

CONNECTICUT RESOURCES RECOVERY AUTHORITY

FOUR HUNDRED AND EIGHTY-FOURTH

DECEMBER 16, 2010

A regular meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Thursday, Dec. 16, 2010, in the Board Room at 211 Murphy Rd., Hartford, Connecticut. Those present in Hartford were:

Directors: Chairman Pace
 Vice-Chairman Jarjura (present beginning 10:15 a.m.)
 Louis J. Auletta, Jr. (present by telephone beginning 10:20 a.m.)
 David B. Damer
 Timothy Griswold
 Dot Kelly
 Mark Lauretti (present beginning at 10:00 a.m.)
 Theodore Martland
 Nicholas Mullane (present beginning 10:05 a.m.)
 Ron Van Winkle
 Stephen Edwards, Bridgeport Project Ad-Hoc
 Mark Tillinger, Bridgeport Project Ad-Hoc
 Warren Howe, Wallingford Project Ad-Hoc
 Bob Painter, Mid-CT Project Ad-Hoc
 Steve Wawruck, Mid-CT Project Ad-Hoc (present beginning 10:30 a.m.)

Present from CRRA:

Tom Kirk, President
Jim Bolduc, Chief Financial Officer
Mike Bzdyra, Government Relations Liaison
Jeffrey Duvall, Director of Budgets and Forecasting
Thomas Gaffey, Director of Recycling and Enforcement
Ron Gingerich, Development, Environmental Compliance & IT Manager
Peter Egan, Director of Environmental Affairs & Development
Laurie Hunt, Director of Legal Services
Paul Nonnenmacher, Director of Public Affairs
Virginia Raymond, Senior Operations Analyst
Maira Benacquista, Board Secretary/Paralegal

Also present were: Connecticut Network (CT-N State Public Affairs Television and Streaming Network), Peter Boucher, Esq. and John Farley, Esq. of Halloran & Sage; Larry DeBear of the Rocky Hill Town Council; Richard Goldstein, Esq. of McElroy, Deutsch, Mulvaney & Carpenter/PH, LLP; Tom Gormely of the Town of Middlebury; Jim O'Brien of Jim O'Brien & Associates; Larry Persico, Esq. of Brown Rudnick; John Pizzimenti of USA Hauling & Recycling; Jim Sandler, Esq., of Sandler & Mara; Jerry Tyminski of SCARRA 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 NOV. 18, 2010 REGULAR BOARD MEETING

Chairman Pace requested a motion to approve the minutes of the Nov. 18, 2010, Regular Board Meeting. Director Martland made a motion to approve the minutes, which was seconded by Director Painter.

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

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

RESOLUTION REGARDING THE AUTHORITY OPERATING & CAPITAL BUDGETS

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

RESOLVED: That the fiscal year 2012 Authority Operating and Capital Budgets be adopted substantially in the form as presented and discussed at this meeting.

Director Van Winkle seconded the motion.

Mr. Bolduc said the Authority budget is the general budget for CRRRA's projects and divisions. He said historically the Operating and Capital budget needs to be approved first and then reallocated to the other projects such as the Southwest Division, the Southeast SCRRRA budget, and the Mid-Connecticut budget, which are then brought to the Finance Committee and the full Board for approval.

Mr. Bolduc said this item was brought to the Finance Committee and was discussed at length before being approved. He said management tries to direct charge as much as possible costs associated with labor and non-labor items. Mr. Bolduc said the detail on personnel and non-personnel services and the break down by operating department has been provided.

Mr. Bolduc reviewed the significant items in this year's budget. He said the payroll and payroll related items reflect Medicare, tax, and social security, all government related items which CRRA pays out as part of personnel costs as well as employees' benefits and benefits administration. Mr. Bolduc said CRRA does not have a defined benefit plan but rather a 401k plan. He said there has been a reduction from FY'10 actuals to FY'12 proposed which is part of an evolutionary process of project alignment as they come to MSA culminations.

Mr. Bolduc explained over the last three years management moved (from an accounting perspective) away from defined projects established in the 70's such as the Bridgeport, Wallingford, Southeast and the Mid-Conn project. He said the Bridgeport project came to culmination about two years ago and services are still provided to that area known as the Southwest Division. Mr. Bolduc said originally the projects were structured around the issuance of bonds needed to construct those facilities.

