

CONNECTICUT RESOURCES RECOVERY AUTHORITY

FOUR HUNDRED AND EIGHTY-THIRD

NOVEMBER 18, 2010

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, Nov. 18, 2010, in the Board Room at CRRA Headquarters, 100 Constitution Plaza, Hartford, Connecticut. Those present in Hartford were:

Directors: Chairman Pace
 Vice-Chairman Jarjura (present beginning 11:00 a.m.)
 David B. Damer
 Timothy Griswold
 Dot Kelly
 Mark Lauretti (present beginning at 10:36 a.m.)
 Theodore Martland
 Ron Van Winkle
 Stephen Edwards, Bridgeport Project Ad-Hoc (present by telephone)
 Bob Painter, Mid-Connecticut Project Ad-Hoc
 Warren Howe, Wallingford Project Ad-Hoc
 Geno Zandri, Wallingford Project Ad-Hoc

Present from CRRA:

Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Jeffrey Duvall, Manager of Budgets and Forecasting
Peter Egan, Director of Environmental Affairs & Development
Laurie Hunt, Director of Legal Services
Paul Nonnenmacher, Director of Public Affairs
Eric Womack, Human Resources Manager
Moira Benacquista, Board Secretary/Paralegal

Also present were: John Pizzimenti of USA Hauling & Recycling; Dan Mara, Esq., of Sandler & Mara; Jerry Tyminski of SCRRRA and Cheryl Thibeault of Covanta.

Chairman Pace called the meeting to order at 9:38 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.

APPROVAL OF THE MINUTES OF THE OCT. 28, 2010 REGULAR BOARD MEETING

Chairman Pace requested a motion to approve the minutes of the Oct. 28, 2010, Regular Board Meeting. Director Martland made a motion to approve the minutes, which was seconded by Director Damer.

The motion to approve the minutes as amended and discussed was approved by roll call. Chairman Pace, Director Auletta, Director Damer, Director Edwards, Director Griswold, Director Howe, Director Kelly, Director Martland, Director Painter, and Director Van Winkle voted yes. Director Zandri abstained.

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Louis Auletta	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Theodore Martland	X		
Ron Van Winkle	X		
Ad-Hocs			
Steve Edwards, Bridgeport	X		
Bob Painter, Mid-Conn	X		
Warren Howe, Jr. Wallingford	X		
Geno Zandri, Wallingford			X

RESOLUTION REGARDING THE SOUTHEAST BUDGET

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

RESOLVED: That the fiscal year 2012 Connecticut Resources Recovery Authority Southeast Project Operating and Capital Budgets be adopted subject to the Southeastern Connecticut Regional Resource Recovery Authority’s (“SCRRA”) approval of this budget as finalized for the current debt refunding initiative, and as substantially presented and discussed at this meeting.

Director Van Winkle seconded the motion.

Mr. Bolduc said this budget is different from what the Board normally votes on. He said the CRRA Board approves only its portion of the cost and the SCRRA Board approves and sets the tip fee. Mr. Bolduc said typically at this point the SCRRA Board has gone through and approved their budget with CRRA adding its administrative piece.

Mr. Bolduc said this approval is out of sequence this year because of the delay in the refunding of the SCRRA bonds. He explained this was a result of the State’s requirement to specify in its official statements the unfunded state teachers and employees funds. He said those statements are currently being upgraded and are expected to be published today with information on how large the unfunded liabilities are. Mr. Bolduc said the Board relies on those statements for financing to obtain the SCRF backing. He said the Treasurer’s office required that data and actuary reports from the unions for their

reports. Mr. Bolduc said management was asked to hold off on their financing until those reports were issued. He said the pricing is currently scheduled for December 1, 2010.

Mr. Bolduc said the budget typically contains an amount for debt service however; SCRRA could not approve its budget without this amount. He said management explained CRRA had to move ahead according to its contract with SCRRA to approve the CRRA portion by December 1, 2010, which will be done by today. Mr. Bolduc said this budget is what SCRRA will approve subject to the final refinancing numbers which will not be determined until pricing is done on Dec. 1, 2010. SCRRA President, Mr. Tyminski concurred with Mr. Bolduc’s statement. He said the SCRRA Board plans to hold a meeting on Dec. 8, 2010, with the final numbers and will go forward with adopting the tipping fee as well as CRRA’s portion. He said the SCRRA Board does not have any concerns with CRRA’s portion.

