Southeast project, which is subject to approval by the Southeastern Connecticut Regional Resources Recovery Authority. The following table presents a history of the tipping fees for each of the four projects:

<b>TIP FEE HISTORY BY PROJECT</b>					
(Dollars charged per ton of solid waste delivered)					
<b>Fiscal Year</b>	<b>Mid-Connecticut<sup>1</sup></b>	<b>Bridgeport<sup>2</sup></b>		<b>Wallingford</b>	<b>Southeast</b>
2000	\$49.00	\$60.00	\$10.00	\$57.00	\$59.00
2001	50.00	60.00	7.00	56.00	58.00
2002	51.00	60.00	7.00	55.00	57.00
2003	57.00	62.00	7.00	55.00	57.00
2004	63.75	63.00	8.00	55.00	60.00
2005	70.00	64.50	8.00	56.00	60.00
2006	70.00	66.00	8.00	57.00	60.00
2007	69.00	70.00	8.00	58.00	60.00
2008	69.00 / 61.25	76.00	5.00	59.00	60.00

**LONG-TERM DEBT ISSUANCE, ADMINISTRATION AND CREDIT RATINGS**

As detailed in the table on page 21, as of the fiscal year ended June 30, 2008, the Authority had \$128.5 million of outstanding debt. Of this amount, \$43.5 million comprises debt issued by the Authority as a conduit issuer for the Southeast project in connection with the Covanta Southeastern Connecticut Company and is not carried on the Authority's books. In addition, \$12.7 million of the outstanding bonds pertaining to the Bridgeport project, \$3.9 million of the outstanding bonds pertaining to the Wallingford project and \$45.0 million of the outstanding bonds pertaining to the Southeast project do not appear on the books of the Authority as these bonds were issued to fund construction of waste processing facilities operated by independent contractors who have commitments to repay the debt that is not allocable to Authority purposes.

With the exception of the Southeast project conduit bonds, all other bonds issued by the Authority are secured by credit enhancement in the form of municipal bond insurance. In some cases, certain bonds are further secured by the Special Capital Reserve Fund ("SCRF") of the

<sup>1</sup> On October 25, 2007, per court order, the Authority reduced the Mid-Connecticut Project tip fee for municipalities for the remainder of fiscal year 2008. The hauler's rate remained at \$69/ton for the entire year.

<sup>2</sup> The Bridgeport Project charges a split rate; the first rate is for actual tons delivered and the second rate is based on the minimum commitment tonnage.



State of Connecticut. The SCRF is a contingent liability of the State of Connecticut available to replenish any debt service reserve fund draws on bonds that have the SCRF designation. The funds used to replenish a debt service reserve draw are provided by the State's General Fund and are deemed appropriated by the Connecticut legislature.

The current ratings of the Authority's outstanding bonds reflect the upheaval in the credit markets following the sub-prime mortgage crisis of 2007 and 2008. As a result, most of the major bond insurers suffered rating downgrades reflecting their sub-prime mortgage exposure. As such, the Authority requested underlying ratings from the rating agencies to indicate the credit strength of the bonds assuming no municipal bond insurance.

The Authority did not issue long-term debt for any purpose during the fiscal year ended June 30, 2008.

Additional information on the Authority's long-term debt can be found in Note 4 on pages 34-37 of this report.

STATUS OF OUTSTANDING BONDS ISSUED AS OF JUNE 30, 2008

PROJECT / Series	Moody's Rating	Moody's Underlying	Standard & Poor's Rating	Standard & Poor's SPUR	Credit Enhancement	X= SCRF-Backed <sup>1</sup>	Dated	Maturity Date	Original Principal (\$000)	Principal Outstanding (\$000)	On Authority's Books (\$000)
<b>MID-CONNECTICUT PROJECT</b>											
1996 Series A - Project Refinancing	A2	A1	AA	AA	MBIA	X	08/20/96	11/15/12	\$209,675	\$15,290	\$15,290
										15,290	15,290
<b>BRIDGEPORT PROJECT</b>											
1999 Series A - Project Refinancing	A2	A2	AA-	A+	MBIA	--	08/31/99	01/01/09	141,695	13,225	535
2000 Series A - Refinancing (partial insurance)	A2	A3	AA	A+	MBIA	--	08/01/00	01/01/09	9,200	1,170	1,170
										14,395	1,705
<b>WALLINGFORD PROJECT</b>											
1998 Series A - Project Refinancing	Aa3	A2	AA-	A	Ambac	--	10/23/98	11/15/08	33,790	4,650	712
										4,650	712
<b>SOUTHEAST PROJECT</b>											
1998 Series A - Project Refinancing	A2	A2	AA	AA	MBIA	X	08/18/98	11/15/15	87,650	50,675	5,639
<b>CORPORATE CREDIT REVENUE BONDS</b>											
1992 Series A - Corporate Credit	Ba1	N/A	BB+	N/A	--	--	09/01/92	11/15/22	30,000	30,000	0
2001 Series A - Covanta Southeastern Connecticut Company-I	Ba1	N/A	NR	NR	--	--	11/15/01	11/15/15	6,750	6,750	0
2001 Series A - Covanta Southeastern Connecticut Company-II	Ba1	N/A	NR	NR	--	--	11/15/01	11/15/15	6,750	6,750	0
										94,175	5,639
<b>TOTAL PRINCIPAL BONDS OUTSTANDING</b>										<b>\$128,510</b>	<b>\$23,346</b>

<sup>1</sup> SCRF = Special Capital Reserve Fund of the State of Connecticut.

NA = Not Applicable

NR = Not Rated

SPUR = Standard & Poor's Underlying Rating. This is the rating of the stand-alone capacity to pay debt service on a credit enhanced issue without giving effect to the credit enhancement.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Accounting and Financial Reporting, 100 Constitution Plaza – 6<sup>th</sup> Floor, Hartford, CT 06103.



**BALANCE SHEETS**  
**AS OF JUNE 30, 2008 AND 2007**  
**(Dollars in Thousands)**

**EXHIBIT I**  
**Page 1 of 2**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Unrestricted Assets:		
Cash and cash equivalents	\$ 106,104	\$ 89,116
Accounts receivable, net of allowances	22,202	28,450
Inventory	3,610	3,349
Prepaid expenses and other current assets	1,128	3,873
Total Unrestricted Assets	<u>133,044</u>	<u>124,788</u>
Restricted Assets:		
Cash and cash equivalents	37,033	59,657
Accrued interest receivable	376	633
Total Restricted Assets	<u>37,409</u>	<u>60,290</u>
Total Current Assets	<u>170,453</u>	<u>185,078</u>
<b>NON-CURRENT ASSETS</b>		
Restricted cash and cash equivalents	36,472	49,642
Restricted investments	809	779
Capital Assets:		
Depreciable, net	118,251	128,203
Nondepreciable	29,965	28,131
Development and bond issuance costs, net	3,978	4,921
Total Non-Current Assets	<u>189,475</u>	<u>211,676</u>
<b>TOTAL ASSETS</b>	<u>\$ 359,928</u>	<u>\$ 396,754</u>

The accompanying notes are an integral part of these financial statements



**BALANCE SHEETS (Continued)**  
**AS OF JUNE 30, 2008 AND 2007**  
(Dollars in Thousands)

**EXHIBIT I**  
Page 2 of 2

	<u>2008</u>	<u>2007</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of:		
Bonds payable, net	\$ 2,912	\$ 3,097
State loans payable	-	2,619
Closure and postclosure care of landfills	12,216	10,588
Accounts payable	6,938	1,838
Accrued expenses and other current liabilities	<u>18,541</u>	<u>54,128</u>
Total Current Liabilities	<u>40,607</u>	<u>72,270</u>
<b>LONG-TERM LIABILITIES</b>		
Bonds payable, net	19,956	22,835
State loans payable	-	10,701
Closure and postclosure care of landfills	48,602	50,777
Other liabilities	<u>1,291</u>	<u>1,400</u>
Total Long-Term Liabilities	<u>69,849</u>	<u>85,713</u>
<b>TOTAL LIABILITIES</b>	<u>110,456</u>	<u>157,983</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	<u>135,575</u>	<u>142,050</u>
Restricted for:		
Tip fee stabilization	15,915	15,290
Energy generating facility	9,971	12,012
Revenue fund	6,309	-
Debt service reserve funds	5,265	5,228
Operating and maintenance	1,735	1,662
Equipment replacement	1,735	1,662
Select Energy escrow	1,000	1,000
Debt service funds	886	968
Shelton landfill future use	857	824
DEP trust - landfills	809	781
Montville landfill postclosure	478	402
Recycling education fund	514	542
Rebate fund	305	292
Other restricted net assets	97	83
Cash escrow - litigation-related settlements	-	2,126
Regional recycling center equipment	-	452
Total Restricted	<u>45,876</u>	<u>43,324</u>
Unrestricted	<u>68,021</u>	<u>53,397</u>
Total Net Assets	<u>249,472</u>	<u>238,771</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 359,928</u>	<u>\$ 396,754</u>

The accompanying notes are an integral part of these financial statements



Connecticut Resources Recovery Authority

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007  
(Dollars in Thousands)

EXHIBIT II

	<u>2008</u>	<u>2007</u>
<b>Operating Revenues</b>		
Service charges:		
Members	\$ 86,455	\$ 91,848
Others	33,308	33,917
Energy sales	39,962	37,857
Ash disposal reimbursement	4,704	4,485
Other operating revenues	11,061	12,407
Total operating revenues	<u>175,490</u>	<u>180,514</u>
<b>Operating Expenses</b>		
Solid waste operations	136,899	137,767
Depreciation and amortization	18,184	18,189
Maintenance and utilities	3,862	2,401
Closure and postclosure care of landfills	5,114	34,639
Project administration	10,091	13,342
Total operating expenses	<u>174,150</u>	<u>206,338</u>
Operating Income (Loss)	1,340	(25,824)
<b>Non-Operating Revenues and (Expenses)</b>		
Investment income	6,718	8,888
Litigation-related settlements, net	4,745	39,075
Litigation-related judgment	-	(35,800)
Other income (expenses), net	(239)	3,839
Interest expense	(1,863)	(2,693)
Net Non-Operating Revenues	<u>9,361</u>	<u>13,309</u>
Income (Loss) before Special Item	10,701	(12,515)
<b>Special Item:</b>		
Defeasance of debt	-	(1,148)
Total special item	<u>-</u>	<u>(1,148)</u>
Change in Net Assets	10,701	(13,663)
<b>Total Net Assets, beginning of year</b>	<u>238,771</u>	<u>252,434</u>
<b>Total Net Assets, end of year</b>	<u>\$ 249,472</u>	<u>\$ 238,771</u>

The accompanying notes are an integral part of these financial statements



**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007  
(Dollars in Thousands)**

**EXHIBIT III**

	2008	2007
<b>Cash Flows From Operating Activities</b>		
Payments received from providing services	\$ 181,799	\$ 175,858
Proceeds from settlements	4,745	40,225
Payments to suppliers for goods and services	(138,662)	(154,697)
Payment of litigation-related judgment	(35,874)	-
Payments to employees for services	(4,301)	(4,484)
<b>Net Cash Provided by Operating Activities</b>	<b>7,707</b>	<b>56,902</b>
<b>Cash Flows From Investing Activities</b>		
Interest on investments	6,967	8,879
Purchases of investments	(29)	(770)
<b>Net Cash Provided by Investing Activities</b>	<b>6,938</b>	<b>8,109</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Proceeds from sales of equipment	7	192
Payments for landfill closure and postclosure care liabilities	(5,661)	(713)
Acquisition and construction of capital assets	(9,266)	(1,942)
Defeasance of debt	-	(275)
Interest paid on long-term debt	(1,853)	(2,981)
Principal paid on long-term debt	(16,515)	(59,778)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(33,288)</b>	<b>(65,497)</b>
<b>Cash Flows From Non-Capital Financing Activities</b>		
Other interest and fees	(163)	(77)
<b>Net Cash Used in Non-Capital Financing Activities</b>	<b>(163)</b>	<b>(77)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(18,806)</b>	<b>(563)</b>
Cash and cash equivalents, beginning of year	<b>198,415</b>	<b>198,978</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 179,609</b>	<b>\$ 198,415</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:</b>		
Operating income (loss)	\$ 1,340	\$ (25,824)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation of capital assets	17,239	17,246
Amortization of development and bond issuance costs	945	943
Provision for closure and postclosure care of landfills	5,114	34,639
Other income	67	3,791
Litigation-related settlements	4,745	39,075
Litigation-related judgment	-	(35,800)
(Increase) decrease in:		
Accounts receivable, net	6,248	(6,302)
Inventory	(261)	70
Prepaid expenses and other current assets	2,745	(2,512)
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	(30,475)	31,576
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 7,707</b>	<b>\$ 56,902</b>

**The accompanying notes are an integral part of these financial statements**





## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Entity and Services

The Connecticut Resources Recovery Authority (the "Authority") is a body politic and corporate, created in 1973 by the State Solid Waste Management Services Act, constituting Chapter 446e of the Connecticut General Statutes. The Authority is a public instrumentality and political subdivision of the State of Connecticut (the "State") and is included as a component unit in the State's Comprehensive Annual Financial Report. As of June 30, 2008, the Authority is authorized to have a board consisting of eleven directors and eight ad-hoc members. The Governor of the State appoints three directors and all eight ad-hoc members. The remaining eight directors are appointed by various state legislative leaders. All appointments require the advice and consent of both houses of the General Assembly.

The State Treasurer continues to approve the issuance of all Authority bonds and notes. The State is contingently liable to restore deficiencies in debt service reserves established for certain Authority bonds. The Authority has no taxing power.

The Authority has responsibility for implementing solid waste disposal and resources recovery systems and facilities throughout the State in accordance with the State Solid Waste Management Plan. To accomplish its purposes, the Authority is empowered to determine the location of and construct solid waste management projects, to own, operate and maintain waste management projects or to make provisions for operation and maintenance by contracting with private industry. The Authority is required to be self-sufficient in its operation in order to cover the cost of fulfilling the Authority's mission.

The Authority is comprised of four comprehensive solid waste disposal systems and a General Fund. Each of the operating systems has a unique legal, contractual, financial and operational structure described as follows:

##### Mid-Connecticut Project

The Mid-Connecticut Project consists of a 2,850 ton per day municipal solid waste / 2,030 ton per day refuse derived fuel Resources Recovery Facility located in Hartford, Connecticut, four transfer stations, the Hartford Landfill, the Ellington Landfill and a Regional Recycling Center located in Hartford, Connecticut. This system of facilities provides solid waste disposal and recycling services to 70 Connecticut municipalities through service contract arrangements. The Authority owns the Resources Recovery Facility, the transfer stations, the Ellington Landfill and the Regional Recycling Center. The Authority leases the land for the Essex transfer station. The Authority controls the Hartford Landfill under a long-term lease with the City of Hartford. Private vendors, under various operating contracts, conduct operation of the facilities. All revenue generated by the facilities accrues to the Authority. Certain operating contracts have provisions for revenue sharing with a vendor if prescribed operating parameters are achieved. The Authority has responsibility for all debt issued in the development of the Mid-Connecticut system.

In conjunction with the deregulation of the State's electric industry, the Authority acquired from the Connecticut Light & Power Company ("CL&P") four Pratt & Whitney Twin-Pac peaking jet turbines, two steam turbines, and certain other assets and land. Operating and maintenance agreements were entered into with Northeast Generation Services Company to operate the peaking jet turbines and with Covanta Mid-Conn, Inc. to operate the steam turbines.



### **Bridgeport Project**

The Bridgeport Project consists of a 2,250 ton per day mass burn Resources Recovery Facility located in Bridgeport, Connecticut, eight transfer stations, the Shelton Landfill, the Waterbury Landfill and a Regional Recycling Center located in Stratford, Connecticut. The Bridgeport Project provides solid waste disposal and recycling services to 20 Connecticut municipalities in Fairfield and New Haven Counties through service contract arrangements. The Authority holds title to all facilities in the Bridgeport system. The Resources Recovery Facility is leased to a private vendor under a long-term sales-type arrangement until December 2008, with several renewal option provisions. The private vendor has beneficial ownership of the facility through this arrangement. The vendor is obligated to pay for the costs of the facility including debt service (other than the portion allocable to Authority purposes for which the Authority is responsible). The Authority derives its revenues from service fees charged to member municipalities and other system users. The Authority pays the vendor a contractually determined service fee. Electric energy revenues and certain other service charges are accrued by the vendor.

The Authority's contract with the Bridgeport Project ends at the end of calendar year 2008. Before the termination of the current solid waste agreement, the Authority anticipates executing a new five-year service agreement with Wheelabrator, to commence on January 1, 2009, for the disposal of approximately 250,000 tons of municipal solid waste annually from 12 of the existing Bridgeport Project's Municipalities.