Mr. Bolduc said the Bridgeport and Wallingford Projects no longer exist as the bonds are paid off however, there are still costs incurred by management for administration activities for the current division activities. He said management has a presence for 25,000 tons in Wallingford and as a result there are costs for managing those items. Mr. Bolduc said as a result management has changed the methodology for allocation which is contained in the package for reference. He said the methodology is similar to those used historically by utilities in the State of Connecticut for allocating costs which tries to eliminate bias on any one activity.

Mr. Bolduc said the other large change in the methodology concerns labor. He said the goal is to direct allocate dollars to the extent possible. Mr. Bolduc said for example there are large compliments of employees which work strictly on the museum and that time is direct charged for those people. He explained these efforts provide a better representation of administrative costs.

Chairman Pace explained the original Bridgeport Project and Wallingford Project agreements provided for those facilities to eventually become privately owned, agreements which the Board had to adhere to. He said the CRRA model has been changed and as a result the cost allocation has also changed. Chairman Pace asked management to speak to the overall reduction on page nine.

Mr. Kirk said the evolution from a Project to a system model has prompted many changes in how management allocates and has also provided opportunities for significant savings. He said the combination has resulted in about a 25% reduction in expenditures. Mr. Kirk said management had anticipated the reduction due to new approach within the system as opposed to the Project approach. He said the significant savings are reflected in the lower tip fees for member towns and customers.

Director Edwards asked if the \$2.00 per ton service fee for the Southwest division will be reduced. Mr. Kirk replied no. He said at the request of the towns a flat price was provided. Mr. Kirk said he reminded those towns that if the project does better than expected a flat fee would not allow for any return to the towns of that savings. He said in the unique case of the Bridgeport towns that \$2.00 is a flat fee which comes in as revenue and expenses are what they are, he said if the expenses cost more than

anticipated the towns would get the benefit without additional costs. Director Edwards asked if there is a way to note that surplus going forward. He asked how management will show that revenue in the future.

Mr. Bolduc said there are certain fixed fee arrangements. He said management calculates the fee of \$2.00 a ton and then rolls those revenues back up and any residual is rolled back up and reallocated at the CRRA level. Mr. Bolduc said Southwest receives a portion of any surplus along with everyone else.

Mr. Kirk said he believes Director Edwards’s next question to be whether there was in fact a surplus from the \$2.00 fixed fee. Director Edwards said he believes the \$2.00 fee shows that CRRA has effectively been keeping administrative costs down. He said two year ago those costs were running around \$2.00 a ton and perhaps a two year contract would have been a good idea for the Bridgeport towns.

Director Martland said he approves of the change in allocation. He said when he first joined the Board the Project method was used which could be misleading in terms of how it portrayed administrative costs.

Director Kelly said the documentation CRRA has put forth has been outstanding. She said as a Board member she is very pleased and comfortable with management’s desire to offer the State of Connecticut a public option to help manage waste, a difficult issue for everyone involved.

Director Van Winkle noted that the Finance Committee met on this issue the week prior, spent a considerable amount of time and discussion on it, and approved the item.

Chairman Pace said for the record that every item which comes to the Board is first brought for discussion and approval to the Finance Committee, Organizational Synergy & Human Resources Committee, or the Policies & Procurement Committee where it is discussed and vetted at length.

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

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

RESOLUTION REGARDING BRIDGEPORT REVIEW & DISTRIBUTION

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

WHEREAS, the Bridgeport Project officially ended on December 31, 2008; and

WHEREAS, on July 23, 2009, the Connecticut Resources Recovery Authority’s (the “Authority”) Board of Directors (the “Board”) reviewed and approved the consolidation of various activities and assets and accounts relating to the Bridgeport Project in order to set funds aside prior to a distribution of Bridgeport Project-related funds to the towns that were members of the former Bridgeport Project; and

WHEREAS, on September 24, 2009 the Board reviewed and approved the transfer of remaining assets and accounts that are necessary for the continuation of other activities of the former Bridgeport Project in order to avoid comingling with other Bridgeport Project funds and arrived at a dollar amount to be distributed; and

WHEREAS, the former President of the Bridgeport Solid Waste Advisory Board approved the methodology of distribution of funds to the former Bridgeport Project towns, which will be the pro rata of each town’s weighted average delivery and minimum commitment to the Bridgeport Project during the immediate past five years; and

WHEREAS, on October 29, 2009, the Board approved the first distribution of Bridgeport Project-related funds to the towns that were member of the former Bridgeport Project; and

WHEREAS, the installation of the groundwater well will not occur until spring 2011 and funds therefore should be transferred to the Waterbury Landfill Post Closure Reserve; and

WHEREAS, there are currently sufficient funds in the Bridgeport Post Project Reserve to make another distribution of funds.