Director Kelly said the average price per company for FY’10 was about \$59.00 and the adopted FY’11 proposed is more like \$45.00. She asked if that is an assumption. Mr. Tyminski said the budget is set eighteen months before the end of the year. He said the \$38.09 is the correct amount for what the company has paid for spot waste, and the rest are assumptions for what those prices are expected to be.

The motion previously made and seconded was approved unanimously by roll call. Chairman Pace, Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Martland, and Director Van Winkle voted yes.

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Louis Auletta	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Theodore Martland	X		
Ron Van Winkle	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Conn			
Warren Howe, Jr. Wallingford			
Geno Zandri, Wallingford			

RESOLUTION REGARDING THE WALLINGFORD FINANCIAL DISTRIBUTION

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

WHEREAS, on April 23, 2009 the Connecticut Resources Recovery Authority’s (the “Authority”) Board of Directors (the “Board”), in consultation with and with the unanimous consent of the Wallingford Project Policy Board (the “Policy Board”), authorized the closing and transfer of various funds in order to provide an initial distribution of surplus funds to the Wallingford Project member towns; and

WHEREAS, the Authority’s outside financial auditors (“BST”) completed its first quarter fiscal year 2011 review on November 18, 2010; and

WHEREAS, the Policy Board has previously requested that remaining project funds be equitably distributed based on a five-year weighted average of tons delivered to the Wallingford Project member towns, consisting of the towns of Cheshire, Hamden, Meriden, North Haven, and Wallingford, Connecticut (the “Towns”); and

WHEREAS, on April 27, 2009 the total amount of \$26,674,579 was distributed to the Towns based on the weighted average of Acceptable Solid Waste delivered by each Town during the five-year time period beginning July 1, 2003 and ending June 30, 2008; and

WHEREAS, the Wallingford Project officially ended on June 30, 2010; and

WHEREAS, the balance in the Tip Fee Stabilization Fund is \$14,462,830 and the balance in the Future Use Fund is \$1,532,666; and

WHEREAS, the amount of \$15,995,496 is surplus to the needs of the Authority and can be distributed to the Towns; and

WHEREAS, the percentage of the relative amounts of Acceptable Solid Waste delivered by each Town has been updated to reflect delivered and diverted tons for the five-year time period beginning July 1, 2005 and ending June 30, 2010; and

WHEREAS, funds remaining of approximately \$5.4 million will be either assigned to post project reserves for ongoing liabilities or distributed to the Towns in early 2011 following the January 2011 financial review by BST.

NOW THEREFORE, IT IS HEREBY

RESOLVED: That the amount of \$15,995,496 be distributed to the Towns in the percentage values and dollar amounts as follows:

Town:	Total Tons Delivered FY 2006-2010:	Percentage of Tonnage:	Amount to be Distributed:
Cheshire	99,877.67	13.41%	\$2,144,996.01
Hamden	171,685.53	23.06%	3,688,561.38
Meriden	164,997.82	22.16%	3,544,601.91
North Haven	106,919.58	14.36%	2,296,953.23
Wallingford	201,104.24	27.01%	4,320,383.47
TOTAL	744,584.84	100.00%	\$15,995,496.00

Director Van Winkle seconded the motion.

Mr. Bolduc said this resolution is the second of three distributions management anticipates. He said management was waiting for the books to close out, which occurred in June. Mr. Bolduc said management has engaged outside auditors to perform two subsequent reviews one in November and one

in January to ensure assumptions made with regard to ongoing contingencies for litigation and legacy costs are fully funded before the rest of the money is distributed.

Mr. Bolduc said there are still items which need to be resolved. He said approximately \$5.4 million is still anticipated to go into the third and final phase for which some dollars will need to be held in escrow. He explained funds for the final contractual arrangement for the land transfer as well as some remaining dollars concerning risk funds and litigation will be held. Mr. Bolduc said he would expect Bollam, Sheedy & Torani (hereinafter referred to as “BST”) to be finished with their additional review in January at which point an additional \$4-4.5 million will be released.