### **Wallingford Project**

The Wallingford Project consists of a 420 ton per day mass burn Resources Recovery Facility located in Wallingford, Connecticut and the Wallingford Landfill. Five Connecticut municipalities in New Haven County are provided solid waste disposal services by this system through service contract arrangements. The Authority leases the Wallingford Landfill and owns the Resources Recovery Facility. The

Resources Recovery Facility is leased to a private vendor under a long-term arrangement. The private vendor has beneficial ownership of the facility through this arrangement. The vendor is responsible for operating the facility and servicing the debt (other than the portion allocable to Authority purposes for which the Authority is responsible). The Wallingford Project's revenues are derived primarily from service fees charged to participating municipalities and other system users and fees for electric energy generated. The Authority pays the vendor a contractually determined service fee. The operating contract has provisions for revenue sharing with the vendor if prescribed operating parameters are achieved.

The operating contract between the Authority and the vendor will expire on June 30, 2010. The contract has a provision whereby the Authority can exercise an option to purchase the facility when the contract ends. Unless this option is exercised by December 30, 2008, the vendor will own the facility when the contract ends. Currently, the Authority is pursuing the purchase option on behalf of the municipalities so that the facility will remain publicly owned.

### **Southeast Project**

The Southeast Project consists of a 690 ton per day mass burn Resources Recovery Facility located in Preston, Connecticut and the Montville Landfill. The Southeast Project provides solid waste disposal services to 14 Connecticut municipalities in the eastern portion of the State through service contract arrangements. The Authority owns the Resources Recovery Facility. It is leased to a private vendor under a long-term lease. The private vendor has beneficial ownership of the facility through this arrangement. The vendor is obligated to operate and maintain the facility and service the debt (other than the portion allocable to Authority purposes for which the Authority is responsible). The Authority derives its revenues from service fees charged to participating municipalities and other system users. The Authority pays the vendor a contractually determined service fee. Electric energy revenues and certain other service charges are accrued by the vendor with certain



contractually prescribed credits payable to the Authority for these revenue types.

### **General Fund**

The Authority has a General Fund in which the costs of central administration are accumulated. Substantially all of these costs are allocated to the Authority's projects based on time expended.

### **B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The Authority is considered to be an Enterprise Fund. The Authority's operations and balances are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues and expenses.

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The Authority's financial statements are prepared using an economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Interest on revenue bonds, used to finance the construction of certain assets, is capitalized during the construction period net of interest earned on the investment of unexpended bond proceeds.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the disposal of solid waste. The principal operating revenues of the Authority are charges to customers for user services and sales of electricity. Operating expenses include the cost of solid waste operations, maintenance and utilities, closure and post-closure care of landfills, administrative expenses, and depreciation on capital assets. All revenues and

expenses not meeting this definition are reported as non-operating revenues and expenses.

The financial statements are presented in accordance with Alternative #1 under Governmental Accounting Standards Board ("GASB") Statement No. 20, whereby the Authority follows (1) all GASB pronouncements and (2) Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, except those which conflict with a GASB pronouncement.

### **C. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheets and the reported amounts of revenues and expenses during the reporting period. Such estimates are subsequently revised as deemed necessary when additional information becomes available. Actual results could differ from those estimates.

### **D. Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, all unrestricted and restricted highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

### **E. Accounts Receivable, net**

Accounts receivable are shown net of an allowance for the estimated portion that is not expected to be collected. The Authority performs ongoing credit evaluations and generally requires a guarantee of payment form of collateral. The Authority has established an allowance for the estimated portion that is not expected to be collected of \$165,000 and \$408,000 at June 30, 2008 and 2007, respectively.





**F. Inventory**

The Authority's spare parts inventory is stated at the lower of cost or market using the weighted-average cost method. The Authority's coal inventory is stated at the lower of cost or market using the FIFO method.

Inventories at June 30, 2008 and 2007 are summarized as follows:

Inventories	2008 (\$000)	2007 (\$000)
Spare Parts	\$ 3,455	\$ 3,157
Coal	155	192
Total	<u>\$ 3,610</u>	<u>\$ 3,349</u>

**G. Investments**

Investments are stated at fair value. Gains or losses on sales of investments are determined using the specific identification method.

Interest on investments is recorded as revenue in the year the interest is earned, unless capitalized as an offset to capitalized interest expense on assets acquired with tax-exempt debt.

**H. Restricted Assets**

Under provisions of various bond indentures and certain other agreements, restricted assets are used for debt service, special capital reserve funds and other debt service reserve funds, development, construction and operating costs.

**I. Development and Bonds Issuance Costs**

Costs incurred during the development stage of an Authority project, including, but not limited to, initial planning and permitting, and bond issuance costs are capitalized. When the project begins commercial operation, the development costs are amortized using the straight-line method over the estimated life of the project. Bond issuance costs are amortized over the life of the related bond issue using the straight-line method.

At June 30, 2008 and 2007, development and bond issuance costs for the projects are as follows:

Project	2008 (\$000)	2007 (\$000)
<b>Development</b>		
Costs:		
Mid-Connecticut	\$ 3,277	\$ 3,277
Wallingford	5,667	5,667
Southeast	10,006	10,006
	<u>18,950</u>	<u>18,950</u>
Less accumulated amortization:		
Mid-Connecticut	3,277	3,120
Wallingford	5,383	5,100
Southeast	6,869	6,477
	<u>15,529</u>	<u>14,697</u>
Total development costs, net	<u>\$ 3,421</u>	<u>\$ 4,253</u>
<b>Bond Issuance</b>		
Costs:		
Mid-Connecticut	239	239
Bridgeport	275	275
Wallingford	105	105
Southeast	1,008	1,008
	<u>1,627</u>	<u>1,627</u>
Less accumulated amortization:		
Mid-Connecticut	170	155
Bridgeport	244	214
Wallingford	96	86
Southeast	560	504
	<u>1,070</u>	<u>959</u>
Total bond issuance costs, net	<u>\$ 557</u>	<u>\$ 668</u>
Totals, net	<u>\$ 3,978</u>	<u>\$ 4,921</u>



**J. Capital Assets**

Capital assets with a useful life in excess of one year are capitalized at historical cost. Depreciation of exhaustible capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of landfills are based on the estimated years of available disposal capacity. The estimated useful lives of other capital assets are as follows:

Capital Assets	Years
Resources Recovery Buildings	30
Other Buildings	20
Resources Recovery Equipment	30
Gas and Steam Turbines	10-20
Recycling Equipment	10
Rolling Stock and Automobiles	5
Office and Other Equipment	3-5
Roadways	20

The Authority's capitalization threshold for property, plant, and equipment and for office furniture and equipment is \$5,000 and \$1,000, respectively. Improvements, renewals and significant repairs that extend the useful life of a capital asset are capitalized; other repairs and maintenance costs are expensed as incurred. When capital assets are retired or otherwise disposed of, the related asset and accumulated depreciation is written off and any related gains or losses are recorded.

**K. Deferred Acquisition Costs**

Deferred acquisition costs include legal fees and permitting and engineering costs associated with the licensing and development (siting) of additional landfills, and certain costs incurred to ready additional landfill areas for use. These costs are deferred as they will be recoverable through future revenue or benefit future operations. If licensure or recoverability becomes doubtful, these costs are then charged to operations. Deferred acquisition costs of \$559,000 and \$0 as of June 30, 2008 and 2007, respectively, are classified as nondepreciable capital assets in the accompanying balance sheets.

**L. Accrued Compensation**

The Authority's liability for vested accumulated unpaid vacation and other employee benefit amounts is included in accrued expenses and other current liabilities in the accompanying balance sheets.

**M. Net Assets**

Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted net assets may be divided into designated and undesignated portions. Designated net assets represent the Authority's self-imposed limitations on the use of otherwise unrestricted net assets. Unrestricted net assets have been designated by the Board of Directors of the Authority for various purposes and such designations totaled \$37.2 million and \$68.7 million as of June 30, 2008 and 2007, respectively. Designated net assets at June 30, 2008 and 2007 are summarized as follows:



Unrestricted Designated Net Assets	2008 (\$000)	2007 (\$000)
Future use	\$ 9,904	\$ 6,487
Future loss contingencies	7,993	8,294
Debt service stabilization	4,763	4,576
Facility modifications	3,247	5,461
Rolling stock	3,081	3,956
Recycling	2,254	2,224
Ash disposal	2,150	-
Landfill development	1,981	2,544
Post litigation	1,440	-
Benefit fund	217	217
South Meadows site remediation	143	141
Postclosure care of landfills	-	23,004
Closure care of landfills	-	11,796
<b>Total</b>	<b>\$ 37,173</b>	<b>\$ 68,700</b>

Cash and Cash Equivalents	2008 (\$000)	2007 (\$000)
Unrestricted:		
Cash deposits	\$ 1,396	\$ 1,225
Cash equivalents:		
STIF *	104,708	87,891
	<u>106,104</u>	<u>89,116</u>
Restricted – current:		
Cash deposits	372	404
Cash equivalents:		
STIF *	34,418	56,540
Money Market Funds	2,243	2,713
	<u>37,033</u>	<u>59,657</u>
Restricted – non-current:		
Cash equivalents:		
STIF *	36,472	49,273
Money Market Funds	-	369
	<u>36,472</u>	<u>49,642</u>
<b>Total:</b>	<b>\$179,609</b>	<b>\$198,415</b>

\* STIF = Short-Term Investment Fund of the State of Connecticut

Restrictions of net assets are limited to outside third party restrictions and represent the net assets that have been legally identified for specific purposes. Restricted net assets totaled \$45.9 million and \$43.3 million as of June 30, 2008 and 2007, respectively.

**N. Reclassifications**

Certain reclassifications have been made to the 2007 financial statements to conform to the current year presentation.

**2. CASH DEPOSITS AND INVESTMENTS**

Cash and cash equivalents consist of the following as of June 30, 2008 and 2007:

**A. Cash Deposits – Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority’s investment policy does not have a deposit policy for custodial credit risk.

As of June 30, 2008 and 2007, approximately \$2.9 million and \$4.0 million, respectively, of the Authority’s bank balance of cash deposits were exposed to custodial credit risk as follows:

Custodial Credit Risks	2008 (\$000)	2007 (\$000)
Uninsured and Uncollateralized	\$ 2,539	\$ 3,533
Uninsured but collateralized with securities held by the pledging bank’s trust department or agent but not in the Authority’s name	323	446
<b>Total</b>	<b>\$ 2,862</b>	<b>\$ 3,979</b>





All of the Authority's deposits were in qualified public institutions as defined by State statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

Investments in the Short-Term Investment Fund ("STIF") and Money Market Funds as of June 30, 2008 and 2007 are included in cash and cash equivalents in the accompanying balance sheets. For purposes of disclosure under GASB Statement No. 40, such amounts are considered investments and are included in the investment disclosures that follow.

**B. Investments**

**Interest Rate Risk**

As of June 30, 2008, the Authority's investments consisted of the following debt securities:

Investment Type	Fair Value (\$000)	Investment Maturities (In Years)			
		Less than 1	1 to 5	6 to 10	More than 10
STIF	\$175,598	\$175,598	\$ -	\$ -	\$ -
U.S. Treasuries	809	809	-	-	-
Money Market Funds	2,243	2,243	-	-	-
<b>Total</b>	<b>\$178,650</b>	<b>\$178,650</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

As of June 30, 2007, the Authority's investments consisted of the following debt securities:

Investment Type	Fair Value (\$000)	Investment Maturities (In Years)			
		Less than 1	1 to 5	6 to 10	More than 10
STIF	\$193,704	\$193,704	\$ -	\$ -	\$ -
U.S. Treasuries	779	779	-	-	-
Money Market Funds	3,082	3,082	-	-	-
<b>Total</b>	<b>\$197,565</b>	<b>\$197,565</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

STIF is an investment pool of short-term money market instruments that may include adjustable-rate federal agency and foreign government securities whose interest rates vary directly with short-term money market indices and are generally reset daily, monthly, quarterly and semi-annually. The adjustable-rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers. The fair value of the position in the pool is the same as the value of the pool shares. As of June 30, 2008 and 2007, STIF had a weighted average maturity of 19 days and 50 days, respectively. The U.S. Treasury Securities are U.S. Treasury Bills that had 90 day and 180 day maturities as of June 30, 2008 and 2007, respectively. The Money Market Funds invest exclusively in short-term U.S. Treasury obligations and repurchase agreements secured by U.S. Treasury obligations. This fund complies with Securities and Exchange Commission regulations regarding money market fund maturities, which requires that the weighted average maturity be 90 days or less. As of June 30, 2008 and 2007, the weighted average maturity of these funds was 19 days and one day, respectively.

The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority is limited to investment maturities as required by specific bond resolutions or as needed for immediate use or disbursement. Those funds not included in the foregoing may be invested in longer-term securities as authorized in the Authority's investment policy. The primary objectives of the Authority's



investment policy are the preservation of principal and the maintenance of liquidity.

**Credit Risk**

The Authority’s investment policy delineates the investment of funds in securities as authorized and defined within the bond resolutions governing the Bridgeport, Mid-Connecticut, Southeast and Wallingford projects, respectively, for those funds established under the bond resolution and held in trust by the Authority’s trustee. For all other funds, Connecticut state statutes permit the Authority to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

As of June 30, 2008, the Authority’s investments were rated as follows:

Security	Fair Value (\$000)	Standard & Poor’s	Moody’s Investor Service	Fitch Ratings
STIF	\$175,598	AAAm	Not Rated	Not Rated
U.S. Treasuries	809	AAA	Aaa	AAA
Money Market Funds	2,243	AAAm	Aaa	AAA

As of June 30, 2007, the Authority’s investments were rated as follows:

Security	Fair Value (\$000)	Standard & Poor’s	Moody’s Investor Service	Fitch Ratings
STIF	\$193,704	AAAm	Not Rated	Not Rated
U.S. Treasuries	779	AAA	Aaa	AAA
Money Market Funds	3,082	AAAm	Aaa	AAA

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority’s investment policy does not include provisions for custodial credit risk, as the Authority does not invest in securities that are held by counterparties. In accordance with GASB Statement No. 40, none of the Authority’s investments require custodial credit risk disclosures.

**Concentration of Credit Risk**

The Authority’s investment policy places no limit on the amount of investment in any one issuer, but does require diversity of the investment portfolio if investments are made in non-U.S. government or U.S. agency securities to eliminate the risk of loss of over-concentration of assets in a specific class of security, a specific maturity and/or a specific issuer. The asset allocation of the investment portfolio should, however, be flexible enough to assure adequate liquidity for Authority and/or bond resolution needs. As of June 30, 2008 and 2007, approximately 98.3% and 98.0%, respectively, of the Authority’s investments are in the STIF, which is rated in the highest rating category by Standard & Poor’s and provides daily liquidity, thereby satisfying the primary objectives of the Authority’s investment policy.



**3. CAPITAL ASSETS**

The following is a summary of changes in capital assets for the years ended June 30, 2007 and 2008:

	Balance at July 1, 2006 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2007 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2008 (\$000)
<b>Nondepreciable assets:</b>									
Land	\$ 27,774	\$ -	\$ -	\$ -	\$ 27,774	\$ 1,305	\$ -	\$ -	\$ 29,079
Construction-in-progress	121	260	-	(24)	357	163	(193)	-	327
Deferred acquisition costs	-	-	-	-	-	559	-	-	559
<b>Total nondepreciable assets</b>	<b>\$ 27,895</b>	<b>\$ 260</b>	<b>\$ -</b>	<b>\$ (24)</b>	<b>\$ 28,131</b>	<b>\$ 2,027</b>	<b>\$ (193)</b>	<b>\$ -</b>	<b>\$ 29,965</b>
<b>Depreciable assets:</b>									
Plant	\$ 189,241	\$ 185	\$ -	\$ (97)	\$ 189,329	\$ 1,509	\$ -	\$ (283)	\$ 190,555
Equipment	206,109	1,593	-	(924)	206,778	5,842	193	(444)	212,369
<b>Total at cost</b>	<b>395,350</b>	<b>1,778</b>	<b>-</b>	<b>(1,021)</b>	<b>396,107</b>	<b>7,351</b>	<b>193</b>	<b>(727)</b>	<b>402,924</b>
<b>Less accumulated depreciation for:</b>									
Plant	(124,366)	(7,798)	-	58	(132,106)	(7,374)	-	218	(139,262)
Equipment	(127,158)	(9,448)	-	808	(135,798)	(9,865)	-	252	(145,411)
<b>Total accumulated depreciation</b>	<b>(251,524)</b>	<b>(17,246)</b>	<b>-</b>	<b>866</b>	<b>(267,904)</b>	<b>(17,239)</b>	<b>-</b>	<b>470</b>	<b>(284,673)</b>
<b>Total depreciable assets, net</b>	<b>\$ 143,826</b>	<b>\$ (15,468)</b>	<b>\$ -</b>	<b>\$ (155)</b>	<b>\$ 128,203</b>	<b>\$ (9,888)</b>	<b>\$ 193</b>	<b>\$ (257)</b>	<b>\$ 118,251</b>

Interest is capitalized on assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until completion of the projects with interest earned on invested debt proceeds over the same period. During fiscal 2008 and 2007 there was no capitalized interest as there was no new external borrowing.

**4. LONG-TERM DEBT**

**A. Bonds Payable**

The principal long-term obligations of the Authority are special obligation revenue bonds issued to finance the design, development and construction of resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts and monies pledged in the respective bond indentures.



The following is a summary of changes in bonds payable for the years ended June 30, 2007 and 2008.