NOW, THEREFORE, it is

RESOLVED: that the amount of \$967,528.78 be distributed to the 18 former Bridgeport Project towns in the percentage values and dollar amounts as follows:

<u>Municipality:</u>	<u>Percentage:</u>	<u>Distribution:</u>
Bethany	0.37%	\$ 3,579.86
Bridgeport	17.21%	\$ 166,511.70
Darien	2.59%	\$ 25,059.00
East Haven	3.48%	\$ 33,670.00
Easton	0.73%	\$ 7,062.96
Fairfield	11.32%	\$ 109,524.26
Greenwich	13.15%	\$ 127,230.03
Milford	10.08%	\$ 97,526.90
Monroe	2.84%	\$ 27,477.82
Norwalk	11.77%	\$ 113,878.14
Orange	1.51%	\$ 14,609.68
Shelton	4.69%	\$ 45,377.10
Stratford	6.42%	\$ 62,115.35
Trumbull	4.84%	\$ 46,828.39
Weston	1.28%	\$ 12,384.37
Westport	4.66%	\$ 45,086.84
Wilton	2.22%	\$ 21,479.14
Woodbridge	0.84%	\$ 8,127.24
Total	100.00%	\$ 967,528.78

FURTHER RESOLVED: that \$5,000.00 be transferred from the Bridgeport Post Project Reserve to the Waterbury Landfill Post Closure Reserve.

Director Van Winkle seconded the motion.

Mr. Bolduc said the original projects were envisioned as coming to closure when the MSA's expired and the bonds were paid off which occurred with the Bridgeport project two years ago. He said unlike the State or municipalities which do not end, the project did and while the contracts went away there are still responsibilities which CRRA has. Mr. Bolduc cited for example CRRA's responsibility to oversee two landfills which were part of the Bridgeport project as part of the Connecticut Department of Environmental Protection (hereinafter referred to as "CT DEP") rules and in order for CRRA to oversee those funds dollars must be provided.

Mr. Bolduc said a snapshot of the balance sheet was taken when the Bridgeport project came to an end. He said there were outstanding accounts payable and receivables at that point, summaries of which were provided to the towns. Mr. Bolduc said the summaries list what the item is, the amount reserved for, when that item would be completed, a status column, summary of the dollars spent against it and lastly the amount available for distribution.

Mr. Bolduc said management accumulates any surplus in these amounts over time in order to provide a cost effective check distribution. He said at this point a little over \$967,528 is available to be distributed back to the towns.

Mr. Bolduc said this distribution follows the prior original distribution pattern based on a five year average of the tonnage which was brought into the facility and was agreed to by the eighteen Southwest member towns.

Director Tillinger said from his perspective due diligence was taken and he was very comfortable with the distribution.

Director Edwards said this is the same process which was followed for the first distribution and there were no complaints. He said the towns will be very happy to see this money. Director Lauretti agreed.

Mr. Bolduc said in addition about \$30 million has been returned to the Wallingford Project towns including Meriden, Cheshire, North Haven, Hamden, and of course Wallingford. Chairman Pace said funds were also returned to the Mid-Connecticut Project and further funds will be returned to the Bridgeport project in the future.

Director Griswold noted that \$5,000 is also being transferred into the Waterbury post-closure reserve as part of the motion.

The motion was approved unanimously by roll call. Chairman Pace, Director Damer, Director Edwards, Director Griswold, Director Kelly, Director Lauretti, Director Martland, Director Tillinger, and Director Van Winkle voted yes.

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	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		
Mark Tillinger, Bridgeport	X		
Bob Painter, Mid-Conn			
Warren Howe, Jr. Wallingford			

RESOLUTION REGARDING EXPENDITURES FROM THE FACILITY MODIFICATION RESERVE

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

RESOLVED: That the Board of Directors hereby approves an increase to budgeted expenditures from the Mid-Connecticut Facility Modification Reserve during fiscal year 2011, substantially as presented and discussed this meeting.

Director Kelly seconded the motion.