Mr. Bolduc said this information was reviewed thoroughly by the Wallingford Policy Board which suggested one change be made to the denominator in the equation. He said management had based the equation on processed tons and at the request of the Wallingford Policy Board changed it to tons delivered. Mr. Bolduc said this changed the towns’ percentages slightly. He said the distribution method is based on the updated tonnage methodology.

Mr. Bolduc said when the resolution originally went to the Finance Committee it was subject to the draft review of the outside auditors on the financials. He said management was waiting for internal representation letters to be signed. Mr. Bolduc said that was completed yesterday and the final signed review letters are completed and available for review by the Board members.

Director Howe asked if he is correct in stating that almost \$16 million will be distributed within the next week. Mr. Bolduc said pending the Board’s approval the funds should be wire transferred tomorrow. Director Howe said he understands the escrow funds will be held for approximately five years because of the conveyance issue. He asked when the risk fund, large operating fund, post-project, lock box and deposit will be distributed. Mr. Bolduc replied that a large portion of the operating fund will be returned in January pending any issues. He said the risk-fund is subject to minor litigation potential and some insurance claims which should not be a problem and the funds will most likely be available in January.

Mr. Bolduc said the post-project reserve is for out of pocket costs and some of it is for insurance costs which will continue to be held on the property for pollution legal liability. He said the legacy insurance has to be paid but after about four years the risk of exposure will likely be eliminated. Mr. Bolduc said the customer deposit is for some remaining guarantee of payments with some of the haulers. He said after the haulers submit the necessary paperwork that will be released directly to the haulers. Mr. Bolduc said the Wallingford escrow will be returned according to that agreement.

The motion previously made and seconded was approved unanimously by roll call. Chairman Pace, Director Auletta, Director Damer, Director Griswold, Director Howe, Director Kelly, Director Martland, Director Van Winkle and Director Zandri voted yes.

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Louis Auletta	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Theodore Martland	X		
Ron Van Winkle	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Conn			
Steve Wawruck, Mid-Conn			
Warren Howe, Jr. Wallingford	X		
Geno Zandri, Wallingford	X		

ADDITION OF AN ITEM TO THE AGENDA REGARDING CONSULTING SERVICES FOR FINANCIAL AND ACCOUNTING PROCESS REVIEW OF NEW BUSINESS MODEL

Chairman Pace requested a motion to add an item to the agenda regarding consulting services for financial and accounting process review of a new business model.

The motion was made by Chairman Pace and seconded by Director Martland.

The motion to add an item to the agenda was approved unanimously by roll call. Chairman Pace, Director Auletta, Director Damer, Director Edwards, Director Griswold, Director Howe, Director Kelly, Director Martland, Director Wawruck, Director Van Winkle and Director Zandri voted yes.

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Louis Auletta	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Theodore Martland	X		
Ron Van Winkle	X		
Ad-Hocs			
Steve Edwards, Bridgeport	X		
Bob Painter, Mid-Conn	X		
Steve Wawruck, Mid-Conn	X		
Warren Howe, Jr. Wallingford	X		

PRESIDENT’S REPORT

Mr. Kirk said according to the operations data, tonnage continues to be flat and is below last year’s trend. He said this is indicative of a tepid economic recovery. Mr. Kirk said the impact to the plant is minimal at this point as the plant is staying full, however it does affect spot pricing. He said recycling numbers continue to be healthy and many customers have switched to single stream recycling or have arranged to purchase larger totes for recycling causing an 8-9% increase in recycling. Mr. Kirk said that although the recycling rebate is popular it is important to note that the real savings to the town is not paying for those items to go through the plant.

Mr. Kirk said the Southeast refinancing project is still in full swing after some delays. He said the market has not moved much which is positive.

Mr. Kirk said the Wallingford unit is still causing emission concerns but is not affecting capacity and will hopefully be resolved in the near future. He said the Bridgeport MSW is still flat however; CRRA is meeting its amended requirements with Wheelabrator.

Mr. Kirk said the SWEROC group is considering utilization of the proposed CRRA transfer system if it does not have sufficient tons of committed recycling tons necessary to fund capitalization of a facility. He said there are 9 towns and about 25,000 tons of recyclables that wish to participate in a transfer scenario with CRRA picking up in Stratford and hauling to Hartford. Mr. Kirk said a \$0 ton tip fee is expected. He said management expects more towns to join eventually which would support the future capitalization to single stream.