	Balance at July 1, 2006 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2007 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2008 (\$000)	Amounts Due Within One Year (\$000)
Bonds payable - principal	\$ 83,700	\$ -	\$ (57,159)	\$ 26,541	\$ -	\$ (3,195)	\$ 23,346	\$ 3,003
Unamortized amounts:								
Premiums	517	-	(99)	418	-	(88)	330	77
Deferred amount on refunding	(1,789)	-	762	(1,027)	-	219	(808)	(168)
Total bonds payable	<u>\$ 82,428</u>	<u>\$ -</u>	<u>\$ (56,496)</u>	<u>\$ 25,932</u>	<u>\$ -</u>	<u>\$ (3,064)</u>	<u>\$ 22,868</u>	<u>\$ 2,912</u>

The long-term debt amounts for the projects in the table above have been reduced by the deferred amount on refunding of bonds, net of the unamortized premium on the sale of bonds at June 30, 2008 and 2007 as follows:

Project	2008 (\$000)	2007 (\$000)
Deferred amount on refunding:		
Mid-Connecticut	\$ 75	\$ 108
Bridgeport	(2)	(6)
Wallingford	1	4
Southeast	734	921
Subtotal	<u>808</u>	<u>1,027</u>
Reduced by unamortized premium:		
Bridgeport	(1)	(5)
Southeast	(329)	(413)
Subtotal	<u>(330)</u>	<u>(418)</u>
Net Reduction	<u>\$ 478</u>	<u>\$ 609</u>

Certain of the Authority's bonds are secured by special capital reserve funds. Each fund is equal to the highest annual amount of debt service remaining on the issue. The State is contingently liable to restore any deficiencies that exist in these funds in the event that the Authority must draw from the fund. Bond principal amounts recorded as long-term debt at June 30, 2008 and 2007, which are backed by special capital reserve funds, are as follows:

Project	2008 \$000	2007 \$000
Mid-Connecticut	\$ 15,290	\$ 15,290
Southeast	<u>5,639</u>	<u>6,194</u>
Total	<u>\$ 20,929</u>	<u>\$ 21,484</u>



**Connecticut Resources Recovery Authority**

Annual debt service requirements to maturity on bonds payable are as follows:

Year ending June 30	Mid-Connecticut		Bridgeport		Wallingford		Southeast		Total	
	Principal (\$000)	Interest (\$000)	Principal (\$000)	Interest (\$000)	Principal (\$000)	Interest (\$000)	Principal (\$000)	Interest (\$000)	Principal (\$000)	Interest (\$000)
2009	\$ -	\$ 832	\$ 1,705	\$ 87	\$ 712	\$ 14	\$ 586	\$ 283	\$ 3,003	\$ 1,216
2010	3,525	737	-	-	-	-	618	250	4,143	987
2011	3,715	542	-	-	-	-	650	215	4,365	757
2012	3,915	335	-	-	-	-	684	179	4,599	514
2013	4,135	114	-	-	-	-	720	141	4,855	255
2014-2016	-	-	-	-	-	-	2,381	187	2,381	187
	<u>\$ 15,290</u>	<u>\$ 2,560</u>	<u>\$ 1,705</u>	<u>\$ 87</u>	<u>\$ 712</u>	<u>\$ 14</u>	<u>\$ 5,639</u>	<u>\$ 1,255</u>	<u>\$ 23,346</u>	<u>\$ 3,916</u>
Interest Rates	5.375 - 5.5%		5.0 - 5.125%		4.0%		5.125-5.5%			

**Defeasance of Debt**

During the year ended June 30, 2007, the Authority used funds available from the Mid-Connecticut project, including the Debt Service Stabilization Fund established for the payment of future debt service, the MDC Arbitration award, funds in the Energy Generating Facility Reserve Fund, funds in the Mid-Connecticut Project Revenue Fund and the use of Trustee-released funds in the Mid-Connecticut Project Debt Service Reserve Fund to partially defease Mid-Connecticut Project debt as follows:

<u>Description</u>	<u>Interest Rates</u>	<u>Amount (\$000)</u>
Bonds Defeased:		
Mid-Connecticut	5.375% - 5.5%	\$ 54,125

The funds described above were used to purchase U.S. Government securities, which were deposited into an irrevocable trust with an escrow agent to provide for all future payments on the defeased Mid-Connecticut bonds. Thus, those Mid-Connecticut bonds are legally defeased and the liability for those bonds has been removed from the accompanying balance sheets.

The Authority recognized \$1.148 million in the accompanying statement of revenues, expenses and changes in net assets representing the write-off of unamortized amounts related to the defeased bonds payable, including bond issuance costs and other deferred amounts.

The Authority has previously defeased a total of \$150.9 million in Mid-Connecticut project bonds, of which \$66.7 million and \$84.6 million remain payable to bondholders as of June 30, 2008 and 2007, respectively, from an irrevocable trust escrow.





**B. State Loans Payable**

During April 2002, the Connecticut General Assembly passed Public Act No. 02-46 authorizing a loan by the State to the Authority of up to \$115 million in support of debt service payments on the Mid-Connecticut facility bonds. All loans received from the State must be fully repaid, with interest, by 2012. The interest rate,

as determined by the Office of the State Treasurer, is adjusted monthly based on the State's base rate (STIF) plus twenty-five basis points and may not exceed six percent.

In total, the Authority borrowed \$21.5 million from the State. On February 15, 2008, the Authority fully paid the outstanding balance on the State Loans, which totaled \$11,590,518.

The following is a summary of changes in the State loans payable for the years ended June 30, 2007 and 2008.

	Balance at July 1, 2006 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2007 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2008 (\$000)	Amounts Due Within One Year (\$000)
State loans payable - principal	\$ 15,939	\$ -	\$ (2,619)	\$ 13,320	\$ -	\$ (13,320)	\$ -	\$ -

**5. LONG-TERM LIABILITIES FOR CLOSURE AND POSTCLOSURE CARE OF LANDFILLS**

Federal, State and local regulations require the Authority to place final cover on its landfills when it stops accepting waste (including ash) and to perform certain maintenance and monitoring functions for periods which may extend to thirty years after closure.

GASB Statement No. 18 "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", applies to closure and post-closure care costs that are paid near or after the date a landfill stops accepting waste. In accordance with GASB Statement No. 18, the Authority estimates its liability for these closure

and post-closure care costs and records any increases or decreases to the liability as an operating expense. For landfills presently open, such estimate is based on landfill capacity used as of the balance sheet date. The liability for these costs is reduced when the costs are actually paid, which is generally after the landfill is closed.

Actual costs may be higher due to inflation or changes in permitted capacity, technology or regulation. The closure and post-closure care liabilities including the amounts paid and accrued for fiscal 2007 and 2008 for the landfills, are presented in the following table:





**Connecticut Resources Recovery Authority**

Project/Landfill	Liability at June 30, 2006 (\$000)	Expense (\$000)	Paid (\$000)	Liability at June 30, 2007 (\$000)	Expense (\$000)	Paid (\$000)	Liability at June 30, 2008 (\$000)	Amounts Due Within One Year (\$000)
Mid-Connecticut:								
Hartford	\$ 6,888	\$ 33,613	\$ -	\$ 40,501	\$ 2,558	\$ (4,794)	\$ 38,265	\$ 10,474
Ellington	3,037	580	(174)	3,443	564	(202)	3,805	245
Bridgeport:								
Shelton	11,554	208	(410)	11,352	(210)	(473)	10,669	530
Waterbury	1,017	(124)	-	893	1,445	-	2,338	751
Wallingford	4,943	362	(129)	5,176	757	(192)	5,741	216
<b>Total</b>	<u>\$ 27,439</u>	<u>\$ 34,639</u>	<u>\$ (713)</u>	<u>\$ 61,365</u>	<u>\$ 5,114</u>	<u>\$ (5,661)</u>	<u>\$ 60,818</u>	<u>\$ 12,216</u>

The estimated remaining costs to be recognized in the future as closure and post-closure care of landfill expense, the percent of landfill capacity used and the remaining years of life for open landfills at June 30, 2008 are scheduled below:

Project/Landfill	Remaining Costs to be Recognized (\$000)	Capacity Used Landfill Area		Estimated Years of Remaining Landfill Area	
		Ash	Other	Ash	Other
Mid-Connecticut - Hartford	\$1,300	95%	98%	0.5	0.5

The Connecticut Department of Environmental Protection (“CTDEP”) requires that certain financial assurance mechanisms be maintained by the Authority to ensure payment of closure and post-closure costs related to certain landfills. Additionally, CTDEP requires that the Authority budget for anticipated closure costs for Mid-Connecticut’s Hartford Landfill.

The Authority has placed funds in trust accounts for financial assurance purposes. The Mid-Connecticut-Ellington Landfill account is valued at \$485,000 and \$468,000 at June 30,

2008 and 2007, respectively. The Bridgeport-Waterbury Landfill account is valued at \$172,000 and \$167,000 at June 30, 2008 and 2007, respectively. The Wallingford Landfill account is valued at \$152,000 and \$146,000 at June 30, 2008 and 2007, respectively. These trust accounts are reflected as restricted assets in the accompanying balance sheets.

At June 30, 2008, a letter of credit for \$305,000 was outstanding for financial assurance of the Bridgeport-Shelton Landfill. No funds were drawn on this letter during fiscal year 2008.



In addition to the above trust accounts and letter of credit, the Authority satisfies certain financial assurance requirements at June 30, 2008 and 2007 by meeting specified criteria pursuant to Section 258.74 of the federal Environmental Protection Agency Subtitle D regulations.

On February 2, 2007, the Authority and the City of Hartford executed a Settlement Agreement which resolved a long standing disagreement regarding responsibility for costs associated with closure and post-closure activities at the Hartford landfill. The Settlement Agreement provided for the Authority to assume the liability, contingent upon certain conditions, for all of the Hartford landfill closure and postclosure costs. The Authority has estimated the latest total current costs for closure and post-closure care to be approximately \$44.3 million at June 30, 2008. The remaining liability and costs to be recognized for the Hartford landfill as of June 30, 2008 are approximately \$38.3 million and \$1.3 million, respectively. The State of Connecticut legislature approved legislation which provides \$13.0 million, for the Authority, for costs associated with closure of the Hartford landfill, with \$3.0 million allocated in fiscal year 2008, and \$10.0 million allocated in fiscal year 2009. In March 2008, the State Bond Commission appropriated \$3.0 million. In June and July 2007, the Authority awarded two closure construction contracts, together valued at approximately \$15.0 million. These construction activities proceeded during fiscal year 2008 and will continue into fiscal year 2009. The Authority shall submit a reimbursement request to the State of Connecticut (through the Department of Environmental Protection) in early September 2008 for reimbursement of the first \$3.0 million of expenditures.

The Authority's Waterbury Bulky Waste Landfill, a small, 5.5 acre landfill, was permitted in the mid 1980's by Waterbury Landfill Associates to accept waste such as land clearing debris and construction and demolition debris. The landfill was subsequently purchased by the Authority in 1986 and made part of its Bridgeport Project. The Authority's contract with the Bridgeport Project ends at the end of

calendar year 2008. The landfill has reached the end of its economically useful life and the Authority has proceeded to initiate closure activities. Closure construction work will begin in July 2008 and will end in October 2008. Work will include site preparation, waste relocation and grading, the installation of final cover soils, the installation of erosion control measures, and the establishment of vegetation over the entire landfill footprint. Costs associated with closure construction and associated engineering Quality Assurance / Quality Control oversight are approximately \$698,000.

Please see Note 12 for permit modification associated with the Hartford Landfill.

## 6. MAJOR CUSTOMERS

Energy sales to Constellation and CL&P totaled 11.5% and 7.7% of the Authority's operating revenues for the fiscal year ended June 30, 2008, respectively. Energy sales to Select Energy, Inc. ("Select") and CL&P totaled 20.0% (10.0% each, respectively) of the Authority's operating revenues for the fiscal year ended June 30, 2007.

Service charge revenues from All Waste, Inc. totaled 6% of the Authority's operating revenues for the fiscal year ended June 30, 2008. Service charge revenues from Waste Management of Connecticut, Inc. totaled 7% of the Authority's operating revenues for the fiscal year ended June 30, 2007.

## 7. RETIREMENT PLAN

The Authority is the Administrator of its 401(k) Employee Savings Plan. This defined contribution retirement plan covers all eligible employees. To be eligible, the employee must be 18 years of age and have been an employee for six months.

Under the Amended and Restated 401(k) Employee Savings Plan, effective July 1, 2000, Authority contributions are five percent of payroll plus a dollar for dollar match of employees' contributions up to five percent. Authority contributions for the years ended June



30, 2008 and 2007 amounted to \$428,000 and \$389,000, respectively. Employees contributed \$387,000 to the plan in fiscal year 2008 and \$368,000 in fiscal year 2007.

During fiscal year 2008, the Authority adopted the State of Connecticut’s defined contribution 457 (b) Plan, which allows its employees to participate in the State of Connecticut’s deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The Authority holds no fiduciary responsibility for the plan. It rests with the State Comptroller’s office.

8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority endeavors to purchase commercial insurance for all insurable risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. In fiscal year 2007, the Authority increased its overall property insurance limit to reflect an increase in overall property values. This provides 100% of the replacement cost value for the Mid-Connecticut Power Block Facility and Energy Generating Facility, plus business interruption and extra expense values for the Mid-Connecticut project. This is the Authority’s highest valued single facility. The limit applies on a blanket basis for property damage to all locations.

The Authority is a member of the Connecticut Interlocal Risk Management Agency’s (“CIRMA”) Workers’ Compensation Pool, a risk sharing pool, which was begun on July 1, 1980. The Workers’ Compensation Pool

provides statutory benefits pursuant to the provisions of the Connecticut Workers’ Compensation Act. The coverage is a guaranteed cost program. The premium for each of the policy periods from July 1, 2008 through July 1, 2009 and July 1, 2007 through July 1, 2008 was \$54,000.

9. COMMITMENTS

The Authority has various operating leases for office space, land, landfills and office equipment. The following schedule shows the composition of total rental expense for all operating leases:

Fiscal year	2008 (\$000)	2007 (\$000)
Minimum rentals	\$ 628	\$ 633
Contingent rentals	234	169
Total	<u>\$ 862</u>	<u>\$ 802</u>

The Authority also has agreements with various municipalities for payments in lieu of taxes (“PILOT”) for personal and real property. For the years ended June 30, 2008 and 2007, the PILOT payments, which are included in the solid waste operations in the accompanying statements of revenues, expenses and changes in net assets, totaled \$8,616,000 and \$8,381,000, respectively. Future minimum rental commitments under non-cancelable operating leases and future PILOT payments as of June 30, 2008 are as follows:

Fiscal Year	Lease Amount (\$000)	PILOT Amount (\$000)
2009	381	7,697
2010	114	6,674
2011	112	5,503
2012	112	5,815
2013	-	847
2014-2017	<u>-</u>	<u>3,795</u>
Total	<u>\$ 719</u>	<u>\$ 30,331</u>



The Authority has executed contracts with the operators/contractors of the resources recovery facilities, regional recycling centers, transfer stations and landfills containing various terms and conditions expiring through November 2015. Generally, operating charges are derived from various factors such as tonnage processed, energy produced and certain pass-through operating costs.

The approximate amount of contract operating charges included in solid waste operations and maintenance and utilities expense for the years ended June 30, 2008 and 2007 was as follows:

Project	2008 (\$000)	2007 (\$000)
Mid-Connecticut	\$ 47,422	\$ 48,478
Bridgeport	48,827	48,235
Wallingford	13,763	15,035
Southeast	6,564	7,304
<b>Total</b>	<b>\$ 116,576</b>	<b>\$ 119,052</b>

As of June 30, 2008, the Authority has executed construction contracts totaling approximately \$18.0 million for construction activities at the Mid-Connecticut Hartford landfill and Regional Recycling Facility. Remaining commitments on construction contracts executed as of June 30, 2008 totaled approximately \$11.8 million.

**10. OTHER FINANCING**

The Authority has issued several bonds pursuant to bond resolutions to fund the construction of waste processing facilities built and operated by independent contractors. The revenue bonds were issued by the Authority to lower the cost of borrowing for the contractor/operator of the projects. The Authority was not involved in the construction activities, and construction requisitions by the contractor were made from various trustee accounts.

The Authority is not involved in the repayment of debt on these issues except for the portion of the bonds allocable to Authority purposes. In the event of default, and except in cases where the State has a contingent liability discussed below, the payment of debt is not guaranteed by the Authority or the State. Therefore, the Authority does not record the assets and liabilities related to these bond issues on its financial statements. The principal amounts of these bond issues outstanding at June 30, 2008 (excluding portions allocable to Authority purposes) are as follows:

Project	Amount (\$000)
Bridgeport - 1999 Series A	\$ 12,690
Wallingford - 1998 Series A	3,938
Southeast -	
1992 Series A - Corp. Credit	30,000
1998 Series A - Project	45,036
2001 Series A - Covanta Southeastern Connecticut Company - I	6,750
2001 Series A - Covanta Southeastern Connecticut Company - II	6,750
	<u>88,536</u>
<b>Total</b>	<b>\$ 105,164</b>

The Southeast 1998 Series A Project bond issue is secured by a special capital reserve fund. The State is contingently liable for any deficiencies in the special capital reserve fund for this bond issue.