Director Damer said this motion concerns replacement work on the secondary super heater part of the boiler at the power generating side of the Mid-Connecticut Project. He said the super heater is the part of the boiler which superheats steam for maximum efficiency. Director Damer said in accordance with their contract, CRRA’s contractor Covanta is replacing the secondary super heater tubing with a low grade standard tubing material. He explained management has chosen to upgrade the replacement to get a longer useful life out of the material as the work is being done regardless.

Mr. Kirk said this modification is an opportunity to use the five year capital plan funds for substantial repair of the secondary super heater which takes advantage of the fact that Covanta under their contract and responsibility is dutifully making secondary superheater change outs this year. He explained management is supplementing that spending to buy thicker wall tubing and different metallurgy to enhance the life of the boiler secondary super heater.

Mr. Kirk referred to a document illustrating the cross section of the boiler at the Mid-Connecticut facility. He said the refuse burns on the grate system where flue gases rise up through the tube walled furnaces through the super heater sections. He said the primary and secondary superheaters heat steam generated from water which is initially heated at the base of the furnace, and is further heated at a higher temperature than the boiling point to make the turbine run more efficiently. Mr. Kirk said the pipes filled with water are susceptible to corrosion and erosion and are routinely maintained by CRRA operators as needed.

Mr. Kirk explained management is changing the focus of spending from one section to another to take advantage of the change out. He said the supplemental spending will be used to increase wall thickness and metallurgy to enhance the life of the boiler.

Chairman Pace said the financial summary indicates there are sufficient funds for this activity.

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

Directors	Aye	Nay	Abstain
Michael Pace, Chairman	X		
Vice-Chairman Jarjura	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			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Conn	X		
Warren Howe, Jr. Wallingford			

RESOLUTION REGARDING CONTRIBUTION TO PRODUCT STEWARDSHIP INSTITUTE TO SUPPORT MATTRESS RESPONSIBILITY INITIATIVE

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

RESOLVED: That the Board of Directors hereby approves funding in the amount of \$20,000 to support an Initiative by the Product Stewardship Institute to develop a program for management of mattresses, substantially as discussed and presented herein.

Director Kelly seconded the motion.

Director Damer said this resolution concerns mattress disposal which has been a long-term problem for the member towns. He said this program was put together to develop a producer responsibility program in Connecticut for mattress disposal, similar to those of electronic recycling programs. Director Damer said the Product Stewardship group has put together a proposal from a multi-stakeholder group which would work together to create these deals. He said Connecticut would be the leader in this program and while the initiative is looking for \$40,000 over all management is suggesting that CRRA put forth \$20,000. Director Damer said Covanta Energy and the City of Austin Texas have also pledged to contribute. He noted this item had also been vetted and approved by the Mid-Connecticut Project Municipal Advisory Committee (hereinafter refer to as "MAC").

Chairman Pace asked Director Kelly to comment as she has graciously agreed to work with the CT DEP and others to bring this initiative forth.

Director Kelly said this initiative is the type of benefit which CRRA can offer. She said the alternative is for each town to figure out the kinds of waste streams each town can offer individually. Director Kelly said the public work directors of the member towns have a lot on their plates. She said CRRA allows for maximum efficiency in reduction of this waste.

Director Kelly said that mattresses are complicated to dispose of due to their metals, covers and polymers and deconstructing mattresses results in valuable material. She said similar to electronics recycling this initiative will have the original purchaser bear the cost of ultimate disposal which will be reduced due to the value of the raw materials.

Chairman Pace said CRRA is dedicated to resource recovery and has worked with the member towns consistently to solve this problem. He asked Director Griswold to comment on CRRA's work with the MAC Committee on this issue. Director Griswold said many of the member towns and cities have problems with mattresses which are often abandoned on streets and in the woods. He said communities which have these problems are pleased that CRRA is taking up a more global solution for Connecticut. Director Griswold said although it is large investment there may be an eventual pay off. He said the MAC Committee representatives in these communities where the problem is prevalent are very pleased.

Chairman Pace said this is a State wide initiative. Director Martland added that bed bug infestation has added further complications to the mattress disposal problem. Director Kelly said the initiative is aware of this complication.

Mr. Kirk said there was initially a question of how CRRA will allocate these costs. He said as this is a State wide issue it will be allocated over all CRRA costs.