Director Painter said according to Ms. Cruz-Aponte the City of Hartford has increased its recycling by 70% using single stream. Mr. Kirk said this is a great number however; it is a low base number as Hartford is very moderate in terms of recycling. Director Painter said the important fact is in a population where recycling would not be expected to be successful single stream has increased those numbers. Mr. Kirk said management would still like to get the recyclables from multiple family homes which is difficult as most municipalities are not involved in multiple family homes and the models which are effective in suburban family homes are not effective there.

Mr. Kirk said concerning Future Conn the evaluation of the bids for operating contracts continues. He said the municipal services agreement presentation to the MAC Committee went well. He said a number of different options were offered to the town which was well received. Mr. Kirk said there was some concern regarding the changes from the historical offering however, management has put some of those concerns to rest and will work diligently with individual towns to answer those questions so the towns can make recommendations to its legislative bodies fully informed. He said he expects most of the 70 towns to opt for and choose CRRA as the most economic and environmentally effective option.

Director Lauretti asked what would incline anyone to believe that towns which sued CRRA would recognize the value of the renewal on the table. Mr. Kirk said this is a fair question given the history of relations between CRRA and several member towns. He said he sees a big change in the relationships compared to those in the past and there is more trust and confidence in CRRA and a

recognition that these actions are in the best interest of the member towns. Mr. Kirk said CRRA is moving forward and the new contract brings in all of the issues the towns were concerned about. He said there is an opt-out if the price goes above a certain threshold. Chairman Pace said he would like everyone to focus on the word renewal and move on.

Director Van Winkle said from a member town's perspective CRRA did an excellent job in communicating what it was trying to do. He said he has the same perspective regarding the administration which is well run and is trying to work with the towns. He said he knows there is a lot of political history behind CRRA however the best overall financial decision needs to be made.

Mr. Kirk said July 1, 2010, is the day the towns must commit by as the plant needs to be sized up at that point. He said the MAC Committee was provided information concerning the troublesome service issue of mattresses. He said there is a non-profit agency called the Product Stewardship Institute which has instituted national models for orphan and problem waste in the past. He said it has been involved in paint, electronic, and tire legislation. Mr. Kirk said the Product Stewardship Institute studies systems and proposes legislation to help solve problems with orphan waste. He said the CT DEP would like to solicit \$20,000 from the CRRA towards the \$40,000 project the Product Stewardship Institute will undergo to create a model to dispose of the mattresses in a more cost effective way.

Mr. Kirk said this issue received extensive attention at the MAC meeting which is indicative of the financial pressure the member towns are under. He said hundreds of thousands of dollars are spent by the towns to dispose of mattresses which presents a strong argument for CRRA to use \$20,000 to approach the Product Stewardship Institute in order to be first on the list for pilot programs which address this problem. He said he would argue as Connecticut will be the first state in the country without landfills it is also the State which will most likely be affected by orphan waste like mattresses. Mr. Kirk said management will bring this matter to the Board in December.

Chairman Pace said whatever amount CRRA is going to sponsor should be a distributive cost for not only the Mid-Conn towns but a state wide contribution as it will benefit every town in the State of Connecticut. He noted he was looking for the Board's support on providing these funds to the Product Stewardship Institute and asked any Board members with comments or suggestions to share them with management prior to this item's presentation to the Board in December.

Mr. Egan said that CRRA will be at the table with this issue. He said it is a producer responsibility premise where by the cost of end of life management of mattresses is cycled back to the manufactures' and distributors. Mr. Egan said the goal is for legislation to be passed to create a program where the development of a facility is required to dispose of the mattresses at no charge to the users or municipalities. He said this process gets all stakeholders involved in negotiating an acceptable solution.

Mr. Bolduc said it is important that the haulers are involved in the process as well. Chairman Pace agreed. Director Kelly said she shares the CT DEP's interest in increasing recycling which this mattress issue is connected to as it is a problem waste stream. She said this effort may have a technical solution. Director Kelly said she believes the public should pay for their waste and does not believe this should be a no cost solution to the generator.

RESOLUTION REGARDING CONSULTING SERVICES FOR FINANCIAL AND ACCOUNTING PROCESS REVIEW OF NEW BUSINESS MODEL

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

RESOLVED: That the President is hereby authorized to enter into a contract with CCR, LLP for Consulting Services for the financial and accounting process review of the Authority's new business model, substantially as discussed and presented at this meeting.