11. SEGMENT INFORMATION

The Authority has four projects that operate resources recovery and recycling facilities and landfills throughout the State and are required to be self-supporting through user service fees and sales of electricity. The Authority has issued various revenue bonds to provide financing for the design, development and construction of these resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts and monies pledged in the respective bond indentures. Financial segment information is presented below as of and for the years ended June 30, 2008 and 2007, respectively.

Fiscal Year 2008	Mid-Connecticut (\$000)	Bridgeport (\$000)	Wallingford (\$000)	Southeast (\$000)
<b>Condensed Balance Sheets</b>				
Assets:				
Current unrestricted assets	\$ 66,059	\$ 17,673	\$ 38,424	\$ 10,022
Current restricted assets	28,204	4,133	2,488	2,562
Total current assets	94,263	21,806	40,912	12,584
Non-current assets:				
Restricted cash and cash equivalents	19,480	-	15,915	1,077
Restricted investments	485	172	152	-
Capital assets, net	126,792	18,284	2,374	-
Other assets, net	69	31	293	3,585
Total non-current assets	146,826	18,487	18,734	4,662
Total assets	\$ 241,089	\$ 40,293	\$ 59,646	\$ 17,246
Liabilities:				
Current liabilities	\$ 22,207	\$ 9,912	\$ 3,668	\$ 4,101
Long-term liabilities	46,565	11,727	5,525	6,032
Total liabilities	68,772	21,639	9,193	10,133
Net Assets:				
Invested in capital assets, net of related debt	115,611	16,824	2,375	-
Restricted	25,879	2,979	16,273	723
Unrestricted	30,827	(1,149)	31,805	6,390
Total net assets	172,317	18,654	50,453	7,113
Total liabilities and net assets	\$ 241,089	\$ 40,293	\$ 59,646	\$ 17,246
<b>Condensed Statements of Revenues, Expenses, and Changes in Net Assets</b>				
Operating revenues	\$ 89,411	\$ 56,416	\$ 20,054	\$ 10,955
Operating expenses	73,461	56,722	17,320	9,809
Depreciation and amortization expense	16,365	867	323	448
Operating (loss) income	(415)	(1,173)	2,411	698
Non-operating revenues (expenses):				
Litigation-related settlements	4,745	-	-	-
Investment income	3,891	605	2,048	136
Other income (expenses), net	(332)	(59)	(133)	-
Interest expense	(1,280)	(127)	(42)	(414)
Net non-operating revenues (expense)	7,024	419	1,873	(278)
Change in net assets	6,609	(754)	4,284	420
Total net assets, July 1, 2007	165,708	19,408	46,169	6,693
Total net assets, June 30, 2008	\$ 172,317	\$ 18,654	\$ 50,453	\$ 7,113
<b>Condensed Statements of Cash Flows</b>				
Net cash provided by (used in):				
Operating activities	\$ (4,443)	\$ 6,162	\$ 4,483	\$ 1,469
Investing activities	3,947	603	2,113	237
Capital and related financing activities	(28,307)	(3,159)	(951)	(871)
Non-capital financing activities	(11)	(19)	(133)	-
Net (decrease) increase	(28,814)	3,587	5,512	835
Cash and cash equivalents, July 1, 2007	128,387	12,762	49,551	6,453
Cash and cash equivalents, June 30, 2008	\$ 99,573	\$ 16,349	\$ 55,063	\$ 7,288



Fiscal Year 2007	Mid-Connecticut (\$000)	Bridgeport (\$000)	Wallingford (\$000)	Southeast (\$000)
<b>Condensed Balance Sheets</b>				
Assets:				
Current unrestricted assets	\$ 62,418	\$ 18,416	\$ 34,069	\$ 9,174
Current restricted assets	52,895	2,869	2,155	2,350
Total current assets	115,313	21,285	36,224	11,524
Non-current assets:				
Restricted cash and cash equivalents	31,205	1,322	16,036	1,079
Restricted investments	468	165	146	-
Capital assets, net	134,515	18,614	2,370	-
Other assets, net	241	61	586	4,033
Total non-current assets	166,429	20,162	19,138	5,112
Total assets	\$ 281,742	\$ 41,447	\$ 55,362	\$ 16,636
Liabilities:				
Current liabilities	\$ 55,907	\$ 8,738	\$ 3,543	\$ 3,308
Long-term liabilities	60,127	13,301	5,650	6,635
Total liabilities	116,034	22,039	9,193	9,943
Net Assets:				
Invested in capital assets, net of related debt	123,358	15,486	2,370	-
Restricted	24,103	2,995	15,556	649
Unrestricted	18,247	927	28,243	6,044
Total net assets	165,708	19,408	46,169	6,693
Total liabilities and net assets	\$ 281,742	\$ 41,447	\$ 55,362	\$ 16,636
<b>Condensed Statements of Revenues, Expenses, and Changes in Net Assets</b>				
Operating revenues	\$ 91,046	\$ 55,784	\$ 22,749	\$ 11,224
Operating expenses	103,771	56,775	17,906	9,973
Depreciation and amortization expense	16,397	854	303	448
Operating (loss) income	(29,122)	(1,845)	4,540	803
Non-operating revenues (expenses):				
Litigation-related settlement gains	40,225	-	-	-
Investment income	5,431	775	2,492	134
Other income (expenses), net	638	2,979	(25)	2
Litigation-related losses	(36,950)	-	-	-
Interest expense	(1,952)	(216)	(71)	(454)
Net non-operating revenues (expense)	7,392	3,538	2,396	(318)
(Loss) income before special item	(21,730)	1,693	6,936	485
Special item:				
Defeasance of debt	(1,148)	-	-	-
(Decrease) increase in net assets	(22,878)	1,693	6,936	485
Total net assets, July 1, 2006	188,586	17,715	39,233	6,208
Total net assets, June 30, 2007	\$ 165,708	\$ 19,408	\$ 46,169	\$ 6,693
<b>Condensed Statements of Cash Flows</b>				
Net cash provided by (used in):				
Operating activities	\$ 54,281	\$ (1,224)	\$ 4,899	\$ (877)
Investing activities	5,043	612	2,299	101
Capital and related financing activities	(60,786)	(2,693)	(1,144)	(874)
Non-capital financing activities	(12)	(30)	(35)	-
Net (decrease) increase	(1,474)	(3,335)	6,019	(1,650)
Cash and cash equivalents, July 1, 2006	129,861	16,097	43,532	8,103
Cash and cash equivalents, June 30, 2007	\$ 128,387	\$ 12,762	\$ 49,551	\$ 6,453





## 12. SIGNIFICANT EVENTS

During fiscal years 2008 and 2007, the Authority received a total of \$4.7 million and \$40.2 million, respectively, from settlements resulting from various Enron-related lawsuits. The Authority has reported such gains as non-operating revenues in the accompanying statement of revenues, expenses and changes in net assets.

On July 1, 2007, the Authority entered into an Energy Purchase Agreement (“EPA”) with Constellation Energy Commodities Group, Inc., which replaced the agreement with Select. The new EPA provided for the purchase of the first 250,000 MWH of electric energy generated at the Mid-Connecticut project facility through June 30, 2012. Over the five-year term of the contract, the estimated value of the contract is \$93,671,000.

In December 2003, the Towns of New Hartford and Barkhamstead filed suit against the Authority, former board members and delegates, the Authority’s former President, and others, seeking alleged damages resulting from the failed Enron transaction as well as equitable relief. In addition to vigorously contesting these claims on its own behalf, the Authority is defending and indemnifying its former President and board members. On August 10, 2005, the Motions to Dismiss all of the non-Authority defendants were granted; on August 30, 2005, plaintiffs filed an appeal, which is still pending. On March 21, 2006, the court granted the plaintiffs’ motion for Class Certification. Trial began on November 13, 2006 and the parties rested on January 11, 2007. On June 19, 2007, the court issued its decision, imposing a constructive trust on the sum of \$35,873,732.25 (received by the Authority from various parties in settlement of various Enron-related lawsuits and held by the Treasurer of the State of Connecticut in the STIF account) and ordering that amount to be forwarded to the plaintiffs, in care of their attorneys, immediately. On December 7, 2007, the Court ordered the State Treasurer to issue one check for all monies held in the STIF account, together with accrued

interest since June 19, 2007, to plaintiffs’ attorneys for allocation of funds to the Mid-Connecticut Project municipalities and award of attorneys’ fees and reimbursement of expenses. On December 11, 2007, in accordance with the Court order, \$36,775,720 was withdrawn from the STIF account.

The court also enjoined the Authority from passing any costs of the failed Enron transaction to the towns, effective for fiscal year 2008 and all subsequent years. On June 20, 2007, the Authority filed an Application for a Stay of Injunction Pending Appeal. On July 6, 2007, the Authority appealed the trial court’s decision to the Appellate Court; on July 23, 2007, the appeal was transferred to the Connecticut Supreme Court. On July 25, 2007, the trial judge denied the Authority’s Application for a Stay of Injunction Pending Appeal. On August 6, 2007, the Authority filed a Motion for Review of that denial with the Connecticut Supreme Court. The trial court retained jurisdiction over the plaintiffs’ application for an order enjoining the Authority’s implementation of its fiscal year 2008 budget, and held a hearing on September 5-6, 2007. On October 25, 2007, the trial court directed the Authority to remove \$6.71 million in budgeted expenses from its fiscal year 2008 budget, and reduce its Mid-Connecticut Project tip fee accordingly; on November 21, the Authority appealed. On April 21, 2008, Plaintiffs filed a Motion to Enforce Judgment and Enjoin the Authority from Subverting Judgment, seeking an order enjoining implementation of the Authority’s fiscal year 2009 Mid-Connecticut Project budget. On April 30, 2008, the Authority filed a Complaint in Superior Court in Hartford seeking a Declaratory Judgment that the adoption of its fiscal year 2009 budget was a proper exercise of the statutory discretion, exercised in good faith, of the Authority’s Board of Directors. On June 12, 2008, the Declaratory Judgment action was transferred to the trial judge. On June 13, 2008, Plaintiffs filed a Motion to Consolidate the Authority’s Declaratory Judgment action with Plaintiffs’ request for an order enjoining implementation of the fiscal year 2009 Mid-Connecticut Project



budget. On August 11, 2008, the trial judge granted Plaintiffs' Motion to Consolidate with regard to the requested temporary injunction, but denied it with regard to the requested permanent injunction, and indicated his intent to hold an evidentiary hearing in September. The Authority has been advised that oral argument in connection with the appeals pending in this matter before the Connecticut Supreme Court will be heard in October 2008.

An arbitration hearing was held in the spring of 2005, to resolve certain claims, including non-payment of two Metropolitan District Commission ("the MDC") invoices and the Authority's claim that it was overcharged by the MDC for indirect costs. Pursuant to the 1999 ruling of a previous arbitration panel, the Authority created and maintained an escrow account, setting aside 25% of the indirect costs invoiced by the MDC. In July 2005, the second arbitration panel ruled in favor of the Authority, stating that due to the overcharges the Authority did not have to pay the two MDC invoices and is entitled to retain 100% of the escrow account. The MDC appealed. On December 21, 2006, the Authority and the MDC entered into a Settlement Agreement and Mutual Release, pursuant to which the MDC agreed to pay the Authority \$500,000, payable either in cash or credits against amounts otherwise due from the Authority to the MDC, in equal yearly installments from 2006 through 2012, and to immediately withdraw its appeal with prejudice, and the parties exchanged mutual releases. The settlement income, at present value, has been recorded as other operating revenue in the accompanying statement of revenues, expenses and changes in net assets for the fiscal year ended June 30, 2007.

The Authority submitted a solid waste permit modification application to CTDEP in July 2006, associated with the Hartford landfill, to 1) revise the closure plan, prescribing a state-of-the-art synthetic cap; 2) revise the grading plan for a section of the east side of the landfill; 3) set a date certain for final delivery of waste of no later than December 31, 2008; and 4) discuss possible passive recreational future uses for the landfill and engage a landscape architect to

provide a rendering of these possible activities. A favorable ruling on this permit modification was issued by CTDEP on March 29, 2007. As of June 30, 2008 there are six months remaining to fill the landfill with non-processible waste and process residue generated at the Mid-Connecticut Resource Recovery Facility ("RRF"). There is also approximately six months of capacity remaining for the ash residue generated by the RRF. Upon closure of the Hartford landfill, the Mid-Connecticut Project will incur substantial cost increases to transport and dispose of the non-processible waste, process residue and ash residue to other out-of-state facilities. A new ash landfill in Connecticut would mitigate some of these costs.

During fiscal year 2008, a site in Franklin, Connecticut has been identified as the primary site to be investigated to confirm that it is technically and environmentally amenable to permitting and constructing a landfill. Although the actual "footprint" of the contemplated landfill will be approximately 125 acres, the area being investigated is approximately 450 acres. The Authority publically announced the site in March 2008, and began field investigations in April 2008. Field investigations will continue through spring 2009. Field investigations include ecological studies (wetlands, threatened and endangered species, habitat assessment, etc.), subsurface geological and hydrogeological investigations, traffic analyses, surveying, hydrological studies of adjacent waterbodies, and cultural/archaeological investigations. The Authority held three public informational meetings in April and May 2008 to communicate its landfill siting initiative to the local community, as well as to answer questions and hear concerns from the local community. The Authority is in negotiations with several property owners regarding acquisition of land.

During fiscal year 2007, the Authority's Mid-Connecticut Project entered into a settlement agreement with a private landowner for the purpose of obtaining control of a subsurface landfill leachate plume including an acquisition of land located in Ellington and East Windsor, Connecticut, that is adjacent to the Authority's



closed landfill in Ellington, Connecticut. Conveyance of the property was completed in July 2007, at which time pursuant to the terms of the agreement, the Mid-Connecticut Project paid the private landowner \$1.3 million for approximately 57 acres of land.

### 13. CONTINGENCIES

#### Mid-Connecticut Project:

In January 2006, the Authority's pollution liability insurance carrier, American International Specialty Lines Insurance Company ("AISLIC") settled with numerous commercial and residential neighbors of the Hartford Landfill who had filed suit against the Authority in 2001, claiming diminution in the value of their real properties, loss of enjoyment of their properties, clean-up costs relative to bird droppings, and, in one case, loss of business income, as a result of noxious odors emanating from the landfill, bird excrement from birds attracted to the landfill, and an "unsightly 135 foot dirt mound" in the landfill. On May 4, 2006, AISLIC initiated a declaratory judgment action in federal district court seeking a declaration that AISLIC is not obligated to indemnify the Authority in connection with the settled lawsuit and that AISLIC should be awarded the amount it spent on defense and indemnification of the Authority. The Authority is defending against this action. Discovery is ongoing. The matter is too preliminary to estimate any potential exposure.

On May 6, 2008, a Trustee of the Chapter 7 Bankruptcy Estate of O.N.E./C.H.A.N.E., brought suit against the Authority in Superior Court, claiming that the Authority breached the October 6, 1999 Community Support Agreement between the Authority and O.N.E./C.H.A.N.E. and seeking damages of approximately \$10.0 million. At the Authority's request, the matter was transferred to the Complex Litigation docket in Hartford on June 30, 2008. The Authority filed a Motion to Strike the Complaint on July 3, 2008, which was denied on September 15, 2008. The Authority is defending against this action. The matter is too preliminary to estimate any potential exposure.

The Authority, through the Connecticut Attorney General's office, is pursuing recovery of lost monies from the former financial institutions of Enron and its subsidiaries in federal court. Management is uncertain of the amounts that may be realized from these claims.

#### Bridgeport Project:

In the early 1990's, the Authority was named as a Potentially Responsible Party in the now-combined federal and State of New Jersey suits to recover the costs of remediation of the landfill known as Combe Fill South. The litigation has been on hold while allocation of responsibility among the hundreds of alleged defendants is assessed through Alternate Dispute Resolution. A preliminary allocation of liability was issued in April 2006, designed to guide the 250+ parties in developing and funding global settlement offers. During fiscal year 2006, the Authority accrued \$175,000 for this matter and such amount is included in current liabilities in the accompanying balance sheets. As a result of a mediated global settlement, the actual settlement share allocated to the Authority is \$255,000. Pursuant to a Settlement Agreement dated March 21, 2000 between the Authority and its insurance carrier, the insurer agreed to pay 63.4% of the Authority's obligation, leaving the Authority to pay 36.6% or \$93,330. The mediation process is now essentially completed. If negotiations proceed as anticipated, a Consent Decree will be submitted for court approval in early 2009.

#### Other Issues and Unasserted Claims and Assessments:

In July 2007, the Authority received a copy of a Notice of Claim filed with the State of Connecticut Office of Claims Commissioner by a Bridgeport law firm stating the firm's intent to bring a claim against the Authority for injuries allegedly sustained at one of the Bridgeport Project transfer stations by a client of the firm on February 3, 2007 and seeking damages in excess of one million dollars. To date, no action has been brought against the Authority.