The motion was approved unanimously by roll call. Chairman Pace, Vice-Chairman Jarjura, 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		
David Damer	X		
Timothy Griswold	X		
Dot Kelly	X		
Mark Lauretti	X		
Theodore Martland	X		
Ron Van Winkle	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Conn			
Warren Howe, Jr. Wallingford			

MOTION TO TABLE RESOLUTION REGARDING CONTRACT FOR BENEFITS BROKER OF RECORD

Chairman Pace requested a motion to table the agenda item concerning the contract for benefits broker of record. The motion to table was made by Director Griswold.

RESOLVED: That the Chairman or President of CRRA is hereby authorized to execute the Health and Welfare Broker-of-Record Agreement with RC Knox & Company for the period February 2, 2011 through January 31, 2014 for a total fixed fee of \$89,385 as presented and discussed at this meeting.

Director Lauretti seconded the motion.

Director Griswold said although there was a good discussion on this matter by the committee a conclusion was not reached. He asked that the matter be tabled.

The motion to table was approved unanimously by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Damer, Director Edwards, Director Griswold, Director Howe, Director Kelly, Director Lauretti, Director Martland, Director Mullane, Director Painter, Director Tillinger, and Director Van Winkle voted yes.

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

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 Director Damer 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
Ron Gingerich, Development Env. Compliance & IT Manager
Laurie Hunt, Esq.
Virginia Raymond, Senior Operations Analyst
Steve Wawruck, Mid-Connecticut Project Ad-Hoc
Bob Painter, Mid-Connecticut Project Ad-Hoc
Peter Boucher, Esq. and John Farley, Esq. of Halloran & Sage
Richard Goldstein, Esq. of McElroy, Deutsch, Mulvaney & Carpenter/PH, LLP
Larry Persico, Esq. of Brown Rudnick

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

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

The Executive Session began at 10:20 a.m. and concluded at 10:40 a.m. Chairman Pace noted that no votes were taken in Executive Session.

The meeting was reconvened at 10:40 a.m., the door was opened, and the Board secretary and all members of the public were invited back in for the continuation of public session.

PRESIDENT’S REPORT

Mr. Kirk noted that Director Auletta joined the Board by phone from Berlin Germany and that Director Wawruck was also present in person.

Mr. Kirk said the Southeast Project refunding had been finalized. He said it was a very successful project as the market timing worked out to the project’s advantage and there was an exceptional demand for the re-issue of the bonds with an overall total savings of \$2.5 million for the project after issuance fees. Mr. Kirk said the project enjoys exceptional electrical revenues, has a large reserve, a competitive tip fee and has been successful for the member towns and CRRA.

Mr. Kirk said that Director Mullane serves on the SCRRA Board in addition to his role on the CRRA Board. Director Mullane said that the SCRRA Board is very pleased with the results. SCRRA Director Mr. Tyminski said that the SCRRA Board and management are quite happy with the result. He said it took a long time for tis refunding to be resolved and fortunately the market did not move away from the pricing.

Mr. Kirk said the Bridgeport Project pay-out of funds has been approved by the Board. He said it is essentially the last of the substantial payouts. Mr. Kirk said many of the SWEROC member towns have agreed to join the recycling transfer option up to the Mid-Connecticut Project. He said there are still a number of issues to resolve in particular whether SWEROC as an entity will continue to participate or whether it will be a town by town basis. Mr. Kirk said most importantly however those member towns will have a single stream option provided by CRRA.

Mr. Kirk said the Town of Trumbull has opted to exit the SWEROC Project and indicated its desire to continue to consider use of CRRA's facilities for single stream.

Mr. Kirk said operating results are posted on the CRRA web site and are also contained in the supplemental package. He said there is a negligible surplus for the Mid-Connecticut, Southeast, and Bridgeport property division which indicates budgeting is on track. He said there is a small operating deficit forecasted for the Southwest recycling group due largely to commodities and volume issues.

Mr. Kirk said on the legal side defense costs are substantial and impact the tipping fee which management works to reduce. Mr. Kirk said the RTC bankruptcy claim has been settled leaving the abandoned property of the bankrupt asset holder on the Shelton landfill which will likely be resolved with minimal costs in the next few months.

Mr. Kirk said a lawsuit was filed against CRRA concerning the evaluation and consideration of the operating contract for the Mid-Connecticut facility, a court date for which is set for the next Monday. He said there are no new developments in the MDC action demanding CRRA responsibility for MDC costs after expiration of the present operating agreement an issue which management expects to be resolved this spring or summer.