Director Van Winkle seconded the motion.

Mr. Bolduc said as CRRA is looking at the future operation of the PBF and the WPBF and some of the issues from the accounting and financing prospective are the control mechanisms for inventory control, purchasing controls and accounting of the activities in the future. He said the cost for operating these facilities is significant. Mr. Bolduc said as CRRA potentially moves to a new operator the existing systems may change. He said for example CRRA does not currently perform inventory at the WPF and would require software management for the \$4-5 million worth of inventory.

Mr. Bolduc said because the time frame is important for management to have the proper controls and procedures in existence in advance. He said it would be a conflict of interest for CRRA's current auditors to be in charge of a control system which they would in turn audit. Mr. Bolduc said CRRA requires someone with that expertise and would recommend using former CRRA auditor Carlin Charon and Rosen (hereinafter referred to as "CCR"). He said CCR has the knowledge to accomplish this review. Mr. Bolduc said it is important for CRRA to understand the possible performance risk of a facility and to establish proper controls to mitigate.

Mr. Kirk said this resolution will permit management to employ CCR for its unique expertise. He said it is not a large cost and there is a short window of time to perform this evaluation. Mr. Kirk said management needs to be fully informed concerning purchasing software which may work in conjunction with existing systems of potential contractors to ensure CRRA's systems are communicating with the contractor's systems, protect inventory, generate reports to the State, and to avoid unnecessary delays in paying vendors and contractors.

Director Damer asked how much work management anticipates. Mr. Bolduc explained management requires Board approval for this work as CCR is not currently in the stable and it would not involve an RFP process. He said there will be several phases of work including examining the capabilities of potential contractors and establishing proper control levels of authority and written procedures. Ms. Hunt said this item is not coming to the Board because it is over \$50,000 but because it is an exception to the procurement process which requires approval as it is over \$10,000. Director Damer asked if this resolution would have to come back to the Board if it did go over \$50,000. Ms. Hunt replied yes.

Chairman Pace stated for the record that this is due to CCR's specialized knowledge of CRRA and management's past experience with CCR. Mr. Kirk said that was correct. He said this is not a change to the procurement. He said CRRA's procurement policy calls for special capability vendors to be used when necessary. He said CCR has this knowledge and experience with CRRA's systems.

Director Martland said in twenty years much has changed and the procedures are drastically different as well.

The motion previously made and seconded was approved unanimously by roll call. Chairman Pace, Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Lauretti, Director Martland, Director Painter, Director Van Winkle, and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Louis Auletta	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Mark Lauretti	X		
Theodore Martland	X		
Ron Van Winkle	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Conn	X		
Steve Wawruck, Mid-Conn	X		
Warren Howe, Jr. Wallingford			
Geno Zandri, Wallingford			

RESOLUTION REGARDING AN AMENDMENT TO THE AGREEMENT FOR PAYMENTS IN LIEU OF TAXES WITH THE CITY OF HARTFORD TO THE AGENDA

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

RESOLVED: That the President is hereby authorized to execute a Second Amendment to agreement for Payments in Lieu of Taxes with the City of Hartford substantially as presented and discussed at this meeting.

Director Martland seconded the motion.

Mr. Kirk said this resolution was fully vetted at the Policy & Procurement Committee meeting. He said it goes back to the transfer of real property from CL&P to CRRA as part of the Enron transaction. He said CRRA had the option to purchase one of two parcels of land at the South Meadows facility. Mr. Kirk explained after a thorough investigation CRRA selected a parcel which was in turn officially purchased. He said initially CRRA had paid taxes on that parcel but is now formalizing a payment in lieu of taxes in keeping with its agreement with Hartford. Mr. Kirk said CRRA is prohibited to pay taxes by statute and is incorporating this payment equal to the taxable amount into the payment in lieu of taxes. He said the intent is to work out a new pilot with the City of Hartford which would include this and all personal and real property.

Chairman Pace asked what the financial impact to Hartford will be. Mr. Kirk replied that it should be zero as Hartford has been receiving the funds through taxes from CL&P which will now come in as a pilot payment from CRRA. Director Martland asked if he is correct in stating CRRA pays a pilot payment to any town which hosts a facility. Mr. Kirk said that is correct as a pilot payment or a host fee is typically offered. He said there are calculated host fees paid to all of the transfer stations and a pilot fee is paid to Hartford.