The MDC, which operates the Mid-Connecticut Project's Waste Processing Facility, included a \$3.0 million line item for "MDC Contract Separation Costs" in the fiscal year 2009 annual operating budget it submitted to the Authority, "to start accruing for liabilities associated with the termination of the MDC/Authority agreement on December 31, 2011." The Authority believes that it is not responsible for any costs incurred by the MDC after the expiration of the agreement between the parties, and did not include the line item in the Authority's fiscal year 2009 Mid-Connecticut Project budget. To date, the MDC has not taken any action to formally pursue this claim.

The Authority is subject to numerous federal, state and local environmental and other regulatory laws and regulations and management believes it is in substantial compliance with all such governmental laws and regulations.

**14. ACCOUNTING PRONOUNCEMENT  
ISSUED BUT NOT YET EFFECTIVE**

The Authority has not completed the process of implementing GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. The Authority is therefore unable to disclose the impact that adopting this statement will have on its financial position and results of operations when such statement is adopted. GASB Statement No. 49 is effective for financial statements for periods beginning after December 15, 2007.



# Connecticut Resources Recovery Authority

## COMBINING SCHEDULE OF BALANCE SHEETS

AS OF JUNE 30, 2008

(Dollars in Thousands)

EXHIBIT A

Page 1 of 2

ASSETS	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total
<b>CURRENT ASSETS</b>							
Unrestricted Assets:							
Cash and cash equivalents	\$ 1,314	\$ 51,960	\$ 12,219	\$ 36,789	\$ 3,822	\$ -	\$ 106,104
Accounts receivable, net of allowances	22	9,185	5,302	1,502	6,191	-	22,202
Inventory	-	3,610	-	-	-	-	3,610
Prepaid expenses and other current assets	42	792	152	133	9	-	1,128
Due from other funds	-	512	-	-	-	(512)	-
Total Unrestricted Assets	1,378	66,059	17,673	38,424	10,022	(512)	133,044
Restricted Assets:							
Cash and cash equivalents	22	28,133	4,130	2,359	2,389	-	37,033
Accrued interest receivable	-	71	3	129	173	-	376
Total Restricted Assets	22	28,204	4,133	2,488	2,562	-	37,409
Total Current Assets	1,400	94,263	21,806	40,912	12,584	(512)	170,453
<b>NON-CURRENT ASSETS</b>							
Restricted cash and cash equivalents	-	19,480	-	15,915	1,077	-	36,472
Restricted investments	-	485	172	152	-	-	809
Capital Assets:							
Depreciable:							
Plant	864	164,180	25,511	-	-	-	190,555
Equipment	1,205	207,918	2,969	277	-	-	212,369
	2,069	372,098	28,480	277	-	-	402,924
Less: Accumulated depreciation	(1,303)	(257,928)	(25,396)	(46)	-	-	(284,673)
Total Depreciable, net	766	114,170	3,084	231	-	-	118,251
Nondepreciable:							
Land	-	11,900	15,200	1,979	-	-	29,079
Construction in progress	-	163	-	164	-	-	327
Deferred acquisition costs	-	559	-	-	-	-	559
Total Nondepreciable	-	12,622	15,200	2,143	-	-	29,965
Development and bond issuance costs, net	-	69	31	293	3,585	-	3,978
Total Non-Current Assets	766	146,826	18,487	18,734	4,662	-	189,475
<b>TOTAL ASSETS</b>	\$ 2,166	\$ 241,089	\$ 40,293	\$ 59,646	\$ 17,246	\$ (512)	\$ 359,928



**Connecticut Resources Recovery Authority**

**COMBINING SCHEDULE OF BALANCE SHEETS (Continued)**  
**AS OF JUNE 30, 2008**  
(Dollars in Thousands)

**EXHIBIT A**  
**Page 2 of 2**

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES</b>							
Current portion of:							
Bonds payable, net	\$ -	\$ -	\$ 1,707	\$ 711	\$ 494	\$ -	\$ 2,912
Closure and postclosure care of landfills	-	10,719	1,281	216	-	-	12,216
Accounts payable	113	4,374	1,459	773	219	-	6,938
Accrued expenses and other current liabilities	606	7,114	5,465	1,968	3,388	-	18,541
Due to other funds	512	-	-	-	-	(512)	-
Total Current Liabilities	1,231	22,207	9,912	3,668	4,101	(512)	40,607
<b>LONG-TERM LIABILITIES</b>							
Bonds payable, net	-	15,215	-	-	4,741	-	19,956
Closure and postclosure care of landfills	-	31,350	11,727	5,525	-	-	48,602
Other liabilities	-	-	-	-	1,291	-	1,291
Total Long-Term Liabilities	-	46,565	11,727	5,525	6,032	-	69,849
<b>TOTAL LIABILITIES</b>	1,231	68,772	21,639	9,193	10,133	(512)	110,456
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	765	115,611	16,824	2,375	-	-	135,575
Restricted:							
Tip fee stabilization	-	-	-	15,915	-	-	15,915
Energy generating facility	-	9,971	-	-	-	-	9,971
Revenue fund	-	6,309	-	-	-	-	6,309
Debt service reserve funds	-	4,019	1,096	81	69	-	5,265
Operating and maintenance	-	1,735	-	-	-	-	1,735
Equipment replacement	-	1,735	-	-	-	-	1,735
Select Energy escrow	-	1,000	-	-	-	-	1,000
Debt service funds	-	36	850	-	-	-	886
Shelton landfill future use	-	-	857	-	-	-	857
DEP trust - landfills	-	485	172	152	-	-	809
Recycling education fund	-	514	-	-	-	-	514
Montville landfill postclosure	-	-	-	-	478	-	478
Rebate fund	-	-	4	125	176	-	305
Other restricted net assets	22	75	-	-	-	-	97
Total Restricted	22	25,879	2,979	16,273	723	-	45,876
Unrestricted	148	30,827	(1,149)	31,805	6,390	-	68,021
Total Net Assets	935	172,317	18,654	50,453	7,113	-	249,472
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 2,166	\$ 241,089	\$ 40,293	\$ 59,646	\$ 17,246	\$ (512)	\$ 359,928





**Connecticut Resources Recovery Authority**

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Dollars in Thousands)**

**EXHIBIT B**

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total
<b>Operating Revenues</b>							
Service charges:							
Members	\$ -	\$ 36,552	\$ 31,330	\$ 8,649	\$ 9,924	\$ -	\$ 86,455
Others	-	17,590	15,856	177	1,031	(1,346)	33,308
Energy sales	-	28,773	-	11,189	-	-	39,962
Ash disposal reimbursement	-	-	4,704	-	-	-	4,704
Other operating revenues	-	6,496	4,526	39	-	-	11,061
Total operating revenues	-	89,411	56,416	20,054	10,955	(1,346)	175,490
<b>Operating Expenses</b>							
Solid waste operations	-	59,361	53,503	15,732	9,649	(1,346)	136,899
Depreciation and amortization	181	16,365	867	323	448	-	18,184
Maintenance and utilities	-	3,559	283	20	-	-	3,862
Closure and postclosure care of landfills	-	3,122	1,235	757	-	-	5,114
Project administration	-	7,419	1,701	811	160	-	10,091
Total operating expenses	181	89,826	57,589	17,643	10,257	(1,346)	174,150
Operating (Loss) Income	(181)	(415)	(1,173)	2,411	698	-	1,340
<b>Non-Operating Revenues and (Expenses)</b>							
Investment income	38	3,891	605	2,048	136	-	6,718
Litigation-related settlements	-	4,745	-	-	-	-	4,745
Other income (expenses), net	285	(332)	(59)	(133)	-	-	(239)
Interest expense	-	(1,280)	(127)	(42)	(414)	-	(1,863)
Net Non-Operating Revenues and (Expenses)	323	7,024	419	1,873	(278)	-	9,361
Change in Net Assets	142	6,609	(754)	4,284	420	-	10,701
<b>Total Net Assets, beginning of year</b>	793	165,708	19,408	46,169	6,693	-	238,771
<b>Total Net Assets, end of year</b>	\$ 935	\$ 172,317	\$ 18,654	\$ 50,453	\$ 7,113	\$ -	\$ 249,472



**Connecticut Resources Recovery Authority**

**COMBINING SCHEDULE OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Dollars in Thousands)**

EXHIBIT C  
Page 1 of 2

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total
<b>Cash Flows From Operating Activities</b>							
Payments received from providing services	\$ 247	\$ 90,760	\$ 60,766	\$ 20,752	\$ 10,640	\$ (1,346)	\$ 181,799
Proceeds from settlements	-	4,745	-	-	-	-	4,745
Payments received from other funds	-	211	-	-	-	(211)	-
Payments to suppliers for goods and services	-	(61,042)	(53,985)	(15,905)	(9,076)	1,346	(138,662)
Payment of litigation-related judgment	-	(35,874)	-	-	-	-	(35,874)
Payments to employees for services	-	(3,243)	(619)	(344)	(95)	-	(4,301)
Payments to other funds	(211)	-	-	-	-	211	-
Net Cash (Used in) Provided by Operating Activities	36	(4,443)	6,162	4,483	1,469	-	7,707
<b>Cash Flows From Investing Activities</b>							
Interest on investments	38	3,964	610	2,118	237	-	6,967
Purchases of investments	-	(17)	(7)	(5)	-	-	(29)
Net Cash Provided by Investing Activities	38	3,947	603	2,113	237	-	6,938
<b>Cash Flows From Capital and Related Financing Activities</b>							
Proceeds from sales of equipment	-	7	-	-	-	-	7
Payments for landfill closure and postclosure care liabilities	-	(4,996)	(473)	(192)	-	-	(5,661)
Acquisition and construction of capital assets	-	(8,686)	(546)	(34)	-	-	(9,266)
Interest paid on long-term debt	-	(1,312)	(185)	(41)	(315)	-	(1,853)
Principal paid on long-term debt	-	(13,320)	(1,955)	(684)	(556)	-	(16,515)
Net Cash Used in Capital and Related Financing Activities	-	(28,307)	(3,159)	(951)	(871)	-	(33,288)
<b>Cash Flows From Non-Capital Financing Activities</b>							
Other interest and fees	-	(11)	(19)	(133)	-	-	(163)
Net Cash Used in Non-Capital Financing Activities	-	(11)	(19)	(133)	-	-	(163)



**Connecticut Resources Recovery Authority**

**COMBINING SCHEDULE OF CASH FLOWS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2008  
(Dollars in Thousands)**

**EXHIBIT C  
Page 2 of 2**

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total
Net (decrease) increase in cash and cash equivalents	\$ 74	\$ (28,814)	\$ 3,587	\$ 5,512	\$ 835	\$ -	\$ (18,806)
Cash and cash equivalents, beginning of year	1,262	128,387	12,762	49,551	6,453	-	198,415
Cash and cash equivalents, end of year	\$ 1,336	\$ 99,573	\$ 16,349	\$ 55,063	\$ 7,288	\$ -	\$ 179,609
<b>Reconciliation of Operating (Loss) Income to Net Cash (Used by) Provided by Operating Activities:</b>							
Operating (loss) income	\$ (181)	\$ (415)	\$ (1,173)	\$ 2,411	\$ 698	\$ -	\$ 1,340
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:							
Depreciation of capital assets	181	16,192	836	30	-	-	17,239
Amortization of development and bond issuance costs	-	173	31	293	448	-	945
Provision for closure and postclosure care of landfills	-	3,122	1,235	757	-	-	5,114
Other income (expenses)	173	(107)	1	-	-	-	67
Litigation-related settlements	-	4,745	-	-	-	-	4,745
Changes in assets and liabilities:							
(Increase) decrease in:							
Accounts receivable, net	37	1,445	4,382	699	(315)	-	6,248
Inventory	-	(261)	-	-	-	-	(261)
Prepaid expenses and other current assets	92	2,488	1	173	(9)	-	2,745
Due from other funds	-	211	-	-	-	(211)	-
(Decrease) increase in:							
Accounts payable, accrued expenses and other liabilities	(55)	(32,036)	849	120	647	-	(30,475)
Due to other funds	(211)	-	-	-	-	211	-
<b>Net Cash (Used in) Provided by Operating Activities</b>	\$ 36	\$ (4,443)	\$ 6,162	\$ 4,483	\$ 1,469	\$ -	\$ 7,707



# Connecticut Resources Recovery Authority

## COMBINING SCHEDULE OF NET ASSETS AS OF JUNE 30, 2008 (Dollars in Thousands)

EXHIBIT D  
Page 1 of 2

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Total
<b>Net assets invested in capital assets, net of related debt</b>	\$ 765	\$ 115,611	\$ 16,824	\$ 2,375	\$ -	\$ 135,575
<b>Restricted net assets:</b>						
Current restricted cash and cash equivalents:						
Revenue fund	-	26,202	768	1,382	1,301	29,653
Debt service funds	-	140	1,140	487	370	2,137
Debt service reserve funds	-	-	1,343	309	-	1,652
Select Energy escrow	-	1,000	-	-	-	1,000
Shelton landfill future use	-	-	857	-	-	857
Montville landfill postclosure	-	-	-	-	718	718
Recycling education fund	-	514	-	-	-	514
Customer guarantee of payment	-	229	18	56	-	303
Rebate fund	-	-	4	125	-	129
Town of Ellington trust - pooled funds	-	48	-	-	-	48
Mercury public awareness	22	-	-	-	-	22
Total current restricted cash and cash equivalents	22	28,133	4,130	2,559	2,389	37,033
Non-current restricted cash and cash equivalents and investments:						
Tip fee stabilization	-	-	-	15,915	-	15,915
Energy generating facility	-	10,895	-	-	-	10,895
Debt service reserve funds	-	5,115	-	-	901	6,016
Equipment replacement	-	1,735	-	-	-	1,735
Operating and maintenance	-	1,735	-	-	-	1,735
DEP trust - landfills	-	485	172	152	-	809
Rebate fund	-	-	-	-	176	176
Total non-current restricted cash and cash equivalents and investments	-	19,965	172	16,067	1,077	37,281
<b>Less liabilities to be paid with current restricted assets:</b>						
Bonds payable, net including accrued interest	-	104	537	715	370	1,726
Other liabilities	-	20,095	786	1,438	1,541	23,860
Total liabilities to be paid with current restricted assets	-	20,199	1,323	2,153	1,911	25,586
<b>Less liabilities to be paid with non-current restricted assets:</b>						
Bonds payable, net	-	1,096	-	-	832	1,928
Other liabilities	-	924	-	-	-	924
Total liabilities to be paid with non-current restricted assets	-	2,020	-	-	832	2,852
<b>Total restricted net assets</b>	22	25,879	2,979	16,273	723	45,876



Connecticut Resources Recovery Authority

COMBINING SCHEDULE OF NET ASSETS (Continued)

AS OF JUNE 30, 2008  
(Dollars in Thousands)

EXHIBIT D  
Page 2 of 2

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Total
<b>Unrestricted net assets:</b>						
Designated for:						
Future use	\$ -	\$ -	\$ -	\$ 9,904	\$ -	\$ 9,904
Future loss contingencies	-	6,694	-	1,047	252	7,993
Debt service stabilization	-	4,763	-	-	-	4,763
Facility modifications	-	3,247	-	-	-	3,247
Rolling stock	-	3,081	-	-	-	3,081
Recycling	-	1,817	437	-	-	2,254
Ash disposal	-	2,150	-	-	-	2,150
Landfill development	-	1,981	-	-	-	1,981
Post litigation	-	1,440	-	-	-	1,440
Benefit fund	217	-	-	-	-	217
South Meadows site remediation	-	143	-	-	-	143
Undesignated	(69)	5,511	(1,586)	20,854	6,138	30,848
Total unrestricted net assets	148	30,827	(1,149)	31,805	6,390	68,021
<b>Total Net Assets</b>	<b>\$ 935</b>	<b>\$ 172,317</b>	<b>\$ 18,654</b>	<b>\$ 50,453</b>	<b>\$ 7,113</b>	<b>\$ 249,472</b>



**TAB 5**

# **DRAFT – FOR DISCUSSION ONLY**

To: Mid-Connecticut Project member Mayors and First Selectmen

CRRA is always working to keep its member towns informed through meetings, letters, reports and presentations. As we do each summer, CRRA management has recently met with a number of chief executive officers of Mid-Connecticut Project towns. The meetings have been very beneficial for CRRA, allowing us to better understand the needs and concerns of our member towns.

As you know the Mid-Connecticut Project will expire in December 2012. The CRRA Board of Directors hopes to provide relief to the member towns by eliminating their put-or-pay commitments even earlier by retiring the remaining Project debt. Releasing the towns from the delivery requirement will present the towns with new opportunities, including the ability to utilize other, possibly less costly, disposal alternatives.

To better effect the towns' awareness and potential participation in these opportunities, the CRRA Board of Directors is considering the establishment of a Mid-Connecticut Project Advisory Committee. This Committee would be made up exclusively of the CEOs of the Mid-Connecticut Project towns and serve to ensure effective and efficient communications. Similar committees are in place and operating effectively for CRRA's Bridgeport, Wallingford and Southeast projects. This committee would hold regular formal public meetings to review Project performance, financial information and budgets and provide insight to CRRA and its Board of Directors. It would provide an additional means for Mid-Connecticut Project towns to verify that CRRA is serving the towns' best interests and insure that CRRA will be ready to provide whatever services the towns may need beyond the Project's expiration in 2012.