Mr. Kirk said operating results indicate tonnage continues to be flat which is indicative of tepid economic recovery. He said the Mid-Connecticut down time trend continues to improve although the trend is not at desired availability. Mr. Kirk said the boiler pressure parts investment improvements approved earlier in this meeting will likely improve that favorably and trends toward the 90% plus availability in the boilers goal.

Mr. Kirk said recycling is showing some growth however, the benefit of single stream is flattening out as most towns planning to move towards single stream has already done so or are currently in the process. He said double digit increases will probably flatten out to a 7-9% increase annually in recycling. Mr. Kirk said recycling continues to grow while waste is declining.

RESOLUTION REGARDING O&M CONTRACTS

Chairman Pace requested a motion on the above referenced item. The motion was made by Vice-Chairman Jarjura.

WHEREAS, the Connecticut Resources Recovery Authority ("CRRA") was established pursuant to The Connecticut Solid Waste Management Services Act, (the "Act") codified at Chapter 446e of the Connecticut General Statutes, Conn. Gen. Stat. § 22a-257 *et seq.*, for the performance of an essential public and governmental function; specifically, the provision of solid waste management services and the recovery of resources from solid waste; and

WHEREAS, under the Act, CRRA has the responsibility and the authority to provide solid waste disposal and resource recovery systems and facilities, and solid waste management services, where necessary and desirable throughout the State of Connecticut; and

WHEREAS, CRRA is authorized by the Act to design, acquire, lease, construct, alter, reconstruct, improve, enlarge or extend, own, operate, maintain and finance solid waste facilities, and to make provision for the management of such facilities, the manufacturing, processing and

transportation operations necessary to derive recovered resources from solid waste, and the contracting for the sale of such; and

WHEREAS, in furtherance of its statutory responsibilities and pursuant to its statutory authority, CRRA created the refuse-derived fuel Mid-Connecticut Resource Recovery Facility (the “Facility”) owned by CRRA; and

WHEREAS, the current agreements for the operation and maintenance of the Facility will expire December 30, 2011 and May 30, 2012; and

WHEREAS, CRRA has deemed that one entity operating and maintaining the entire Facility along with CRRA’s management of the Facility is in the best interests of the municipalities and regions served by the Facility; and

WHEREAS, CRRA has completed a publicly advertised competitive procurement process that included receipt of qualification statements from interested parties, receipt of bids/proposals from invited parties: Covanta Energy, Inc., ENGEN, LLC, Metropolitan District Commission, NAES Corporation, and Wheelabrator Technologies, Inc., and an evaluation of all final submittals, without disqualification, including information received in the course of interviewing the interested firms; and

WHEREAS, NAES Corporation (“NAES”), based on all of the criteria employed by CRRA in the evaluation, analysis and comparison of all submittals received, has been found by CRRA to have submitted the most responsive bid and has been determined to be the most qualified and responsive bidder for the operation and maintenance of the Facility; and

WHEREAS, CRRA has determined that the operation and maintenance of the Facility by NAES upon expiration of the current operation and maintenance agreements will provide valuable assistance to CRRA in the performance of CRRA’s statutory responsibilities and in carrying out its duties and responsibilities as established in its mission statement; and

WHEREAS, CRRA now wishes to retain NAES for the performance of certain operation and maintenance services at the Facility, and NAES is willing to perform those services pursuant to the terms and conditions of the Agreement;

NOW, THEREFORE, BE IT RESOLVED, The President is hereby authorized to execute an agreement with NAES for the Operation and Maintenance of the Mid-Connecticut Resource Recovery Facility, substantially as presented and discussed at this meeting.

The motion was seconded by Director Martland.

Mr. Gingerich read the above referenced resolution onto the record for benefit of the public.

Chairman Pace said CRRA is bound by law to a legislative act which governs the bid process. He said the Board has spent the last ten years bringing CRRA out of bankruptcy and are now in the process of changing that model as Wallingford and Bridgeport Projects have expired and CRRA examines how best to move forward with the Mid-Connecticut and Southeast facility. Chairman Pace said past issues have been reviewed to find the best service for the State of Connecticut in the future. He

said management and the Board feel combining the operation and maintenance of the facilities under a single contractor will improve the coordination of the maintenance activities, provide cost savings, enhance accountability, promote efficiencies and reduce other costs standardized within the operation and will streamline functions like auditing, accounting and inventory. Chairman Pace said there were six bidders which went through the process.