Director Griswold requested an explanation of how the pilot payments are calculated. Mr. Kirk said the calculations are different for each location. He said historically the pilot payment to Hartford was much greater than the value of the facility. Mr. Kirk said the value of the facility now would not support the pilot. Director Griswold said going forward there should be a more uniform treatment of the payment system. Mr. Kirk agreed. He said several years ago the transfer stations were paid on the same schedule after looking at their value and the impact to the towns. He said the transfer stations use a per ton fee with the exception of Essex as it is still in negotiations.

Director Van Winkle asked if CRRA pays a host fee to Hartford already. Mr. Kirk replied that CRRA pays Hartford a very substantial pilot payment which was split into different line items including the Murphy Road facility, the landfill, and the South Meadows facility. He said there was a per ton fee when CRRA ran the landfill. Director Van Winkle asked if this should be a pilot and not a host fee. Mr. Kirk said CRRA is using the term "pilot" as it owns real property. He said when there is an activity going on with tons coming in and out like a transfer station typically the term "host fee" is used.

Director Griswold asked if this parcel of land is integral to the operation. Mr. Kirk said there is no facility on the property however; it is integral because it is so close to the facility. He said it is not very developable because of the easements and right of ways and high tension wires on it. Mr. Kirk said it would be difficult for anyone but CRRA to make use of the property.

Director Kelly said she is supportive of the pilot for hosting this facility. She said management should look at each item which comes along. Director Kelly said \$100,000 in taxes for a 10 acre piece of property with little development property is hard to believe. She asked if CL&P still has switch gear which are of value as it ongoing business. Director Kelly suggested that the assessment is not right. Chairman Pace said moving forward management will look at this after December 12, 2012. Director Kelly said she would like CRRA to better understand the value of that property before that point to see if it is a taxable value.

Ms. Hunt said there is a tax allocation agreement which was executed and approved back in 2002 with CL&P. She said management had done some research on the tax and noted for the record the tax is for the land only and CRRA agreed to pay the tax allocation with CL&P and to take full responsibility. Ms. Hunt said the whole pilot agreement expires with the bonds in 2012. Mr. Kirk said the legal spending to examine this issue was considered and in recognition of the 2000 agreement CRRA is paying the pilot and will reassess all of CRRA's property in 2012 to develop the correct multiplier.

Director Painter said he will support this resolution. He asked if the \$100,000 was an amount that CL&P was paying for easements or taxes. Mr. Kirk said CL&P was paying the \$100,000 as taxes. He said it was transferred to CRRA when it purchased parcel 2. Mr. Kirk said the payments were still made by CRRA as a pass through (as a tax) as it did not have the title to the land. He said now to make the bookkeeping correct as CRRA is not allowed to pay taxes the amount will be rolled into the pilot. Mr. Kirk said the cash flow will remain identical.

Director Painter asked if this parcel of land is related or connected to the CRRA plant 90 acre parcel. Mr. Egan said the 90 acres includes this parcel of land. He asked if MDC had wanted to develop this land as a residential area. He said referring to this land as undevelopable is not totally accurate. Mr. Kirk said it would be developable if the plant was knocked down along with the CL&P building and high tension wires but is not currently a prime piece of developable real estate by any means.

Director Painter asked if this pilot is paid out of the 2010 budget. Mr. Kirk replied yes. He said this pilot will be paid through November through the anticipated end of the bonds on November 15, 2012. Mr. Kirk said the pilot payment line item will be \$100,000 larger next year.

Director Wawruck asked what the multiplier used to establish the pilot payment is for CRRA. Mr. Kirk said it is a negotiated number and not a multiplier. He said recent research showed multipliers in the State vary widely from prisons which receive 100% to Universities which are 65% and other facilities which are much less. Director Wawruck noted the multiplier for Bradley Airport is 26%.

The motion previously made and seconded was approved unanimously by roll call. Chairman Pace, Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Lauretti, Director Martland, Director Painter, Director Van Winkle, and Director Wawruck voted yes.