The CRRA Board of Directors, established in June 2002 after the Enron disaster, consists primarily of local elected officials who have always focused on insuring that CRRA keeps the best interests of the towns foremost. We are always looking for ways to strengthen our relationships with our member municipalities. Speaking as a Mid-Connecticut Project town First Selectman myself, CRRA would welcome the formation of such a committee.

Please respond to this e-mail by Wednesday, October 1, and let me know whether you support the creation of this Mid-Connecticut Project advisory committee and whether you would be willing to participate.

Should you have any questions, please call Paul Nonnenmacher, the CRRA staff person who would be assigned to this committee, at (860) 757-7771, or call me directly in Old Saybrook at (860) 395-3123.

**TAB 6**

**RESOLUTION REGARDING RATIFICATION OF EMERGENCY  
PROCUREMENT CONTRACTS**

**RESOLVED:** That the Authority Board of Directors ratifies the Emergency purchases as substantially presented and discussed at this meeting.

## Emergency Procurement Contracts

*September 25, 2008*

The following written evidence is being provided to the Board for ratification pursuant to Sections 2.2.12 and 5.10 of the CRRA Procurement Policy.

### **2.2.12 “Emergency Situation”**

“Emergency Situation” shall mean a situation whereby purchases are needed to remedy a situation that creates a threat to public health, welfare, safety or critical governmental or CRRA service or function. The existence of such a situation creates an immediate and serious need that cannot be met through the normal procurement methods and the lack of which would seriously threaten: (i) the health or safety of any person; (ii) the preservation or protection of property; (iii) the imminent and serious threat to the environment; or (iv) the functioning of CRRA. Any such situation shall be documented with written evidence of said situation.

### **5.10 Emergency Procurements**

In the event of an Emergency Situation as defined herein, the procedures for pre-approval of Contracts in these Policies and Procedures by the Board do not apply. When the President, Chairman, or designee determines that an Emergency Situation has occurred, the President, Chairman, or their designee is authorized to enter into a Contract under either a competitive or sole source basis, in such amount and of such duration as the President, Chairman, or their designee determines shall be necessary to eliminate the Emergency Situation. Such Emergency Situation contract(s), with written evidence of said Emergency Situation, shall be presented to the Board for ratification as soon as practicable following the execution of the Contract. The Board shall ratify such emergency Contract unless it is determined that under no circumstances would a reasonable person believe that an Emergency Situation existed.

# Memorandum

**To:** Tom Kirk, CRRA President  
**CC:** Mike Tracey, Operations Director  
**From:** Rich Quelle, Senior Engineer  
**Date:** 7/18/2008  
**Re:** Waste Processing Facility (WPF) - Emergency Repairs for a second 1250 Horsepower (HP) Secondary Shredder Motor.

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This is to inform you of an emergency repair to a **second** 1250 HP Secondary Shredder Motor for the processing lines at the WPF. The first 1250 HP Secondary Shredder Motor emergency repair was approved and completed in early July 2008.

Normally this repair would be included within the Waste Processing Facility Operator's (Metropolitan District Commission- MDC) work scope and the cost of such repair would be covered by their CRRA approved operating budget. Due to new MDC management directives associated with their procurement procedures the emergency repair required for this 1250 HP secondary shredder motor could not be executed by MDC. In order to expedite the repair to the motor it was necessary for CRRA to manage this activity.

MDC's new procurement procedures do not allow for an award to a single bidder even when a public procurement process is utilized or a sole source award is required due to a special capability or experience, patent, intellectual property or proprietary knowledge. As the two year warranty for the custom built motor is still in effect, MDC was directed by CRRA to send the motor to the original equipment manufacturer (American Rotor Corporation- ARC). If it was determined that the repair was covered by the warranty, the costs would be the responsibility of the manufacturer.

CRRA, working through ARC determined that the repair was not going to be covered by the warranty because the electrically shorted stator windings and rotor bar damage did not fail due to poor workmanship but rather due to foreign object debris becoming lodged in the stator winding cooling passages and chaffing through the insulation. CRRA then investigated how the debris was able to get inside the windings and determined that the MDC's temporary laborers were using air lances



to clean around the secondary shredder motors and blew the debris into the motor's base cooling slots.

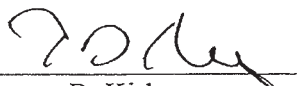
Since this failure, CRRA has requested ARC to close-up any unnecessary open air slots and directed MDC to cease performing any air lance cleaning around the secondary shredder motor platforms.

This repair and expenditure is critical to the processing equipment at the WPF. This motor was upgraded from a 1000 HP to 1250 HP motor over a year ago. The implementation of the upgrade has enabled the WPF to achieve all time record processing rates for the past eight of the last nine months. On average, the WPF currently processes eighty-five tons per available hour per processing line which is almost ten tons more per hour than last year's average.

With summer approaching and a 1000 HP motor operating in place of the 1250 HP unit there will be a reduction in processing rates due to the overheating conditions associated with the older 1000 HP design. This will result in reduced maintenance time in the WPF which will lead to lower processing rates and ultimately longer wait times for haulers as MSW inventories increase.

I mobilized American Rotor Corp. on an emergency basis to assist CRRA in implementing this repair. This vendor is the original equipment manufacturer (OEM) of the second 1250 HP Secondary Shredder Motor and has previously provided services satisfactory to CRRA. This repair was considered to be an emergency as its implementation was critical to the operations of the WPF. The cost of these repairs is \$87,000.00. These costs are included in the FY09 operating budget.

I would be able to discuss this with you at your convenience.

  
\_\_\_\_\_  
Thomas D. Kirk  
President, Duly Authorized

# Memorandum

**To:** Tom Kirk, CRRA President  
**CC:** Mike Tracey, Operations Director  
**From:** Rich Quelle, Senior Engineer  
**Date:** 7/18/2008  
**Re:** Waste Processing Facility (WPF) - Emergency Repairs for a Primary Electro-magnetic Drum.

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This is to inform you of an emergency repair to a primary electro-magnetic drum used for ferrous separation in the processing lines at the WPF.

The WPF houses two separate conveyor lines to process waste. Each line has, among other equipment, a primary (72" in diameter) electro-magnetic drum. This drum works in combination with a secondary (48" in diameter) electro-magnetic drum to remove ferrous metal from the waste stream.

In early March 2007, one of the primary electro-magnetic drums was removed from service to repair holes in its shell. The drum was replaced with a spare kept on site. The switch-out was performed in the hope of avoiding a complete equipment failure.

Because of a failed primary electro-magnetic drum the spare unit kept on site has been placed into service leaving the plant without a backup. If one of the two operating primary electro-magnetic drums should fail, the ferrous removal rate will be cut in half and the plant will be exposed to the possibility of major damage or explosions in the primary trommel or secondary shredder processing areas. Therefore it is important CRRA move quickly to fix the spare primary electro-magnetic drum on site as soon as possible.

Originally the drum was sent to Associated Electro-Mechanics, Inc (AEM) for repair by the WPF's Operator, the Metropolitan District Commission (MDC). Once disassembled for repair AEM determined that the unit's rotating manganese drum was worn-out. AEM's assessment of the drum's condition was verified by CRRA engineering. A CRRA engineering also determined that the 1/4" manganese shell/skin is too thin to absorb the continuous impact of 50-120 pound ferrous objects

contained in the waste stream and required the new shell thickness to be twice as thick.

MDC was instructed by CRRA to move forward with the repairs to the drum. MDC received quotes from multiple vendors for the fabrication of the new upgraded rotating manganese drum and executed that portion of the repair scope; AEM was awarded the bid. The new upgraded rotating manganese drum is built and the drum is awaiting final assembly in AEM's facility. MDC again bid out this portion of the work scope but this time only received one bid from AEM. Walker Magnetics (Original Equipment Manufacturer) would not bid on re-assembly of the drum and provided a letter to the MDC stating that (see attachment). MDC's Management cannot internally resolve this single bidder procurement problem. MDC has only now (July 2008) turned this project back over to CRRA to resolve and complete.

Normally this repair would be included within the Waste Processing Facility Operator's (Metropolitan District Commission- MDC) work scope and the cost of such repair would be covered by their CRRA approved operating budget. Due to new MDC management directives associated with their procurement procedures the emergency repair required for this primary electro-magnetic drum could not be executed by MDC. In order to expedite the repair to the primary electro-magnetic drum it was necessary for CRRA to manage this activity.

MDC's new procurement procedures do not allow for an award to a single bidder even when a public procurement process is utilized or a sole source award is required due to a special capability or experience, patent, intellectual property or proprietary knowledge.

I mobilized AEM on an emergency basis to assist CRRA in implementing this repair. This vendor is qualified to repair the primary electro-magnetic drum and has previously provided services satisfactory to CRRA. This repair was considered to be an emergency as its implementation was critical to the operations of the WPF. The cost of these repairs is \$19,470.00. These costs are included in the FY09 operating budget.

I would be able to discuss this with you at your convenience.



Thomas D. Kirk  
President, Duly Authorized

## Emergency Procurements

<u>Date</u>	<u>Description</u>	<u>Quantity</u>	<u>Vendor</u>
07/18/2008	FY09 -Emergency repairs for a 1250 HP Secondary Shredder Motor.	\$87,000.00	American Rotor Corp.
07/18/2008	FY09-Emergency repairs for a primary electro-magnetic drum	\$19,470.00	Associated Electro Mechanics

**TAB 7**

**RESOLUTION REGARDING THE ADOPTION OF THE  
BOARD OF DIRECTORS POLICY AND PROCEDURE  
FOR THE DISTRIBUTION OF RECYCLING REBATES  
TO MEMBER MUNICIPALITIES**

**WHEREAS:** CRRA has encouraged member municipalities to recycle to the maximum extent possible by not charging a tipping fee for the acceptance of recyclables at the Authority's regional recycling facilities since commencing operations and;

**WHEREAS:** The Board of Directors has adopted budgets that include funds to be rebated to member municipalities based on the amount of acceptable recyclable tons annually delivered and;

**WHEREAS:** Monetary rebates reward member municipalities for the delivery of acceptable recyclables and provide further economic incentive to maximize their local recycling programs and;

**WHEREAS:** CRRA has invested in the installation of state-of-the-art, single stream, processing technology at the Mid-Connecticut facility to increase citizen participation and recycling rates in pursuit of accomplishing the new statewide recycling goal and is planning to do the same at the Stratford facility therefore;

**RESOLVED:** That the Board of Directors hereby adopts the Procedures for the Distribution of Recycling Rebates to member municipalities and the President is hereby authorized to issue rebate checks to said member municipalities substantially as presented at this meeting.





# **DRAFT**

## **PROCEDURES FOR THE DISTRIBUTION OF RECYCLING REBATES TO MEMBER MUNICIPALITIES**

### **BOARD OF DIRECTORS POLICY AND PROCEDURE NUMBER ###**

#### **1. PROCEDURE**

- A. Subject to the adopted budget for each fiscal year, net revenues received from a Regional Recycling Project (“the Project”) of the Connecticut Resources Recovery Authority (the “Authority”) may be equitably rebated on an annual basis by the Board of Directors for the Authority (the “Directors”), at their discretion, to each of the participating municipalities (“the municipalities”) but with full consideration of annual tons delivered by the municipalities to the Project and that the municipalities have delivered all acceptable recyclable items under their control in accordance with municipal waste agreements and Project Permitting, Disposal and Billing Procedures.
- B. Any of the municipalities that provided for the collection and donation of deposit beverage containers at municipal transfer stations to fund local charities or governmental purposes on or before the adoption of this policy, may continue to do so and receive the rebate described in Subsection A for the amount of acceptable recyclables delivered to the Project. Nothing in this subsection shall be construed to allow the diversion of any acceptable recycling items to non-CRRA facilities or the scavenging of deposit beverage containers by drivers of recycling delivery vehicles.

#### **2. MISCELLANEOUS**

Any deviation from the above procedure must be approved by a majority of the voting members of the Directors present at a scheduled meeting.

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Approved By: Board of Directors  
Bylaw Reference: Article VII  
Statutory Reference: CGS 1-121, 22a-262(18)

P&P Number: BOD  
Effective Date:

**TAB 8**

**RESOLUTION REGARDING  
TRANSPORTATION AND DISPOSAL OF PROCESS RESIDUE,  
NON-PROCESSIBLE WASTE AND BYPASS WASTE FOR THE  
MID-CONNECTICUT PROJECT**

**RESOLVED:** That the President is hereby authorized to enter into an agreement with Waste Management of Massachusetts, Inc. to provide transportation and disposal services for process residue, non-processible waste and bypass waste for the Mid-Connecticut Project, substantially as presented and discussed at this meeting.

**Connecticut Resources Recovery Authority  
Contract Summary for Contract  
Entitled**

**Transportation and Disposal of Process Residue, Non-Processible Waste and Bypass  
Waste for the Mid-Connecticut Project**

Presented to the CRRA Board:	September 25, 2008
Vendor/Contractor(s):	Waste Management of Massachusetts, Inc.
Effective Date:	January 1, 2009
Contract Type/Subject matter:	Request for Qualifications/Proposals
Facility(ies) Affected:	Mid-Connecticut Project
Original Contract:	Not Applicable (This is initial contract)
Term:	Six and one half-year base period (January 1, 2009 through June 30, 2015), with option for CRRA to terminate the contract on the third anniversary with 12 months prior notice.
Term Extensions:	Provision for two two-year extensions, with the mutual consent of both parties.
Contract Dollar Value:	Contractor paid on a per-ton transported and disposed basis. First contract year transportation and disposal charge for process residue of \$72.15/ton, for non-processible waste of \$84.78/ton and for bypass waste of \$72.90/ton, which includes a fuel price surcharge for diesel at \$4.65/gallon. <sup>1</sup> The estimated FY 2009 cost of services for process residue and non-processible waste for the six-month period of January 1, 2009 – June 30, 2009 is \$4,282,150 and for bypass waste is \$1,093,500, both with the price of diesel fuel at \$4.65/gallon.
Budget:	\$5,220,320 in FY 2009 Budget for transport and disposal of non-processible waste and process residue to a landfill other than the Hartford Landfill for the second half of FY 2009. \$2,409,500 in FY 2009 Budget for transportation and disposal of bypass waste for the second half of FY 2009.
Amendment(s):	Not Applicable
Scope of Services:	Transport (by Goulet Trucking) and disposal (by Waste Management) of process residue, non-processible waste and bypass waste at the Chicopee Landfill (Chicopee, Massachusetts).
Other Pertinent Provisions:	Performance security of \$5 million.

<sup>1</sup> This is the approximate price of diesel fuel in mid-July 2008 when most of the price analyses were performed.

**Connecticut Resources Recovery Authority**  
**Transportation and Disposal of Process Residue,  
Non-Processible Waste and Bypass Waste for the  
Mid-Connecticut Project**

*September 25, 2008*

**Executive Summary**

The current arrangements that the Mid-Connecticut Project has for the transportation and disposal of process residue, non-processible waste and bypass waste will end on December 31, 2008.

This is to request approval of the CRRA Board of Directors for the President to enter into an agreement with Waste Management of Massachusetts, Inc. ("Waste Management") to provide transportation and disposal services for process residue, non-processible waste and bypass waste for the Mid-Connecticut Project for a six and one half-year base term (January 1, 2009 through June 30, 2015), with provision for two two-year extensions. Waste Management's price proposal was the low proposal for the services.

**Discussion**

Currently, the process residue and non-processible waste generated at the Mid-Connecticut Waste Processing Facility ("WPF") is disposed of at the Hartford Landfill. The bypass waste (waste received that cannot be processed at the WPF during scheduled and unscheduled outages and seasonal periods of high waste deliveries) is diverted to other instate disposal facilities or exported by contract haulers to out-of-state disposal facilities. Pursuant to CRRA's Hartford Landfill closure plan approved by the Connecticut Department of Environmental Protection, the Hartford Landfill will be permanently closed to the receipt of all waste materials effective December 31, 2008.

CRRA retained Alternative Resources, Inc. ("ARI") to provide assistance in identifying transportation and disposal services for the process residue, non-processible waste and bypass waste for the Mid-Connecticut Project.

CRRA environmental staff and ARI solicited expressions of interest in the project through advertisements in the Hartford Courant and Connecticut Post on Sunday, November 11, 2007 and in Waste News, a national solid waste management periodical, on Monday, November 12, 2007. CRRA received expressions of interest from 35 entities.

On March 18, 2008, CRRA and ARI provided a Request for Qualifications and Proposals to each entity that had expressed interest in the project. Proposals were due May 5, 2008. CRRA received proposals from five entities as follows:

- Murphy Road Recycling, LLC;
- Riccelli Enterprises;
- Santaro Development Corp.;
- Seneca Meadows; and
- Waste Management of Massachusetts, Inc.

Contract Year 1 service fee totals for the six month period of January 1 – June 30, 2009 are summarized in Table 1. The Service Fee structure provides for an increase/decrease in the per ton transportation price depending upon the monthly change in the average price of a gallon of diesel fuel. The prices presented in Table 1 assume an average per gallon cost of diesel fuel of \$4.65/gallon, the approximate price of diesel fuel in mid-July 2008 when most of the cost analyses were performed.