Director Damer said as the Chairman of the Policies & Procurement Committee he would like to comment on this process. He thanked the management team for their efforts and guidance. Director Damer said CRRA adhered to both the letter and the intent of the statute as well as procurement standards and procedures which ensure a scrupulously fair and competitive bidding process. He said the Board was very pleased in the interest in the bid process and the bidders. Director Damer said the evaluation process of those proposals was meticulous, comprehensive, thorough and impartial. He said management considered both innovative and creative ways to perform these services. Director Damer said the final result is a cost effective bid which was competitively obtained which the Board is certain will serve the best interest of the towns, citizens, business and the environment of Connecticut for many years to come.

Director Martland, Chairman of the Finance Committee, stated this operations maintenance contract will save the towns and residents of Connecticut millions in waste disposal. He said in addition by paying off the bonds and entering into a new power contract the tipping fee can be provided at a net cost of service which will save tens of millions in the coming years.

Vice-Chairman Jarjura said in his opinion the purchasing procurement process is one of the most comprehensive and thorough which he has seen in government service during his twenty five years of service. He thanked management as well for their efforts and the Board members for their diligence. Vice-Chairman Jarjura said he is going to support this resolution which is in the best interest of CRRA and more importantly the best interest of the communities as it puts everyone in a competitive cost effective situation. He said as the head of one of the largest municipalities in the State of Connecticut his fiduciary obligation lies with his constituents. Vice-Chairman Jarjura said this is an opportunity to save in this terrible economy and will afford his residents the opportunity to stay as a municipal consortium with CRRA while allowing CRRA to be competitive with the private sector.

Vice-Chairman Jarjura said he was most concerned during this process that no jobs were exported as unemployment rates are high. He said a condition of the RFP process was that whoever was selected as contractor must make a commitment that all of the current employees within the facilities are offered an opportunity to stay. Vice-Chairman Jarjura said he believes this will be a seamless change with the new operators and there are no job loss concerns.

Chairman Pace said the CRRA Board has always respected the employees and the work they do, and those employees will be offered a job at their current salary levels. He said if they choose to stay (which is encouraged due to their institutional knowledge) a job is available.

Director Auletta said that this was a comprehensive, organized and well executed process. He said the analysis of bids was extremely well done and the conclusion reached is clearly the right decision. He said he has been in this business for twenty seven years and this process was by far the best he has seen.

Chairman Pace asked if management did anticipate a tip fee reduction. Mr. Kirk replied yes. He said reduction was expected to be about 10%.

Director Griswold said coming from a small town himself, this is a great step. He said the Board and management team from 2002 began with a goal of reducing costs and of improving service to the towns which this helps to do. Director Griswold said the MAC Committee represents the member towns, many of which will soon be signing municipal service agreements. He said having a lower cost assurance will make the towns more inclined to sign up with CRRA in the future. He said the MAC Committee has received this information positively.

Director Lauretti said one of the missions of the CRRA Board is to be progressive and this contract certainly represents current market conditions both financially and operationally. He said the current contract is twenty to thirty years old and CRRA is keeping pace with the market place which is positive for everyone.

Director Mullane said he is a newer member of the Board and has served for about a year. He said he is pleased with the attention and objective process which ultimately provided savings and a new model which can be spread and taken advantage of.

Director Van Winkle said the Board is not making this decision lightly and is constantly pushing management to save dollars. He said the Board has a fiduciary responsibility to the member towns to select the most qualified, cost efficient, and most effective bid for this organization which drives this decision. Chairman Pace thanked management for their efforts.

The motion was approved by roll call. Chairman Pace, Vice-Chairman Jarjura, Director Auletta, Director Damer, Director Griswold, Director Kelly, Director Lauretti, Director Martland, Director Mullane, Director Van Winkle, and Director Wawruck voted yes. Director Painter abstained

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		
Nicholas Mullane	X		
Ron Van Winkle	X		
Ad-Hocs			
Steve Edwards, Bridgeport			
Mark Tillinger, Bridgeport			
Bob Painter, Mid-Conn			X
Steve Wawruck, Mid-Conn	X		
Warren Howe, Jr. Wallingford			

ADJOURNMENT

Chairman Pace requested a motion to adjourn the meeting. The motion to adjourn 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