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Louis Auletta	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Mark Lauretti	X		
Theodore Martland	X		
Ron Van Winkle	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Conn	X		
Steve Wawruck, Mid-Conn	X		
Warren Howe, Jr. Wallingford			
Geno Zandri, Wallingford			

ADDITION OF A RESOLUTION REGARDING RENEWAL OF HEALTH, DENTAL, VISION, LIFE AND DISABILITY INSURANCE PROGRAMS TO THE AGENDA

Chairman Pace requested a motion to add an item to the agenda concerning workforce retention. The motion was made by Director Griswold.

Director Damer seconded the motion.

The motion to add an item to the agenda was approved unanimously by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Auletta, Director Damer, Director Edwards, Director Griswold,

Director Howe, Director Kelly, Director Lauretti, Director Martland, Director Painter, Director Van Winkle, Director Wawruck, and Director Zandri voted yes.

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Vice-Chairman Jarjura	X		
Louis Auletta	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Mark Lauretti	X		
Theodore Martland	X		
Ron Van Winkle	X		
Ad-Hocs			
Steve Edwards, Bridgeport	X		
Bob Painter, Mid-Conn	X		
Steve Wawruck, Mid-Conn	X		
Warren Howe, Jr. Wallingford	X		
Geno Zandri, Wallingford	X		

RESOLUTION REGARDING ORGANIZATIONAL SYNERGY & HUMAN RESOURCES COMMITTEE RECOMMENDATION TO THE BOARD OF DIRECTORS REGARDING HEALTH, DENTAL, VISION, LIFE AND DISABILITY INSURANCE PROGRAMS

Chairman Pace requested a motion to add an item to the agenda concerning workforce retention. The motion was made by Vice-Chairman Jarjura.

RESOLVED: That the Board of Directors authorizes the renewal of the employee health insurance benefit plans with the Connecticare, Ameritas (vision), Met Life (dental) and Lincoln Financial (life and disability), for the period of January 1, 2011 through December 31, 2011 for an estimated net combined premium of \$737,243.

Director Griswold seconded the motion.

Vice-Chairman Jarjura said the Organizational Synergy and Human Resources Committee held an extensive discussion on this matter with the input of management and CRRA’s broker Mr. Dennison. He said management did a good job negotiating in a climate where rate increases are across the board especially in the medical field.

Vice-Chairman Jarjura said that although Aetna came across at a very aggressive rate the Committee felt that continuing with Connecticare was the best choice. He said there is continuity there and management felt that not only were the employees satisfied with the incumbent but Aetna’s rate was perceived as a teaser. Vice-Chairman Jarjura said the bids were examined closely.

Mr. Bolduc said in the current climate CRRA approached Connecticare for their renewal proposals which were originally 15%. He said several carriers declined to quote as CRRA’s employee

numbers were not high enough. Mr. Bolduc said the three bidders which responded were United Health Care, Aetna, and Connecticare. He said United Health Care was about 19% on comparable benefits, and although Aetna's premium came in at around 5% this number was achieved by substantially reducing benefits.

Mr. Bolduc said the carrier provides a basic plan which contains alternatives for the employees through buy-downs and by up plans which vary with POS plans and a basic HMO. Mr. Bolduc said the budget was also looked at. He said the premium proposal is based on a demographic proposal with about 45 employees utilizing the plan. Mr. Bolduc said the employee contribution is at about 11%. He said this number has to be balanced considering the overall compensation schedule.

Mr. Bolduc said last year the Connecticare premium was \$694,000. He said because many employees elected to go into a buy down plan the actual premiums came in at \$640,000. Mr. Bolduc said this year's plan offering is \$694,000 which management expects to stay firm as employees are likely to stay with the elections they currently have. He said there is about a 1.5% reduction in premiums net cost to CRRA. He said on a premium to premium comparison the renewal compared to the current is about a 9% increase which is partly due to health care reform. Mr. Bolduc said the impact on the tip fee is basically flat and the impact to the employees is the same.

Mr. Bolduc said the Aetna premium was lower and in the Connecticare plan the out of pocket deductible is covered in the premium. He said Aetna's deductible is \$500 out of pocket and a family out of pocket deductible of \$1,000. Mr. Bolduc said Aetna is reducing its risk by putting the out of pocket charges up front in order to charge less for a premium. He said it places more upfront costs on the employee.