**Table 1 - Contract Year 1 Summary of Proposals Received**

<b>Material/Item</b>	<b>Murphy Road Recycling</b>	<b>Ricelli Enterprises</b>	<b>Santaro Development</b>	<b>Seneca Meadows</b>	<b>Waste Management</b>
<b>Process Residue</b>					
Transportation (\$/ton)	\$11.83	\$54.50	\$62.10	\$62.30	\$13.30
Transportation	\$650,650	\$2,997,500	\$3,415,500	\$3,426,500	\$731,500
Disposal (\$/ton)	\$70.00	\$25.00	\$22.00	\$22.00	\$56.85
Disposal	\$3,850,000	\$1,375,000	\$1,210,000	\$1,210,000	\$3,126,750
<b>Total Cost/Ton</b>	<b>\$81.83</b>	<b>\$79.50</b>	<b>\$84.10</b>	<b>\$84.30</b>	<b>\$70.15</b>
Total Cost	\$4,500,650	\$4,372,500	\$4,625,500	\$4,636,500	\$3,858,250
<b>Rank</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>1</b>
<b>Non-Processible Waste</b>					
Transportation (\$/ton)	\$11.83	\$55.50	\$62.10	\$62.30	\$27.93
Transportation	\$59,150	\$277,500	\$310,500	\$311,500	\$139,650
Disposal (\$/ton)	\$80.00	\$60.00	\$22.00	\$24.00	\$56.85
Disposal	\$400,000	\$300,000	\$110,000	\$120,000	\$284,250
<b>Total Cost/Ton</b>	<b>\$91.83</b>	<b>\$115.50</b>	<b>\$84.10</b>	<b>\$86.30</b>	<b>\$84.78</b>
Total Cost	\$459,150	\$577,500	\$420,500	\$431,500	\$423,900
<b>Rank</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>1</b>
<b>Bypass Waste</b>					
Transportation (\$/ton)	\$16.83	\$60.50	\$62.10	\$62.30	\$16.05
Transportation	\$252,450	\$907,500	\$931,500	\$934,500	\$240,750
Disposal (\$/ton)	\$67.00	\$25.00	\$22.00	\$24.00	\$56.85
Disposal	\$1,005,000	\$375,000	\$330,000	\$360,000	\$852,750
<b>Total Cost/Ton</b>	<b>\$83.83</b>	<b>\$85.50</b>	<b>\$84.10</b>	<b>\$86.30</b>	<b>\$72.90</b>
Total Cost	\$1,257,450	\$1,282,500	\$1,261,500	\$1,294,500	\$1,093,500
<b>Rank</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>1</b>

CRRA staff and ARI analyzed the proposal prices at a variety of assumed prices for diesel fuel and found that the ranking depicted in the above table remained the same.

Table 2 indicates for each proposer the total cost of the proposals for the base term of the contract with diesel fuel at \$4.65/gallon.

**Table 2: Cost for Base Term of Contract**

Rank	Proposer	Process Residue	Non-Processible Waste	Bypass Waste	Total
		Total For Term	Total For Term	Total For Term	
1	Waste Management	\$55,172,150	\$6,063,600	\$15,639,300	<b>\$76,875,050</b>
2	Riccelli Enterprises	\$60,472,500	\$7,937,500	\$17,932,500	<b>\$86,342,500</b>
3	Santaro Development	\$64,256,500	\$5,841,500	\$17,524,500	<b>\$87,622,500</b>
4	Seneca Meadows	\$65,102,400	\$6,061,200	\$18,183,600	<b>\$89,347,200</b>
5	Murphy Road Recycling	\$68,265,450	\$6,776,450	\$18,566,850	<b>\$93,608,750</b>

The two two-year extensions provided for in the contract require the mutual consent of both parties and a 12-month advance notice of the intent to extend the contract.

Pricing for the two two-year extensions to the contract will be escalated at a 3% annual rate.

To address the possibility that CRRA might want to terminate the contract early to pursue other management technologies for the process residue, the contract provides the option for CRRA to exit the contract after three years with a 12-month advance notice.

Both a performance guarantee and an indemnity protecting CRRA for future environmental liability associated with the disposal facilities will be provided by the parent company of Waste Management.

**Financial Summary**

Table 3 provides a summary of the base case cost for the base term of the contract for Waste Management, with diesel fuel at \$4.65/gallon.

**Table 3: Base Term Costs for Base Case for Waste Management**

Material/Item	Contract Year							Total
	1 (01/01/09 - 06/30/09)	2 (07/01/09 - 06/30/10)	3 (07/01/10 - 06/30/11)	4 (07/01/11 - 06/30/12)	5 (07/01/12 - 06/30/13)	6 (07/01/13 - 06/30/14)	7 (07/01/14 - 06/30/15)	
<b>PROCESS RESIDUE</b>								
Transportation	\$12.05	\$12.41	\$12.78	\$13.16	\$13.55	\$13.96	\$14.37	
Fuel Surcharge	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	
Total Transportation	\$13.30	\$13.66	\$14.03	\$14.41	\$14.80	\$15.21	\$15.62	
Tons/Year	55,000	110,000	110,000	110,000	110,000	110,000	110,000	
Projected Cost	\$731,500	\$1,502,600	\$1,543,300	\$1,585,100	\$1,628,000	\$1,673,100	\$1,718,200	\$10,381,800
<b>Disposal</b>	\$56.85	\$58.56	\$60.31	\$62.12	\$63.99	\$65.90	\$67.88	
Tons/Year	55,000	110,000	110,000	110,000	110,000	110,000	110,000	
Projected Cost	\$3,126,750	\$6,441,600	\$6,634,100	\$6,833,200	\$7,038,900	\$7,249,000	\$7,466,800	\$44,790,350
<b>Total T&amp;D \$/Ton</b>	<b>\$70.15</b>	<b>\$72.22</b>	<b>\$74.34</b>	<b>\$76.53</b>	<b>\$78.79</b>	<b>\$81.11</b>	<b>\$83.50</b>	
<b>Total</b>	<b>\$3,858,250</b>	<b>\$7,944,200</b>	<b>\$8,177,400</b>	<b>\$8,418,300</b>	<b>\$8,666,900</b>	<b>\$8,922,100</b>	<b>\$9,185,000</b>	<b>\$55,172,150</b>
<b>NON-PROCESSIBLE WASTE</b>								
Transportation	\$26.68	\$27.48	\$28.30	\$29.15	\$30.02	\$30.92	\$31.84	
Fuel Surcharge	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	
Total Transportation	\$27.93	\$28.73	\$29.55	\$30.40	\$31.27	\$32.17	\$33.09	
Tons/Year	5,000	10,000	10,000	10,000	10,000	10,000	10,000	
Projected Cost	\$139,650	\$287,300	\$295,500	\$304,000	\$312,700	\$321,700	\$330,900	\$1,991,750
<b>Disposal</b>	\$56.85	\$58.56	\$60.31	\$62.12	\$63.99	\$65.90	\$67.88	
Tons/Year	5,000	10,000	10,000	10,000	10,000	10,000	10,000	
Projected Cost	\$284,250	\$585,600	\$603,100	\$621,200	\$639,900	\$659,000	\$678,800	\$4,071,850
<b>Total T&amp;D \$/Ton</b>	<b>\$84.78</b>	<b>\$87.29</b>	<b>\$89.86</b>	<b>\$92.52</b>	<b>\$95.26</b>	<b>\$98.07</b>	<b>\$100.97</b>	
<b>Total</b>	<b>\$423,900</b>	<b>\$872,900</b>	<b>\$898,600</b>	<b>\$925,200</b>	<b>\$952,600</b>	<b>\$980,700</b>	<b>\$1,009,700</b>	<b>\$6,063,600</b>
<b>BYPASS WASTE</b>								
Transportation	\$14.80	\$15.24	\$15.70	\$16.17	\$16.66	\$17.16	\$17.67	
Fuel Surcharge	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	\$1.25	
Total Transportation	\$16.05	\$16.49	\$16.95	\$17.42	\$17.91	\$18.41	\$18.92	
Tons/Year	15,000	30,000	30,000	30,000	30,000	30,000	30,000	
Projected Cost	\$240,750	\$494,700	\$508,500	\$522,600	\$537,300	\$552,300	\$567,600	\$3,423,750
<b>Disposal</b>	\$56.85	\$58.56	\$60.31	\$62.12	\$63.99	\$65.90	\$67.88	
Tons/Year	15,000	30,000	30,000	30,000	30,000	30,000	30,000	
Projected Cost	\$852,750	\$1,756,800	\$1,809,300	\$1,863,600	\$1,919,700	\$1,977,000	\$2,036,400	\$12,215,550
<b>Total T&amp;D \$/Ton</b>	<b>\$72.90</b>	<b>\$75.05</b>	<b>\$77.26</b>	<b>\$79.54</b>	<b>\$81.90</b>	<b>\$84.31</b>	<b>\$86.80</b>	
<b>Total</b>	<b>\$1,093,500</b>	<b>\$2,251,500</b>	<b>\$2,317,800</b>	<b>\$2,386,200</b>	<b>\$2,457,000</b>	<b>\$2,529,300</b>	<b>\$2,604,000</b>	<b>\$15,639,300</b>
<b>GRAND TOTAL</b>	<b>\$5,375,650</b>	<b>\$11,068,600</b>	<b>\$11,393,800</b>	<b>\$11,729,700</b>	<b>\$12,076,500</b>	<b>\$12,432,100</b>	<b>\$12,798,700</b>	<b>\$76,875,050</b>

Funds totaling \$5,220,320 have been budgeted in the Mid-Connecticut Non-Processible Disposal Fees account for transportation and disposal of process residue and non-processible waste for the second half of FY 2009.

Funds totaling \$2,409,500 have been budgeted in the Mid-Connecticut Disposal Fees-Solid Waste (Bypass) account for transportation and disposal of bypass waste for the second half of FY 2009.

**TAB 9**

**RESOLUTION REGARDING  
ASH RESIDUE TRANSPORTATION AND DISPOSAL  
SERVICES FOR THE MID-CONNECTICUT RESOURCE  
RECOVERY FACILITY,  
ASH RESIDUE TRANSPORTATION AND DISPOSAL  
SERVICES FOR THE WALLINGFORD RESOURCE  
RECOVERY FACILITY  
AND  
ASH RESIDUE DISPOSAL SERVICES FOR THE PRESTON  
RESOURCE RECOVERY FACILITY**

**RESOLVED:** That the President is hereby authorized to execute an agreement with Wheelabrator Technologies Inc. to provide transportation and disposal services for ash residue from the Mid-Connecticut Resource Recovery Facility, substantially as presented and discussed at this meeting;

**FURTHER RESOLVED:** That the President is hereby authorized to execute an agreement with Covanta Mid-Connecticut, Inc. to provide transportation and disposal services for ash residue from the Wallingford Resource Recovery Facility, substantially as presented and discussed at this meeting; and

**FURTHER RESOLVED:** That the President is hereby authorized to execute an agreement with Wheelabrator Technologies Inc. to provide disposal services for ash residue from the Preston Resource Recovery Facility, substantially as presented and discussed at this meeting.



**Connecticut Resources Recovery Authority  
Contract Summary for Contract  
Entitled**

**Ash Residue Transportation and Disposal Services for the  
Mid-Connecticut Resource Recovery Facility**

Presented to the CRRRA Board:	September 25, 2008
Vendor/Contractor(s):	Wheelabrator Technologies Inc.
Effective date:	January 1, 2009
Contract Type/Subject matter:	Request for Qualifications/Request for Proposals
Facility(ies) Affected:	Mid-Connecticut Resource Recovery Facility (Mid-Connecticut Project)
Original Contract:	Not Applicable (This is initial contract)
Term:	Three-year base period (January 1, 2009 through December 31, 2011)
Term Extensions:	Provision for five one-year extensions, with the mutual consent of both parties.
Contract Dollar Value:	Contractor paid on a per-ton transported and disposed basis. First contract year transportation and disposal charge of \$59.00/ton, with a fuel price surcharge. This is equivalent to \$5,232,500 for the second half of FY 2009 with the price of diesel fuel at \$4.65/gallon <sup>1</sup> . At the end of the base period, the charge would be \$66.25/ton, plus the fuel price surcharge.
Budget:	\$7,656,000 in FY 2009 Budget covering transportation and disposal of ash residue for the second half of FY 2009.
Amendment(s):	Not Applicable
Scope of Services:	Transport (by Willimantic Waste) and disposal (by Wheelabrator) of ash residue at Putnam Ash Residue Landfill (Putnam, Connecticut).
Other Pertinent Provisions:	Performance Security equal to one half of the contract value for the Annual Service Fee required.

<sup>1</sup> This was the approximate price of diesel fuel in mid-July 2008 when most of the cost analyses were performed.

**Connecticut Resources Recovery Authority  
Contract Summary for Contract  
Entitled**

**Ash Residue Transportation and Disposal Services for the  
Wallingford Resource Recovery Facility**

Presented to the CRRRA Board:	September 25, 2008
Vendor/ Contractor(s):	Covanta Mid-Connecticut, Inc.
Effective date:	January 1, 2009
Contract Type/Subject matter:	Request for Qualifications/Request for Proposals
Facility(ies) Affected:	Wallingford Resource Recovery Facility (Wallingford Project)
Original Contract:	Not Applicable (This is initial contract)
Term:	One and one half-year base period (January 1, 2009 through June 30, 2010 (the termination date for the Wallingford Project service agreements).
Term Extensions:	Provision for five one-year extensions, with the mutual consent of both parties.
Contract Dollar Value:	Contractor paid on a per-ton transported and disposed basis. First contract year transportation and disposal charge of \$59.98/ton, with a fuel price surcharge. This is equivalent to approximately \$1,399,950 for the second half of FY 2009 with the price of diesel fuel at \$4.65/gallon <sup>2</sup> . At the end of the base period, the charge would be \$61.48/ton, plus the fuel price surcharge.
Budget:	\$1,675,000 in FY 2009 Budget covering transportation and disposal of ash residue for the second half of FY 2009.
Amendment(s):	Not Applicable
Scope of Services:	Transport (by DW Transport and Leasing) and disposal (by Covanta) of ash residue at Covanta's Bondi Island (Springfield, Massachusetts) Landfill, with interim disposal at Covanta's Peabody Landfill (Peabody, Massachusetts).
Other Pertinent Provisions:	Performance Security equal to one half of the contract value for the Annual Service Fee required.

<sup>2</sup> This was the approximate price of diesel fuel in mid-July 2008 when most of the cost analyses were performed.

**Connecticut Resources Recovery Authority  
Contract Summary for Contract  
Entitled**

**Ash Residue Disposal Services for the  
Preston Resource Recovery Facility**

Presented to the CRRA Board:	September 25, 2008
Vendor/ Contractor(s):	Wheelabrator Technologies Inc.
Effective date:	January 1, 2009
Contract Type/Subject matter:	Request for Qualifications/Request for Proposals
Facility(ies) Affected:	Preston Resource Recovery Facility (Southeast Project)
Original Contract:	Not Applicable (This is initial contract)
Term:	Three-year base period (January 1, 2009 through December 31, 2011).
Term Extensions:	Provision for six one-year extensions (i.e., through the termination of the service agreements associated with the Southeast Project), with the mutual consent of both parties.
Contract Dollar Value:	Contractor paid on a per-ton disposed basis. First contract year disposal charge of \$41.00/ton. This is equivalent to approximately \$1,127,500 for the second half of FY 2009). At the end of the base period, the charge would be \$46.87/ton.
Budget:	\$1,319,500 in FY 2009 Budget covering disposal of ash residue for the second half of FY 2009.
Amendment(s):	Not Applicable
Scope of Services:	Disposal of ash residue at Putnam Ash Residue Landfill (Putnam, Connecticut).
Other Pertinent Provisions:	Performance Security equal to one half of the contract value for the Annual Service Fee required.

# **Connecticut Resources Recovery Authority**

## **Mid-Connecticut Project: Ash Residue Transportation and Disposal Services for the Mid-Connecticut Resource Recovery Facility**

## **Wallingford Project: Ash Residue Transportation and Disposal Services for the Wallingford Resource Recovery Facility**

## **Southeast Project: Ash Residue Disposal Services for the Preston Resource Recovery Facility**

*September 25, 2008*

### **Executive Summary**

For a variety of reasons, the current arrangements that the Mid-Connecticut Resource Recovery Facility (“RRF”), the Wallingford RRF and the Preston RRF have for the transportation and disposal of ash residue will end on December 31, 2008. While CRRA has undertaken a project to develop a new ash residue landfill and has identified a site for the landfill in Franklin, Connecticut, the new landfill will not be ready to accept ash until late-2011 at the earliest. Therefore, all three RRFs require ash residue disposal services beginning on January 1, 2009. In addition, the Mid-Connecticut and Wallingford RRFs also require transportation services to transport the ash residue from the RRFs to the disposal facility. Transportation services for ash residue from the Preston RRF are provided through a separate, contractual arrangement.