Mr. Womack said the Aetna proposal was significantly lower than the average 15-20% in the marketplace with a premium of 5%. He said that price prompted management to view it as an anomaly and an effort to buy CRRA's business with a high potential for increases the following year. Director Lauretti asked if CRRA would be rebidding the health care the following year. Mr. Womack said that may be correct. He said however CRRA did not put this out to bid last year as the market does not want to see "price shoppers", he said the market was only tested. Mr. Womack said shopping the health care year to year would cause providers to view CRRA as plan "cost shoppers" which would cause a negative impact in the market place.

Director Lauretti said he was not sure if he agreed with that rationale. Director Damer said it also plays havoc on the employees if the plan changes every year. Director Lauretti said it depends on how the health plan is bid out for example his municipality has been bid out frequently in the last few years. Mr. Kirk said there is a lot of concern that going out to bid every year is an indication to the market that a company has an experience issue as the demographic data indicates a cost of x percent when in fact when the business is looked at for the years' experience the actual cost is x plus an additional 20%. He explained the company may then bid using that first figure and that process of year to year shoppers tends to draw higher bids versus lower bids.

Director Lauretti said it depends on trend and experience Mr. Kirk said that is true however the experience rate is generally not known to the bidders. Director Griswold said that CRRA had a 7% rate reduction based on favorable plan experience and Connecticare provides 30% towards that to reduce the premium.

Mr. Kirk said according to CRRA’s broker new bidders have to guess the experience rate. Director Lauretti disagreed he said it is available. Mr. Kirk said only spending was known in accordance with HIPPA.

Chairman Pace asked Mr. Womack what the actual delta is on what CRRA is spending year to year. Mr. Womack said for 2010 the actual is \$700,363 after removing employee contributions. Chairman Pace said 2011 is a \$37,000 increase.

Director Howe asked if the rate of employee contribution is remaining the same. Mr. Kirk said no. He said it is increasing slightly to 11%.

Mr. Bolduc said the dental premium is the same however to ensure this management moved from the Guardian to MetLife. He explained the Guardian had a 20% increase. Mr. Bolduc said by moving to MetLife the premium stays the same however the annual coverage amount drops slightly to \$2,500.

Chairman Pace asked if the employee head count is anticipated to stay the same. Mr. Kirk said yes however the number of employees covered may increase. Mr. Bolduc said the resolution says \$690,011 and should in fact say \$691,000.

The motion previously made and seconded was approved unanimously by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Lauretti, Director Martland, and Director Van Winkle voted yes.

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Vice-Chairman Jarjura	X		
Louis Auletta	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Mark Lauretti	X		
Theodore Martland	X		
Ron Van Winkle	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Bob Painter, Mid-Conn			
Steve Wawruck, Mid-Conn			
Warren Howe, Jr. Wallingford			
Geno Zandri, Wallingford			

RECESS

Chairman Pace said a five minutes recess would be taken before Executive Session.

EXECUTIVE SESSION

Chairman Pace requested a motion to enter into Executive Session to discuss pending litigation, real estate acquisition, pending RFP’s, and personnel matters with appropriate staff. The motion made by Director Martland and seconded by Chairman Pace 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
- Peter Egan
- Laurie Hunt, Esq.

The motion to enter into Executive Session was approved unanimously by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Auletta, Director Damer, Director Edwards, Director Griswold, Director Howe, Director Kelly, Director Lauretti, Director Martland, Director Painter, Director Van Winkle Director Wawruck, and Director Zandri voted yes.

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Vice-Chairman Jarjura	X		
Louis Auletta	X		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Mark Lauretti	X		
Theodore Martland	X		
Ron Van Winkle	X		
Ad-Hocs			
Steve Edwards, Bridgeport	X		
Bob Painter, Mid-Conn	X		
Steve Wawruck, Mid-Conn	X		
Warren Howe, Jr. Wallingford	X		
Geno Zandri, Wallingford	X		

The Executive Session began at 11:20 a.m. and concluded at 12:35 p.m. Chairman Pace noted that no votes were taken in Executive Session.

The meeting was reconvened at 12:35 p.m., the door was opened, and the Board secretary and all members of the public were invited back in for the continuation of public session.

ADJOURNMENT

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

There being no other business to discuss, the meeting was adjourned at 12:35 p.m.

Respectfully submitted,

Moira Benacquista
Secretary to the Board/Paralegal