This is to request approval of the CRRA Board of Directors for the President to enter into an agreement with Wheelabrator Technologies Inc. (“Wheelabrator”) to provide transportation and disposal services for ash residue from the Mid-Connecticut RRF (three-year base term, with provision for five one-year extensions), with Covanta Mid-Connecticut, Inc. (“Covanta”) to provide transportation and disposal services for ash residue from the Wallingford RRF (one and one half-year base term, with provision for five one-year extensions), and with Wheelabrator to provide disposal services for ash residue from the Preston RRF (three-year base term, with provision for six one-year extensions). The shorter base term for the Wallingford RRF contract reflects the end of the various service agreements for the Wallingford Project on June 30, 2010 and the

uncertainty that exists about the future of the RRF. Both recommended firms were the low bidders for the respective services.

### **Discussion**

Ash residue from the Wallingford and Preston RRFs is currently disposed at the Wheelabrator Ash Residue Landfill in Putnam, Connecticut. The ash residue disposal contracts for these two resource recovery facilities expire December 31, 2008.

Ash residue from the Mid-Connecticut RRF is currently disposed at CRRA's Lined Ash Area of the Hartford Landfill. Pursuant to the applicable permits, ash residue can no longer be delivered to the Hartford Landfill after December 31, 2008.

CRRA has undertaken a project to develop a new ash residue landfill that would dispose of ash residue from the Mid-Connecticut, Wallingford and Preston RRFs. CRRA has identified a preferred site for the new ash residue landfill in Franklin, Connecticut, and is in the process of completing the studies necessary to determine whether or not the site is suitable for an ash residue landfill. The new ash residue landfill will not be available to dispose of ash residue until late-2011, at the earliest.

CRRA retained Alternative Resources, Inc. ("ARI") to provide assistance in identifying ash residue transportation and disposal services for the Mid-Connecticut and Wallingford RRFs and ash residue disposal services for the Preston RRF.

CRRA environmental staff and ARI solicited expressions of interest in the project through advertisements in the Hartford Courant and Connecticut Post on Sunday, November 11, 2007 and in Waste News, a national solid waste management periodical, on Monday, November 12, 2007. CRRA received expressions of interest from 39 entities.

On January 31, 2008, CRRA and ARI provided a Request for Qualifications to each entity that had expressed interest in the project. Statements of Qualifications ("SOQs") were due March 18, 2008. CRRA received SOQs from six entities as follows:

- A. Anastasio & Sons;
- Covanta Mid-Connecticut, Inc.;
- EnviroSolutions, Inc.;
- Riccelli Enterprises;
- Seneca Meadows; and
- Wheelabrator Technologies Inc.

CRRA environmental staff and ARI determined that all six entities were qualified to receive a Request for Proposals and, on May 20, 2008, provided to each of them a Request for Proposals. Proposals were due June 23, 2008. CRRA received proposals from five entities as follows:

- Covanta Mid-Connecticut, Inc.;
- EnviroSolutions, Inc.;
- Riccelli Enterprises;
- Seneca Meadows; and
- Wheelabrator Technologies Inc.

Table 1 indicates the proposal prices and their rank for each of the proposers for Year 1 of the contract (January 1 through June 30, 2009). The prices are for the base case which is for the expected tonnage of ash residue from each of the RRFs (175,000 tons/year for Mid-Connecticut RRF, 45,000 tons/year for Wallingford RRF and 55,000 tons/year for Preston RRF) and diesel fuel at \$4.65/gallon, the approximate price of diesel fuel in mid-July 2008 when most of the financial analyses were performed. With regard to the Preston RRF, the Southeast Project controls 55,000 tons/year of ash residue and Covanta controls an additional 18,000 tons/year. Because it is uncertain that the Covanta tonnage would be disposed pursuant to this contract, it was not included in the base case.

CRRA's Price Proposal Request set a base diesel price range of \$4.200 to \$4.299/gallon, and requested that proposers provide fuel surcharge pricing for each \$0.10 increase/decrease in the price of diesel fuel above/below this benchmark range.



**Table 1: Contract Year 1 Summary of Proposals Received**

RRF/Item	Covanta Mid-Conn	Enviro- Solutions	Seneca Meadows	Riccelli Enterprises	Wheel- abrator
<b>Mid-Connecticut RRF (Transportation and Disposal)</b>					
Transportation (\$/ton)	\$32.20	\$15.05	\$62.30	\$57.50	\$18.80
Transportation	\$2,817,500	\$1,316,875	\$5,451,250	\$5,031,250	\$1,645,000
Disposal (\$/ton)	\$30.00	\$48.25	\$23.00	\$20.00	\$41.00
Disposal	\$2,625,000	\$4,221,875	\$2,012,500	\$1,750,000	\$3,587,500
<b>Total Cost/Ton</b>	<b>\$62.20</b>	<b>\$63.30</b>	<b>\$85.30</b>	<b>\$77.50</b>	<b>\$59.80</b>
Total Cost	\$5,442,500	\$5,538,750	\$7,463,750	\$6,781,250	\$5,232,500
<b>Rank</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>1</b>
<b>Wallingford RRF (Transportation and Disposal)</b>					
Transportation (\$/ton)	\$27.22	\$14.34	\$62.30		\$32.55
Transportation	\$612,450	\$322,650	\$1,401,750		\$732,375
Disposal (\$/ton)	\$35.00	\$58.25	\$23.00		\$41.00
Disposal	\$787,500	\$1,310,625	\$517,500		\$922,500
<b>Total Cost/Ton</b>	<b>\$62.22</b>	<b>\$72.59</b>	<b>\$85.30</b>		<b>\$73.55</b>
Total Cost	\$1,399,950	\$1,633,275	\$1,919,250		\$1,654,875
<b>Rank</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>No Bid</b>	<b>3</b>
<b>Preston RRF<sup>1</sup> (Disposal Only, Transportation Under Contract With Separate Entity)</b>					
Disposal (\$/ton)	\$30.00	\$68.00	\$23.00		\$41.00
Disposal	\$825,000	\$1,870,000	\$632,500		\$1,127,500
<b>Total Cost/Ton</b>	<b>\$30.00</b>	<b>\$68.00</b>	<b>\$23.00</b>		<b>\$41.00</b>
<b>Rank</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>No Bid</b>	<b>3</b>

1. Even though Wheelabrator was not the lowest proposer in terms of disposal cost, when combined with the Southeast Project's contractual arrangement with a separate entity for transportation, Wheelabrator's was the lowest total cost proposal (Per Mr. Jerry Tyminski, Executive Director, SCRRA). This is a function of the short travel distance between the Wheelabrator Putnam Landfill and the Preston RRF.

CRRRA environmental staff and ARI analyzed the proposal prices at a variety of assumed prices for diesel fuel and found that the rankings depicted in the above table remained the same.

Table 2 indicates for each proposer the total cost of the proposals with diesel fuel at \$4.65/gallon for the entire base term of the contract.

**Table 2: Cost for Base Term of Contracts**

Rank	Mid-Connecticut RRF <i>Transportation &amp; Disposal</i>		Wallingford RRF <i>Transportation &amp; Disposal</i>		Preston RRF <i>Disposal Only, Transportation Under Contract With Separate Entity</i>	
	Proposer	Total for Term	Proposer	Total for Term	Proposer	Total for Term
1	Wheelabrator	\$33,014,625	Covanta	\$4,267,350	Seneca	\$4,005,100
2	Covanta	\$33,852,875	EnviroSolutions	\$4,965,525	Covanta	\$5,138,375
3	EnviroSolutions	\$34,576,500	Wheelabrator	\$5,035,725	Wheelabrator	\$7,176,125
4	Riccelli	\$42,000,000	Seneca	\$5,863,050	EnviroSolutions	\$11,675,125
5	Seneca	\$46,551,750	Riccelli	No Bid	Riccelli	No Bid

Based on its contractual arrangement for transportation of ash residue for disposal, the Southeast Project has determined that the Wheelabrator proposal with disposal at the Putnam Ash Residue Landfill was the least expensive option for it.

The EnviroSolutions proposal was based on rail transportation from New Haven, Connecticut to its disposal facility in Ashland, Kentucky. The rail transportation would be by CSXT. EnviroSolutions' proposed prices noted that they are subject to the CSXT fuel surcharge over which the proposer has no control, and for which no costs were provided. With this uncertainty and lack of control, CRRA environmental staff determined that it would not give further consideration to the EnviroSolutions proposal.

On July 29, 2008, CRRA environmental staff and ARI interviewed Wheelabrator (low proposer for the Mid-Connecticut and Preston RRFs) and Covanta (low proposer for the Wallingford RRF). Based on the interviews and the proposers responses to questions submitted to them subsequent to the interviews, CRRA environmental staff is recommending that CRRA contract with Wheelabrator for transportation and disposal of ash residue from the Mid-Connecticut RRF, with Covanta for transportation and disposal of ash residue from the Wallingford RRF, and with Wheelabrator for disposal of ash residue from the Preston RRF.

Wheelabrator will use Willimantic Waste to transport ash residue from the Mid-Connecticut RRF to its Putnam ash residue landfill. Wheelabrator's ash residue landfill in Shrewsbury, Massachusetts would be the back-up landfill.

Covanta will use DW Transport and Leasing to transport ash residue from the Wallingford RRF to its ash residue landfill in Peabody, Massachusetts until its Bondi Island landfill in Springfield, Massachusetts receives the necessary permits from the

Massachusetts Department of Environmental Protection to accept ash residue (expected in July 2009). After the Bondi Island landfill becomes available, the Peabody landfill would serve as the back-up landfill.

SCRRA will independently arrange for transportation from the Preston RRF to the Wheelabrator Putnam ash residue landfill.

Pricing for extensions to the contracts for all three of the facilities will be based on a CPI index that will be prescribed in the contracts.

Both a performance guarantee and an indemnity protecting CRRRA for future environmental liability associated with the landfills will be provided by the parent companies of Wheelabrator and Covanta.

### **Financial Summary**

Table 3 provides a summary of the base case cost for the base term for the recommended proposer for each of the three facilities with diesel fuel at \$4.65/gallon.

**Table 3: Base Term Costs for Base Case for Recommended Proposers**

<b>Contractor/ Facility/ Item</b>	<b>Contract Year 1 (01/01/09 - 06/30/09)</b>	<b>Contract Year 2 (07/01/09 - 06/30/10)</b>	<b>Contract Year 3 (07/01/10 - 06/30/11)</b>	<b>Contract Year 4 (07/01/11 - 12/31/11)</b>	<b>Total</b>
<b>Wheelabrator - Mid-Connecticut RRF</b>					
<b>Transportation</b>	\$18.00	\$18.27	\$18.82	\$19.38	
Fuel Surcharge	\$0.80	\$0.80	\$0.80	\$0.80	
Total Transportation	\$18.80	\$19.07	\$19.62	\$20.18	
Tons/Year	87,500	175,000	175,000	87,500	
Projected Cost	\$1,645,000	\$3,337,250	\$3,433,500	\$1,765,750	\$10,181,500
<b>Disposal</b>	\$41.00	\$42.11	\$44.43	\$46.87	
Tons/Year	87,500	175,000	175,000	87,500	
Projected Cost	\$3,587,500	\$7,369,250	\$7,775,250	\$4,101,125	\$22,833,125
<b>Total T&amp;D \$/Ton</b>	<b>\$59.80</b>	<b>\$61.18</b>	<b>\$64.05</b>	<b>\$67.05</b>	
<b>TOTAL</b>	\$5,232,500	\$10,706,500	\$11,208,750	\$5,866,875	<b>\$33,014,625</b>
<b>Govanta - Wallingford RRF</b>					
<b>Transportation</b>	\$24.98	\$25.60			
Fuel Surcharge	\$2.24	\$2.24			
Total Transportation	\$27.22	\$27.84			
Tons/Year	22,500	45,000			
Projected Cost	\$612,450	\$1,252,800			\$1,865,250
<b>Disposal</b>	\$35.00	\$35.88			
Tons/Year	22,500	45,000			
Projected Cost	\$787,500	\$1,614,600			\$2,402,100
<b>Total T&amp;D \$/Ton</b>	<b>\$62.22</b>	<b>\$63.72</b>			
<b>TOTAL</b>	\$1,399,950	\$2,867,400			<b>\$4,267,350</b>
<b>Wheelabrator - Preston RRF</b>					
<b>Disposal</b>	<b>\$41.00</b>	<b>\$42.11</b>	<b>\$44.43</b>	<b>\$46.87</b>	
Tons/Year	27,500	55,000	55,000	27,500	
Projected Costs	\$1,127,500	\$2,316,050	\$2,443,650	\$1,288,925	<b>\$7,176,125</b>

Funds totaling \$7,656,000 have been budgeted in the Mid-Connecticut Waste Transport account for transportation and disposal of ash residue from the Mid-Connecticut RRF at a landfill other than the Hartford Landfill for the second half of FY 2009.

Funds totaling \$3,350,000 have been budgeted in the Wallingford Ash Disposal account for transportation and disposal of ash residue from the Wallingford RRF for FY 2009. The portion of this amount budgeted for the second half of FY 2009 is \$1,675,000.

Funds totaling \$2,639,000 have been budgeted in the Southeast Ash Disposal account for disposal of ash residue from the Preston RRF for FY 2009. The portion of this amount budgeted for the second half of FY 2009 is \$1,319,500.

**TAB 10**



**BOARD RESOLUTION REGARDING ASSIGNMENT OF LEGAL SERVICES  
AGREEMENT**

**WHEREAS, Tyler Cooper & Alcorn, LLP entered into a three-year Legal Services Agreement with the Authority dated July 1, 2008; and**

**WHEREAS, Tyler Cooper has now announced that it is closing, and that the majority of the attorneys in its Hartford office have joined the law firm of Hinckley, Allen & Snyder LLP effective September 15, 2008; and**

**WHEREAS, pursuant to Section 7.5 of its Legal Services Agreement, Tyler Cooper has requested CRRA's consent to the assignment of all of its right, title, and interest in and to the Legal Services Agreement to Hinckley, Allen & Snyder; and**

**NOW THEREFORE, it is**

**RESOLVED: That the Authority hereby consents to the assignment by Tyler Cooper & Alcorn, LLP to Hinckley, Allen & Snyder, LLP of all of its rights, title and interest in and to the Legal Services Agreement and authorizes the President to execute all documentation reasonably necessary in connection therewith.**

## Venerable Area Law Firm Tyler Cooper Closing

By KENNETH R. GOSSELIN | Courant Staff Writer

September 10, 2008

Tyler Cooper, a venerable law firm with roots in central Connecticut dating from 1847, is closing, with half its lawyers leaving to form the first Connecticut office of a Rhode Island firm.

The 25 lawyers, including managing partner William S. Fish Jr., will open an office of Hinckley, Allen & Snyder, which has offices in Providence, Boston and Concord, N.H. The firm has wanted to expand into Connecticut for the past five years.

The new Connecticut office will open Monday and is expected to become a regional hub for Hinckley's financial services and bankruptcy work, two areas of expertise for which Tyler Cooper is known. The new office will occupy former Tyler Cooper space in downtown Hartford.

It also is expected that a second, smaller group of Tyler Cooper lawyers will soon announce they will be leaving to join another firm.

The Tyler Cooper name won't go away immediately. A handful of lawyers will remain to wind down business. It was unclear Tuesday how long that might last.

Fish said Tyler Cooper worked to expand the firm but found it difficult because clients increasingly want most of their legal work done by one firm. That meant that law firms needed to have an ever broadening range of expertise.

That gradually became more of a challenge for a smaller outfits such as Tyler Cooper, with its staff of 50 lawyers, 25 of them partners, and 100 employees overall.

It was difficult to compete with larger firms to attract lawyers with specialties in tax, employee benefits and executive compensation law, Fish said.

Hinckley offered an attractive alternative for the lawyers choosing it: a larger firm — 122 lawyers, 77 of them partners, and 286 employees overall — with a broader range of services, yet a similar collegial culture.

"At the end of the day, the legal market is changing, and if you don't change, you get left behind," Fish said.

Michael DeFanti, Hinckley's managing partner, said the block of lawyers, plus paralegals, secretaries and other staff, was an ideal way to enter Connecticut. Tyler Cooper's entire financial services and business services practice is going over to Hinckley.

"We have business in Connecticut and want to serve clients' needs in New England generally, and to do that, you have to be in Connecticut," DeFanti said.

Fish said the firm is proud of Tyler Cooper's long history, but "we are very excited about the opportunity to join Hinckley and the opportunity that it provides for our clients."

The firm's closing could mean a handful of layoffs among the Tyler Cooper staff, Fish said.

Tyler Cooper — known for years as Tyler, Cooper & Alcorn — was formed in 1983 with the merger of Tyler, Cooper, Grant, Bowerman & Keefe, of New Haven, and Alcorn, Bakewell & Smith, of Hartford.

Each firm traced its lineage to the mid-1800s and catered to the corporate trade.

In the 1930s, H. Meade Alcorn Jr. joined his father's law practice in Hartford at what would become Alcorn, Bakewell & Smith in 1955. Alcorn rose to prominence in legal circles and as a leader in the Republican Party. He is credited with persuading Gen. Dwight D. Eisenhower to join the GOP and run for president.